

Statement of Accounts

Financial Year
1st April 2017 to 31st March 2018

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The Statement of Accounts is the formal financial report on the Marches LEP's activities.

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Introduction

The Marches Local Enterprise Partnership (LEP) was launched to create the conditions for economic vitality and sustainable employment across this diverse region, globally recognised for its pioneering industrial heritage and entrepreneurial spirit.

Covering Shropshire, Telford & Wrekin and Herefordshire, the Marches LEP was in the first tranche of partnerships approved by the Government in 2010, joining some of the country's urban powerhouses at the cutting edge of economic development. There are now 37 LEPs across the UK, each tasked with driving economic growth in their region.

By leading co-ordinated action to stimulate economic development, through programmes and projects focused on housing, transport, infrastructure, broadband availability, inward investment and skills, the Marches Local Enterprise Partnership is aiming to improve the economic prosperity of the Marches area and create sustainable private sector employment.

The Marches LEP receives funds from the Government which have been made solely available to LEPs to address priorities identified in the Strategic Economic Plan. Once this funding has been secured it is contracted to a wide range of delivery partners including local authorities, universities, colleges and private training partners to deliver projects that address the economic needs of the Marches area.

The Marches LEP is an unincorporated informal partnership. To facilitate the operations of the Marches LEP, Shropshire Council acts as the Accountable Body for the partnership. This means that the Council receives funds and makes payments on behalf of the Marches LEP, oversees contract management with suppliers and ensures the Partnership has sufficient cash flow.

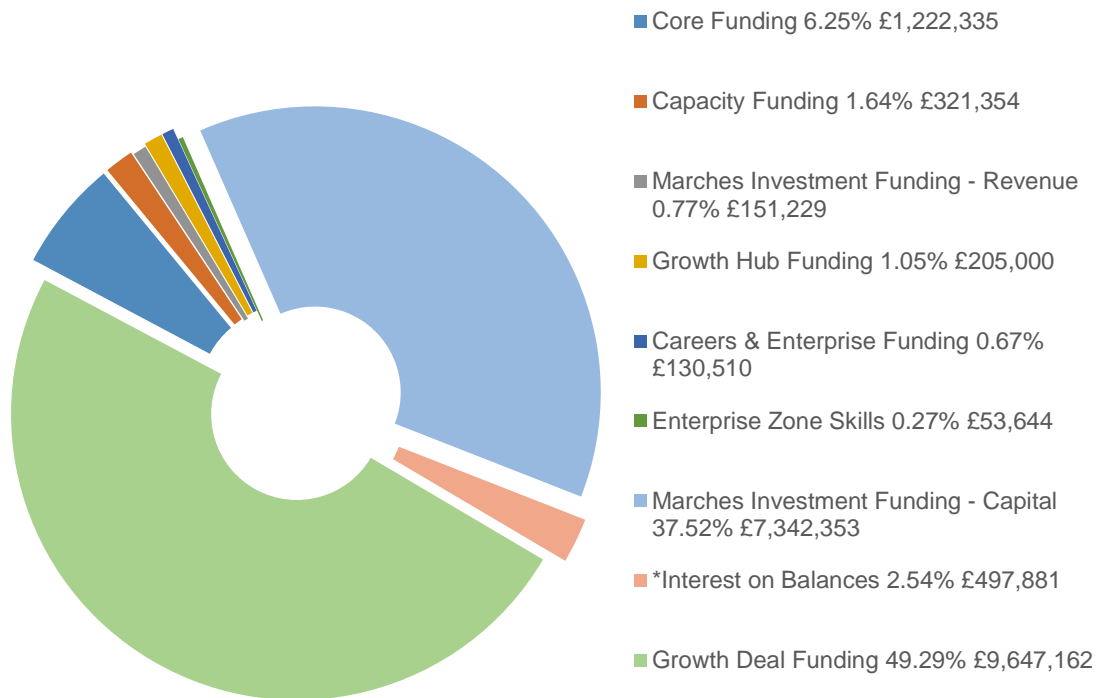
During 2017/18 the Marches LEP continued to support projects including Growth Deal and Growth Hub. Overall funding received by the Marches LEP reduced in 2017/18 due to the Growth Deal grant reducing as a result of funding for Growth Deal 1 and 2 projects completing in 2016/17 and the majority of Growth Deal 3 projects not commencing until 2018/19. The Marches LEP Core Team continues to support projects within Growth Deal 1 and 2 by monitoring outputs as per the funding agreements and are working with Growth Deal 3 projects. This work, along with the support for other projects such as Careers and Enterprise means the costs of the Core Team has remained at a consistent level across 2016/17 and 2017/18.

Details of the funding and expenditure allocated to the different projects can be found below.

