SOUTH EAST
LOCAL ENTERPRISE
PARTNERSHIP

Statement of Accounts

Financial Year 1st April 2019 to 31st March 2020

Produced by the Accountable Body – Essex County Council

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Introduction

1. The South East Local Enterprise Partnership (SELEP) brings together key leaders from business, local government, further and higher education in order to create the most enterprising economy in England through exploring opportunities for enterprise whilst addressing barriers to growth.

2. Covering Essex, Southend, Thurrock, Kent, Medway and East Sussex, the SELEP is the largest strategic enterprise partnership outside of London. The SELEP is one of 38 partnerships set up by the Government to be the key body determining strategic economic priorities while making investments and delivering activities to drive growth and create local jobs.

3. South East LEP Limited was officially registered at Companies House on 2nd March 2020, as a company limited by guarantee. On establishment of the Company, it was agreed that no monetary transactions would be made through the Company. To facilitate the operations of the SELEP, Essex County Council continues to act as the Accountable Body for the partnership. This means that the Council receives funds and makes payments on behalf of the SELEP, oversees contract management with suppliers and ensures that the Partnership has sufficient cash flow.

Revenue Expenditure

4. The revenue expenditure budget for the South East LEP for financial year 2019/20 was set at £4,238,000. The following income streams were budgeted to support the expenditure in year:
   - Core Grant from Central Government of £500,000;
   - Application of £1,000,000 of the Growing Places Fund revenue grant to support the administration costs of the fund and payment of grants to other partners;
   - Application of £1,279,000 in other specific grants;
   - £839,000 of interest receipts earned on balances held;
   - £200,000 of contributions from partners; and
   - A contribution of £400,000 from the SELEP's own reserve.

5. At the end of the financial year SELEP had applied a total of £2,576,000 of revenue Government Grants, received a total of £200,000 in partner contributions and other contributions, and £875,000 of external interest was received in respect of balances held for the Growing Places Fund and Local Growth Fund.

6. Total gross expenditure at the end of the financial year totalled £3,073,000; £1,165,000 less than budgeted. £3,651,000 of income was applied to the revenue account in the year, this was £167,000 less than budgeted income.

7. In total the Partnership's income exceeded expenditure by £578,000. This surplus has been transferred to the general reserve.

Growing Places Fund Grant

8. A grant of £49.2 million was made to the South East LEP under the Growing Places Fund initiative in 2012. Of this amount, £45.5 million was allocated as Capital expenditure to be used to establish a revolving infrastructure fund that could be used across the LEP area to bring forward economic regeneration projects that have stalled. To date, GPF has been invested or has been allocated for investment in a total of 21 capital infrastructure projects.

9. A total of £2.285 million of the grant was paid out in loans during the financial year. The total repayments made in 2019/20 totalled £13.969 million. This resulted in a balance of £25.347 million to be carried forward for award in the following Financial Year.

10. The majority of the £3.7m of GPF revenue funding has been allocated in previous financial years to Harlow Enterprise Zone (£1.244 million) and £1.5m was ring-fenced to support the activities of SELEP's Sector Groups (known as the Sector Support Fund); as agreed by the Strategic Board. Of this grant, £986,614 remains uncommitted.

Local Growth Fund Grant (incl. LTP Major Projects Grant)

11. Capital grants of £102.737 million were made to the South East LEP for 2019/20 to deliver the Growth Deal as agreed between the partnership and Government. A further £50.672 million was carried forward from 2018/19 to be applied in year. Of the total £153.409 million, £85.346 million was allocated to upper tier Local Authorities, further education colleges and Highways England Ltd to invest in projects approved by the partnership's Accountability Board. The remaining £68.063 million has been carried forward for application in 2020/21 and later years in the programme.