Introduction

Funding and Expenditure for 2017/18

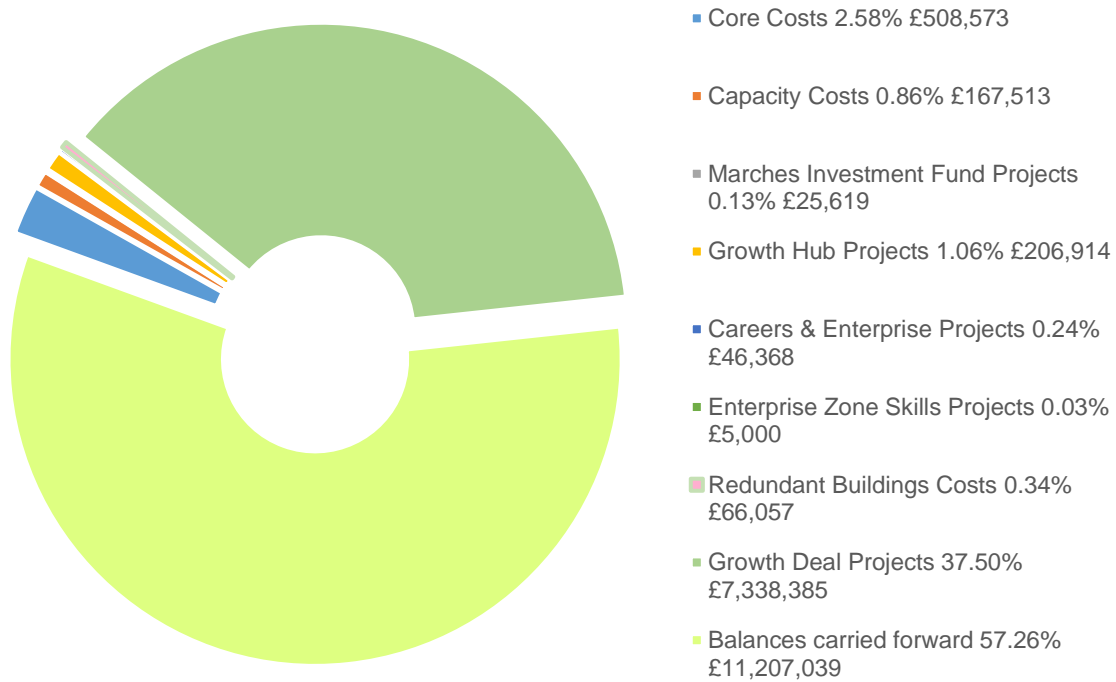
The total funding and income available in 2017/18 is £19,571,468. The funding received from the various sources is detailed in the chart below.



* Interest on balances relates to balance from previous years £446,410 plus 2017/18 Interest £51,471 = £497,881

Introduction

Total expenditure in 2017/18 across the various programmes was £8,364,429, therefore a balance of £11,207,039 has been carried forward to 2018/19 within grant accounts and revenue reserves. A breakdown of expenditure against the programme of activities carried out within the LEP is detailed in the chart below. Further details of the specific projects supported can be found in the 2018 Marches LEP Annual Report.



Statement of Responsibilities

Responsibilities of the Head of Finance, Governance & Assurance

The Head of Finance, Governance & Assurance is responsible for the preparation of the Marches LEP's Statement of Accounts in accordance with proper practices as set out in CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").

In preparing this Statement of Accounts, the Head of Finance, Governance & Assurance has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Local Authority Code;
- Kept proper, up to date, accounting records;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Head of Finance, Governance & Assurance

I hereby certify that the Statement of Accounts present a true and fair view of the financial position and the income and expenditure of the Marches Local Enterprise Partnership for the year ended 31 March 2018.

James Walton
Head of Finance, Governance & Assurance
Shropshire Council
Section 151 Officer for the Accountable Body of Marches LEP

Certificate of the Chairman of the Marches LEP Board

I approve these accounts on behalf of the Marches Local Enterprise Partnership Board and confirm that they were considered by the Marches Local Enterprise Partnership Board at its meeting on 24th July 2018.

Graham Wynn OBE
Chairman of the Marches Local Enterprise Partnership

Statement of Accounts

Comprehensive Income & Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

Restated* 2016/17			2017/18			
Gross Expenditure £000	Income £000	Net Expenditure £000		Gross Expenditure £000	Income £000	Net Expenditure £000
34,327	(34,327)	-	Growth Deal	7,338	(7,338)	-
25	(25)	-	Marches Investment Fund	26	(26)	-
591	(569)	22	Projects ¹	324	(256)	68
701	(773)	(72)	Other ²	676	(740)	(64)
35,644	(35,694)	(50)	(Surplus)/Deficit on activities	8,364	(8,360)	4
-	(202)	(202)	Financing and Investment Income and Expenditure	-	(88)	(88)
-	(650)	(650)	Taxation and Non Specific Grant Incomes	-	-	-
35,644	(36,546)	(902)	(Surplus) or Deficit on the Provision of Services	8,364	(8,448)	(84)

¹ Includes; Careers & Enterprise project, Growth Hub project, Redundant Buildings project, Local Transport Body and Enterprise zone skill project

² Includes; Capacity Fund Costs and Core Costs

* Restatement relates to reclassification of the £3k Core funding contribution to Growth Hub from 'Projects' to 'Other'

Statement of Accounts

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Marches LEP, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and other reserves.