Statement of Responsibilities

12. Executive Director for Finance and Technology

The Executive Director for Finance and Technology is responsible for the preparation of the SELEP's Statement of Accounts in accordance with proper practices as set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the 'Code of Practice'). In preparing this Statement of Accounts, the Executive Director for Finance and Technology has:

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

13. Executive Director for Finance and Technology's certificate

I certify that this Statement of Accounts has been prepared in accordance with proper practices and presents a true and fair view of the financial position of the South East Local Enterprise Partnership at 31 March 2020 and its expenditure and income for the year then ended.

Nicole Wood, Executive Director for Finance and Technology
[INSERT DATE]

14. Chairman of the SELEP Board's certificate

I approve these accounts on behalf of the South East Local Enterprise Partnership Board and confirm that they were considered by the Strategic Board at its meeting on [INSERT DATE].

Christian Brodie
Chairman of the South East Local Enterprise Partnership
[INSERT DATE]

Statement of Accounts

15. The Partnership's accounting statements for 2019/20 comprise:

- **Movement in Reserves Statement**
  This statement shows the movement in year on the different reserves held by the Partnership, analysed into 'usable' reserves (i.e. those that can be applied to fund expenditure or reduce contributions) and 'unusable' reserves. The General Fund Balance at the line 'Balance at 31 March 2020' shows the funds available to the Partnership in 2020/21 and future financial years.

- **Comprehensive Income and Expenditure Statement**
  This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices.

- **Balance Sheet**
  The Balance Sheet shows the value of the assets and liabilities recognised by the Partnership and the Accountable Body. The net assets of the Partnership are matched by the reserves held by the Partnership. Reserves are reported in two categories:

  Usable reserves – those the Partnership may use to fund expenditure.

  Unusable reserves – those that the Partnership is not able to use to fund expenditure. These include reserves that hold adjustments between accounting and funding certain transactions which are permitted under regulations.

- **Cash Flow Statement**
  The cash flow statement shows the changes, during the reporting period, in cash and cash equivalents of the Partnership. It shows how the Partnership generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

16. Supplementary information is set out within the notes to the accounts to provide further information on the financial performance of the Partnership during 2019/20.

Movement in Reserves Statement

For the years ended 31 March 2019 and 31 March 2020

	Notes	Usable Reserves			Unusable Reserves			Total Unusable Reserves	Total Reserves
		General Fund Balance £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Capital Adjustments Account £000	Financial Instruments Adjustment Account £000	Accumulating compensated absences Adj A/C £000	£000	£000
Balance at 31 March 2018		**(511)**	-	**(511)**	-	1,919	3	**1,922**	**1,411**
Movement in Reserves during 2018/19									
Surplus on Provision of Services		(535)	-	**(535)**	-	-	-	**-**	**(535)**
Total Comprehensive Income and Expenditure		(535)	-	**(535)**	-	-	-	**-**	**(535)**
Adjustments between accounting basis & funding under regulations	**19**	298	-	**298**	-	(298)	-	**(298)**	**-**
(Increase) / decrease in 2018/19		(237)	-	**(237)**	-	(298)	-	**(298)**	**(535)**
Balance at 31 March 2019		**(748)**	**-**	**(748)**	**-**	**1,621**	**3**	**1,624**	**876**
Movement in Reserves during 2019/20									
Surplus on Provision of Services		(1,057)	-	**(1,057)**	-	-	-	**-**	**(1,057)**
Total Comprehensive Income and Expenditure		(1,057)	-	**(1,057)**	-	-	-	**-**	**(1,057)**
Adjustments between accounting basis & funding under regulations	**19**	479	-	**479**	-	(494)	15	**(479)**	**-**
(Increase) / decrease in 2019/20		(578)	-	**(578)**	-	(494)	15	**(479)**	**(1,057)**
Balance at 31 March 2020		**(1,326)**	**-**	**(1,326)**	**-**	**1,127**	**18**	**1,145**	**(181)**

Comprehensive Income and Expenditure Statement

For year ended 31 March 2020

2018/19				Notes		2019/20			
Gross expenditure £000	Govnt Grants £000	Other Income £000	Net Expenditure £000			Gross expenditure £000	Govnt Grants £000	Other Income £000	Net Expenditure £000
92,837	(91,989)	(224)	624	20	Cost of Services	88,433	(87,916)	(206)	311
(299)	-	(860)	(1,159)	19	Financing and Investment Income and Expenditure	(493)	-	(875)	(1,368)
92,538	**(91,989)**	**(1,084)**	**(535)**		**(Surplus) / Deficit on provision of services**	**87,940**	**(87,916)**	**(1,081)**	**(1,057)**

Balance Sheet as at 31 March 2020

31st March 2019	Note		31st March 2020	
£000			£000	£000
30,194	25	Long term debtors	19,002	
30,194		**Long term assets**		**19,002**
70,479	26	Short term debtors	96,622	
70,479		**Current assets**		**96,622**
(3,176)		Creditors	(87)	
(2,224)	20	Revenue grant receipts in advance	(1,817)	
(96,149)	20	Capital grant receipts in advance	(113,539)	
(101,549)		**Current liabilities**		**(115,443)**
(876)		**Net liabilities**		**181**
		Usable reserves		
(748)		General Fund balance	(1,326)	
(748)				**(1,326)**
		Unusable reserves		
-	23	Capital Adjustment Account	-	
1,621	22	Financial Instruments Adjustment Account	1,127	
3	24	Accumulated Absences Adjustment Account	18	
1,624				**1,145**
876		**Total reserves**		**(181)**

Cash Flow Statement for year ended 31 March 2020

2018/19	Notes		2019/20
£000			**£000**
5,507	**27**	Operating activities	**2,932**
(5,507)	**27**	Investing activities	**(2,932)**
-		Financing activities	**-**
-		**Net (increase) / decrease in cash and cash equivalents**	**-**
-		Cash and cash equivalents at 1st April	**-**
-		Cash and cash equivalents at 31st March	**-**

Notes to the Statements of Accounts

17. Accounting Policies

Introduction

The Statement of Accounts summarises the Partnership's transactions for the 2019/20 financial year, and its position as at 31 March 2020. 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 Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, insofar as that is applicable to the activities of the Partnership, supported by International Financial Reporting Standards (IFRS) and statutory regulations.

Accounting for Capital Grants

The Local Growth Fund Capital Grant (awarded from DCLG) and the Local Authority LTP Major Project (awarded from DfT) Capital Grants were both awarded to the SELEP via the Accountable Body. Whilst these are capital grants they won't result in the creation of a non-current asset within the ownership of SELEP. This is because the grant is passed onto the relevant delivery organisation where the asset will be created or enhanced.

However, there are two further situations in Local Government where expenditure may be capitalised:

- Expenditure is defined by **Regulation** as capital: and
- Expenditure is classified by **Government Direction** as capital

Such expenditure is referred to as **'revenue expenditure funded from capital under statute'** (REFCUS). Both the Local Growth Fund Capital Grant and the Local Authority LTP Major Project Capital Grant have been treated in this way.

Where reliance is placed on the statutory definition of capital expenditure rather than the accounting definition, any expenditure incurred must be charged to the Comprehensive Income and Expenditure Statement. However, this is then mitigated by a transfer from the Capital Adjustment Account in the Movement in Reserves Statement, thereby neutralising the impact of the expense on the General Fund.

The effect of the transfer from the Capital Adjustment Account is to enable the SELEP to apply capital resources (i.e. capital grant) to the financing of the expenditure defined as capital by Regulation (i.e. to the financing of REFCUS expenditure).

Accounting for Loans

The Growing Places Fund loan advances are made on an interest free basis, which means that they are accounted for as soft loans. In order to comply with the CIPFA Code of Practice and statutory regulation it is necessary to measure such loans at fair value in the Financial Statements.

In the case of loan advances, such as GPF loan advances made by the SELEP, the value of the advance made is presented in the accounts as the present value of all future cash receipts discounted using the prevailing market rate of interest for a similar instrument and for an organisation with similar credit rating.