	General Fund Balance £000	Earmarked Reserves** £000	Total Usable Reserves £000	Total Unusable Reserves* £000	Total Reserves £000
Balance as at 31 March 2016	994	123	1,117	429	1,546
<u>Movement in reserves during 2016/17</u>					
Surplus on provision of services	902	-	902	-	902
Total Comprehensive Income and Expenditure	902	-	902	-	902
Adjustments between accounting basis & funding basis under regulations	(650)	-	(650)	650	-
Transfers to/(from) Earmarked Reserves	3	(3)	-	(143)	(143)
Increase/(decrease) in 2016/17	255	(3)	252	507	759
Balance at 31 March 2017	1,249	120	1,369	936	2,305
<u>Movement in reserves during 2017/18</u>					
Surplus on provision of services	84	-	84	-	84
Total Comprehensive Income and Expenditure	84	-	84	-	84
Adjustments between accounting basis & funding basis under regulations	-	-	-	-	-
Transfers to/(from) Earmarked Reserves	30	(30)	-	(251)	(251)
Increase/(decrease) in 2017/18	114	(30)	84	(251)	(167)
Balance at 31 March 2018	1,363	90	1,453	685	2,138

*Unusable reserves relates to Marches Investment Fund Loans

** Earmarked reserves includes Redundant Buildings revenue funding and Marches Investment Fund interest

Statement of Accounts

Balance Sheet

31 March 2017		31 March 2018	
£000		£000	£000
684	Long Term Debtors	433	
684	Long Term Assets	433	
13,975	Short Term Debtors	12,873	
13,975	Current Assets		13,306
(5,069)	Creditors	(3,658)	
(194)	Grants Receipts in Advance - Revenue	(169)	
(7,091)	Grants Receipts in Advance - Capital	(7,342)	
(12,354)	Current Liabilities		(11,169)
2,305	Net Assets		2,137
1,369	Usable Reserves		1,452
936	Unusable Reserves		685
2,305	Total Reserves		2,137

1 Accounting Policies

1.1 General

The Statement of Accounts summarises the Partnership's transactions for the 2017/18 financial year, and its position as at 31 March 2018. The accounting policies explain the basis for the recognition, measurement and disclosure of transactions and other events within the Statement of Accounts.

The Partnership's Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, insofar as that is applicable to the activities of the Partnership, supported by International Financial Reporting Standards (IFRS).

1.2 Accruals of Income and Expenditure

The Partnership accounts for income and expenditure in the year the effects of the transactions are experienced, not simply when the cash payments are made or received. In particular:

Receipt of goods and services: expenditure is recognised when the goods are consumed and the services received by the Partnership.

Interest: Amounts payable on borrowings and receivable on investments are accounted for on the basis of the effective interest rate for the relevant financial instrument rather than according to the cash flows fixed or determined by the contract.

Debtors and Creditors: where income and expenditure has been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.

1.3 Government Grants and Contributions

Government grants and third party contributions and donations are recognised as due and credited as income in the Comprehensive Income and Expenditure Statement, when there is reasonable assurance that:

- There are no conditions attached to them or that the Partnership has complied with the conditions attached to them; and
- The monies will be received.

Conditions are stipulations that specify that the future economic benefits or service potential embodied in the grant or condition are required to be consumed by the Partnership as specified, or future economic benefits or service potential must be returned to the awarding body.

Where a grant or contribution has been received, but the conditions are not satisfied, the amount will be carried in the Balance Sheet as a grant receipt in advance.

2 Expenditure and Income analysed by nature

The Partnership's expenditure and income is analysed as follows:

Expenditure/Income	2017/18 £000	Restated* 2016/17 £000
Expenditure		
Employee Benefit Expenses	332	365
Other service expenses	159	117
Support service recharges	35	38
Revenue Project Costs	500	474
Capital Project Costs	7,338	34,650
Total Expenditure	8,364	35,644
Income		
Fees, charges and other service income	(201)	(233)
Interest and investment income	(87)	(202)
Government grants and contributions	(8,160)	(36,111)
Total Income	(8,448)	(36,546)
(Surplus) or Deficit on the Provision of Services	(84)	(902)

* Restatement relates to reclassification of the £3k Core funding contribution to Growth Hub

3 Grant Income

The Partnership credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2017/18:

	2017/18		Restated* 2016/17	
	Revenue £000	Capital £000	Revenue £000	Capital £000
Department of Business, Energy & Industrial Strategy				
Redundant Buildings Grant	-	-	116	212
Growth Hub	205	-	205	-
Enterprise Zone Skills Fund	5	-	2	-
Total	210	-	323	212
Department for Transport				
Local Transport Body	-	-	2	-
Delivery Excellence Scheme	21	-	27	-
Growth Deal	-	-	-	-
Total	21	-	29	-
Ministry of Housing, Communities and Local Government				
Marches Investment Fund	26	-	20	650
Core Fund	350	-	250	-
Capacity Fund	150	-	250	-
Growth Deal	-	7,338	-	34,328
Total	526	7,338	520	34,978
Welsh Government				
Economy and Infrastructure	18	-	21	-
Total	18	-	21	-
Other				
Careers & Enterprise	47	-	25	-
Total	47	-	25	-
Total	822	7,338	918	35,190

* Restatement relates to reclassification of the £3k Core funding contribution to Growth Hub. The grant allocated to Growth Hub in 2016/17 has reduced by £3k.

The Partnership received grants and contributions that have yet to be recognised as income as they have conditions attached to them that may require the monies to be returned to the giver. The balances at the year end are as follows:

	31 March 2018 £000	31 March 2017 £000
Grants Receipts in Advance (Revenue)		
Department of Business, Energy & Industrial Strategy		
Enterprise Zone Skills Fund	49	54
Department for Transport		
Delivery Excellence Scheme	-	21
Ministry of Housing, Communities and Local Government		
Marches Investment Fund	36	61
Other		
Careers & Enterprise	80	58
Skills Funding Agency	4	-
Total	169	194
Grants Receipts in Advance (Capital)		
Ministry of Housing, Communities and Local Government		
Marches Investment Fund	7,342	7,091
Total	7,342	7,091

4 Financing & Investment Income and Expenditure

	2017/18 £000	2016/17 £000
Interest Received On Cash Balances	(51)	(185)
Interest Received from Loan Agreements	(37)	(17)
Total	(88)	(202)

5 Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet.

	Long term		Current	
	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
Debtors:				
Loans and receivables	433	684	251	251
Financial assets carried at contract amounts	-	-	12,622	13,697
Total Debtors	433	684	12,873	13,948
Creditors:				
Financial liabilities carried at contract amount	-	-	3,603	5,017
Total Creditors	-	-	3,603	5,017

The debtors figure included in the balance sheet includes payments in advance from organisations which, are not considered to be financial instruments, therefore these prepayments have been excluded above. Similarly the creditors figures also includes transactions relating to receipts in advance which are not a financial instrument, therefore these have been excluded from above.

6 Long Term Debtors

Long term debtors are the loan advances made to organisations under the Marches Investment Fund which provides capital loan funding for stalled projects that, following the injection of capital funding, will be able to start quickly and unlock economic growth.

As at 31st March 2018, the cash value of loan advances made was £433,534.

7 Short Term Debtors

The Partnership's cash is held by Shropshire Council, as part of the Council's role as Accountable Body for the Partnership. The cash held by the Accountable Body is recognised on the Balance Sheet of the Partnership as a short term debtor.

	2017/18 £000	2016/17 £000
Central Government Bodies	1,455	3,780
Local Authorities	11,167	9,944
Other Entities and Individuals	251	251
	12,873	13,975

8 Short Term Creditors

These are amounts owed by the Partnership for work done, goods received or services rendered which had not been paid by 31 March 2018.

	2017/18 £000	2016/17 £000
Local Authorities	2,504	3,821
Other Entities and Individuals	1,154	1,248
	3,658	5,069

9 Related Party Transactions

The Partnership is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Partnerships or to be controlled or influenced by the Partnership.

The formal decision making body for the Marches LEP is the Marches Enterprise Joint Committee. The committee consists of the three political Leaders of the partner Councils. During the year, the Partnership received income and made payments to the three partner Councils for the following amounts:

	Herefordshire Council £000	Shropshire Council £000	Telford & Wrekin Council £000
Income Received:			
Match Funding	(32)	(44)	(24)
Enterprise Zone	(100)	-	-
Interest on balances	-	(51)	-
Total Income Received	(132)	(95)	(24)
Expenditure:			
Growth Deal Projects	591	4,347	236
Growth Hub	7	15	15
Careers & Enterprise Skills Projects	8	14	22
Capacity Projects	-	-	1
LEP Management Overheads	1	-	-
S151 Financial & Legal Services for LEP	-	33	-
Governance Services for LEP	2	-	-
Total Expenditure	609	4,409	274
Net (Income)/Expenditure	477	4,314	250

Statement of Accounts of

**THE MARCHES
LOCAL ENTERPRISE
PARTNERSHIP
2017 - 2018**



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