All GPF loan advances have been made to upper tier authorities and therefore the prevailing rate of interest used was that available from the Public Works Loan Board on the day of the advance.

The sum by which the amount lent exceeds the fair value of the loan shall be charged to Surplus or Deficit on the Provision of Services. This deficit does not require funding as it is an accounting adjustment only. This adjustment is held in the Financial Instruments Adjustment Account.

Over the life of the loan the value of the adjustment will be reduced in each year until the value of the loan advances match loan repayments in cash terms.

18. 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 the cash has not been received or paid, a debtor or creditor for the relevant amount is recognised in the Balance Sheet.

19. Adjustments between Accounting Basis and Funding under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Partnership in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Partnership to meet future capital and revenue expenditure.

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset (e.g. Local Growth Fund Payments) is charged as expenditure to the Comprehensive Income and Expenditure Statement in the year against the cost of services line.

Where the cost of this expenditure is met from existing capital resources, such as capital grants, a transfer is made in the Movement in Reserves Statement to the Capital Adjustment Account to mitigate the impact on the General Balance.

An analysis of the adjustments made under statute can be found overleaf.

Adjustments between accounting basis and funding under Regulations – 2018/19

2018/19	Notes	General Fund Balance £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Total Unusable Reserves £000
Adjustments involving the Capital Adjustment Account (CAA)					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Depreciation and impairment of non current assets				-	-
Capital grants and contributions applied	20	90,134		**90,134**	**(90,134)**
Revenue expenditure funded from capital under statute	23	(90,134)		**(90,134)**	**90,134**
Value of assets disposed of during the year				-	-
Adjustments involving the Capital Adjustment Account		-	-	-	-
Adjustments involving the Capital Grants Unapplied Account					
Grants applied to financing (transferred to the CAA)				-	-
Grants and contributions unapplied				-	-
Adjustments involving the Capital Grants Unapplied A/C		-	-	-	-
Adjustments involving the Financial Instruments Adjustment Account (FIAA)					
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement differ from costs chargeable in accordance with statutory requirements		298	-	**298**	**(298)**
Adjustments involving the FIAA		**298**	-	**298**	**(298)**
Adjustments involving the Accumulated Absences Account					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement differs from remuneration chargeable in accordance with statutory requirements	24	-	-	-	-
Adjustments involving the Accumulated Absences Account		-	-	-	-
Total adjustments		**298**	-	**298**	**(298)**

Adjustments between accounting basis and funding under Regulations – 2019/20

2019/20	Notes	General Fund Balance £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Total Unusable Reserves £000
Adjustments involving the Capital Adjustment Account (CAA)					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Depreciation and impairment of non current assets				-	-
Capital grants and contributions applied	20	85,346	-	**85,346**	**(85,346)**
Revenue expenditure funded from capital under statute	23	(85,346)	-	**(85,346)**	**85,346**
Value of assets disposed of during the year				-	-
Adjustments involving the Capital Adjustment Account		-	-	-	-
Adjustments involving the Capital Grants Unapplied Account					
Grants applied to financing (transferred to the CAA)				-	-
Grants and contributions unapplied		-		-	-
Adjustments involving the Capital Grants Unapplied A/C		-	-	-	-
Adjustments involving the Financial Instruments Adjustment Account (FIAA)					
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement differ from costs chargeable in accordance with statutory requirements		494	-	**494**	**(494)**
Adjustments involving the FIAA		**494**	-	**494**	**(494)**
Adjustments involving the Accumulated Compensated Absences Adjustment Account					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement differs from remuneration chargeable in accordance with statutory requirements	24	(15)	-	**(15)**	**15**
Adjustments involving the Accumulated Absences Account		**(15)**	-	**(15)**	**15**
Total adjustments		**479**	-	**479**	**(479)**

20. Grant Income

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 grants and contributions 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.

An analysis of the grants that have been credited to the Net Cost of Services within the Comprehensive Income and Expenditure Statement is as follows:

2018/19				2019/20		
Capital grants £000	Revenue grants £000	Total £000		Capital grants £000	Revenue grants £000	Total £000
			Department of Business, Innovation and Skills			
-	656	**656**	Growth Hubs grant	-	688	**688**
-	-	**-**	Growth Hubs EU Exit	-	142	**142**
-	-	**-**	Local Digital Skills Partnership Catalyst Grant	-	42	**42**
-	43	**43**	Energy Strategy grant	-	42	**42**
-	**699**	**699**		**-**	**914**	**914**
			Department for Transport			
-	-	**-**	Local Enterprise Partnerships major schemes grant	-	-	**-**
-	10	**10**	Transport Delivery Excellence grant	-	-	**-**
9,747	-	**9,747**	Local Authority LTP Major Project grant	27,758	-	**27,758**
9,747	**10**	**9,757**		**27,758**	**-**	**27,758**
			Careers Enterprise Company LTD			
-	123	**123**	Enterprise Co-ordinator grant	-	108	**108**
-	**123**	**123**		**-**	**108**	**108**
			Department of Communities and Local Government			
-	500	**500**	Growing Places Fund grant	-	617	**617**
-	500	**500**	LEP Core Fund grant	-	900	**900**
-	23	**23**	Enterprise Zone Commercial Support	-	-	**-**
80,387	-	**80,387**	Local Growth Fund grant	57,588	-	**57,588**
80,387	**1,023**	**81,410**		**57,588**	**1,517**	**59,105**
			Department for Education			
-	-	**-**	Skills Analysis Panels	-	31	**31**
-	**-**	**-**		**-**	**31**	**31**
90,134	**1,855**	**91,989**		**85,346**	**2,570**	**87,916**

An analysis of the grants carried in the Balance Sheet as a receipt in advance is as follows:

	Published Statement of Accounts Financial Year 1st April 2018 to 31st March 2019 2018/19			Adjusted position 2018/19				2019/20		
	Capital £000	Revenue £000	Total £000	Capital £000	Revenue £000	Total £000		Capital £000	Revenue £000	Total £000
							Department of Business, Innovation and Skills			
	-	-	-	-	-	-	Growth Hubs EU Exit	-	44	**44**
	-	75	**75**	-	75	**75**	Local Digital Skills Partnership Catalyst Grant	-	108	**108**
*	-	35	**35**	-	49	**49**	Energy Strategy grant	-	7	**7**
*	**-**	**35**	**35**	**-**	**124**	**124**		**-**	**159**	**159**
							Department for Transport			
	-	-	-	-	-	-	Transport Delivery Excellence grant	-	-	-
*	12,794	-	**12,794**	6,586	-	**6,586**	Local Authority LTP Major Project grant	26,650	-	**26,650**
	12,794	**-**	**12,794**	**6,586**	**-**	**6,586**		**26,650**	**-**	**26,650**
							Careers Enterprise Company LTD			
*	-	-	-	-	35	**35**	Enterprise Co-ordinator grant	-	-	-
	-	**-**	**-**	**-**	**35**	**35**		**-**	**-**	**-**
							Department of Communities and Local Government			
	45,477	2,065	**47,542**	45,477	2,065	**47,542**	Growing Places Fund grant	45,476	1,614	**47,090**
	-	-	-	-	-	-	Enterprise Zone Commercial Support	-	-	-
*	37,878	-	**37,878**	44,086	-	**44,086**	Local Growth Fund grant	41,413	-	**41,413**
	83,355	**2,065**	**85,420**	**89,563**	**2,065**	**91,628**		**86,889**	**1,614**	**88,503**
							Department for Education			
	-	-	-	-	-	-	Skills Analysis Panels	-	44	**44**
	-	**-**	**-**	**-**	**-**	**-**		**-**	**44**	**44**
*	**96,149**	**2,100**	**98,249**	**96,149**	**2,224**	**98,373**		**113,539**	**1,817**	**115,356**

The 2018/19 comparative amounts have been restated to correct for an understated closing Grant Revenue receipt in advance position, and an adjustment to the closing Grant Capital receipt in advance position between the Local Growth Fund and Local Authority LTP Major Project grants.

21. Financial Instruments

The SELEP has made a number of loans at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable in the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

22. Financial Instruments Adjustment Account

This account absorbs the timing differences arising from different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

2018/19 £000		2019/20 £000
1,919	**Balance as at 1 April**	**1,621**
496	Amortisation of discounts to the General Fund	**101**
(794)	Transfer from the General Fund for the difference between amounts credited/debited to the Comprehensive Income and Expenditure Statement and amounts payable/ receivable to be recognised under statutory provisions	**(595)**
1,621	**Balance as at 31 March**	**1,127**

23. Capital Adjustments Account

The Capital Adjustments Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. This includes adjustments made on the application of Revenue Expenditure Funded from Capital under Statute (REFCUS).

2018/19 £000		2019/20 £000
-	**Balance as at 1 April**	-
	Reversal of items related to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
90,134	Revenue expenditure financed from capital under statute	**85,346**
90,134	**Net written out amount of the cost of non-current assets consumed in the year**	**85,346**
	Capital financing applied in the year	
(90,134)	Capital grants applied to finance revenue expenditure funded from capital	**(85,346)**
-	**Balance as at 31 March**	-

24. Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would arise on the General Fund Balance from accruing for paid absences earned but not taken in the year (e.g. annual leave entitlement carried forward at 31 March). Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2018/19		2019/20
£000		£000
3	**Balance as at 1 April**	**3**
(3)	Settlement or cancellation of accrual made at the end of the preceding year	**(3)**
3	Amount accrued for at the end of the current year	**18**
-	Amount by which officer remuneration charged in the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	**15**
3	**Balance as at 31 March**	**18**

25. Long Term Debtors

Long term debtors are the loan advances made to upper tier authorities from the Growing Places Fund. As at note 21 above, the value of these advances are recognised at the present value of repayments over the life of the loan. This is because the loans are made at a nil interest rate. The cash value of loan advances this year was £2.285 million. The difference in value between this and the value recognised as a long term debtor is shown in the Financial Instruments Adjustment Account which is an unusable reserve.

26. Short Term Debtors

The Partnership's cash is held by Essex County 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 with a value of £96.622 million.

27. Cash Flows from operating, investing and financing activities

The amount of net cash flows arising from operating activities is a key indicator to the extent to which the operations of the Partnership are funded by way of grant income or contributions.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Partnership's future service delivery.

Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Partnership. Currently the Partnership has no borrowing.

The Partnership's cash is held by the Accountable Body (see note 26) and therefore is recognised as short term debtor rather than cash on the Balance Sheet and Cash Flow Statement.

The cash flows from operating, investing and financing activities include the following items:

2018/19	Notes		2019/20
£000			£000
		Cash flows from operating activities	
		Cash inflows	
(10,908)		Grants	**(6,894)**
(224)		Sales of goods and rendering of services	**(206)**
(860)		Interest received	**(875)**
(11,992)			**(7,975)**
		Cash outflows	
625		Cash paid to and on behalf of employees	**611**
-		Interest paid	**-**
-		Cash paid to suppliers of goods and services	**-**
16,874		Other payments for operating activities	**10,296**
17,499			**10,907**
5,507		**Net outflows of cash from operating activities**	**2,932**
		Cash flows from investing activities	
		Cash inflows	
3,087		Proceeds from short and long term investments	**26,143**
(85,694)		Other receipts from investing activities	**(98,005)**
(82,607)			**(71,862)**
		Cash outflows	
77,100		Other payments for investing activities	**68,930**
77,100			**68,930**
(5,507)		**Net (inflow) / outflow of cash from investing activities**	**(2,932)**
		Cash flows from financing activities	
		Cash inflows	
-		Cash receipts of short and long term borrowing	**-**
-		Other receipts from financing activities	**-**
-			**-**
		Cash outflows	
-		Cash payments for the reduction of liabilities related to finance leases	**-**
-		Repayment of short and long term borrowing	**-**
-			**-**
-		**Net (inflow) / outflow of cash from investing activities**	**-**
-		**Net (increase) / decrease in cash and cash equivalents**	**-**
-		**Cash and cash equivalents at 1st April**	**-**
-		**Cash and cash equivalents at 31st March**	**-**

28. Senior Officers' remuneration

Officers' remuneration includes all sums paid to or receivable by employees, expense allowances chargeable to tax and the money value of benefits. It should be emphasised that this relates to payments to individuals, so part year employment can produce distortions in the presentation.

Pension payments made, whether from a funded or unfunded scheme, do not count as remuneration for this purpose.

	Notes	Remuneration						
		Salaries, fees and allowances	Bonus Payments	Expense allowances/ benefits	Compensation for loss of employment	Total remuneration Excl pension contributions	Employer's contribution to pension	Total Remuneration Incl. pension contributions
2018/19								
Managing Director of the SELEP		£95,950	£250	£5,610	£0	**£101,810**	£15,488	**£117,298**
SELEP Skills Manager		£52,510	£500	£263	£0	**£53,273**	£8,535	**£61,807**
SELEP Capital Programme Manager		£51,837	£750	£494	£0	**£53,081**	£8,467	**£61,548**
2019/20								
Managing Director of the SELEP		£100,779		£5,456	£0	**£106,235**	£16,225	**£122,461**
Chief Operating Officer of the SELEP	iv	£63,783		£808	£0	**£64,591**	£10,269	**£74,860**
SELEP Skills Manager		£58,580		£274	£0	**£58,854**	£9,431	**£68,285**
SELEP Strategy and Intelligence Manager	v	£50,080		£354	£0	**£50,434**	£8,063	**£58,497**
SELEP Capital Programme Manager		£58,580		£123	£0	**£58,703**	£9,431	**£68,134**

Notes:

i. *Where a senior officer's annual salary is £50,000 or more, but less than £150,000, remuneration is disclosed individually by way of job title. For those senior officers whose salary is £150,000 or more, their name is also disclosed.*

ii. *The employer's contribution to pensions are not amounts paid to individual members of staff, rather they reflect amounts paid by the Accountable Body into the Pension Fund; these contributions have been made at the level determined at the last actuarial valuation as necessary to meet the cost of the future pension accrual.*

iii. *Bonus payments have been disclosed in the year of payment, but relate to performance in the previous year.*

iv. *The Chief Operating Officer of the SELEP was appointed part way through 2018/19, so did not meet the requirement for disclosure in that year.*

v. *The SELEP Strategy and Intelligence Manager is a new appointment for 2019/20.*

Section Four – Independent Auditor's Report

Independent auditor's report to the Board and Executive Members of South East Local Enterprise Partnership and Essex County Council

Opinion
We have audited the Statement of Accounts of South East Local Enterprise Partnership (the Partnership) which comprise the Balance Sheet as at 31 March 2020, and the Comprehensive Income Statement, Movement in Reserves Statement, Cash Flow Statement for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Partnership for the year ended 31 March 2020 are prepared in all material respects, in accordance with the financial reporting provisions of CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use
We draw your attention to note 17 to the financial statements, which describes the basis of accounting. The financial statements have been prepared to assist the Partnership in complying with the financial reporting provisions of CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely to the Board and Executive Members of South East Local Enterprise Partnership, and Essex County Council as the accountable body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and should not be distributed to or used by parties other than the Partnership. Our opinion is not modified in respect of this matter.

Other Information
Management are responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material

misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Partnership’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Partnership’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Use of our Report

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board and Executive Members of South East Local Enterprise Partnership and Essex County Council as the accountable body, for our audit work, for this report or the opinions we have formed.

Mr Athos Louca FCCA ICPAC (Senior Statutory Auditor)
For and on behalf of Loucas
Chartered Certified Accountants
Statutory Auditor
The Carriage House
Mill Street
Maidstone
Kent
ME15 6YE

Date:…….