

# Statement of Accounts

Financial Year 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022

Produced by the Accountable Body – Essex County  
Council

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## Section One - Introduction

# Introduction

1. The South East Local Enterprise Partnership (SELEP) is a partnership for growth between business, government and education. The role of enterprise – as the driving motor of the economy – is put at the heart of everything delivered by SELEP; working in partnership with central Government and its key agencies to pursue and attract major investment into the South East to deliver significant economic growth.
2. The SELEP is one of 38 partnerships set up by the Government to identify and support local strategic growth priorities, encourage business investment and promote economic development. Covering Essex, Southend, Thurrock, Kent, Medway and East Sussex, the SELEP is the largest local enterprise partnership outside of London, in terms of population and economic output.
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 decisions or transactions would be made through the Company. All monetary decisions, including the award of funding, remain the responsibility of the SELEP Accountability Board. Details of the SELEP Governance arrangements are included on the SELEP website at:  
  
<https://www.southeastlep.com/good-governance/our-policies/>
4. 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

5. The revenue expenditure budget for the South East LEP for financial year 2021/22 was set at £9.157 million. The following income streams were budgeted to support the expenditure in year:
  - Core Grant from Central Government of £500,000;
  - Application of £4.493 million of the COVID-19 Support fund created from uncommitted balances held in the Growing Places Fund (see 10);
  - Application of £3.093 million in other specific grants;
  - £150,000 of contributions from partners; and
  - A withdrawal of £922,000 from the SELEP's own reserve.

## Section One - Introduction

6. At the end of the financial year total gross expenditure totalled £6.113 million; £3.044 million less than budgeted and £5.426 million of income was applied to the revenue account in the year, this was £2.809 million less than budgeted.
7. In total the Partnership's income exceeded expenditure by circa £330,000; this surplus has been transferred to the general (operational) reserve. This position is after adjusting for movements in earmarked reserves.

### **Growing Places Fund Grant & SELEP Response to the COVID-19 Pandemic**

8. A grant of £49.2 million was made to the South East LEP under the Growing Places Fund (GPF) 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 28 projects across the SELEP region, aimed at unlocking economic growth, creating jobs and homes and helping to 'kick start' development at stalled sites.
9. At the start of the 2021/22 financial year, the net balance on the GPF loan fund was £15.817 million, of which all was uncommitted. Following the launch of GPF Round 3 call for projects and a prioritised pipeline being agreed by the SELEP, a total of £8.217 million of the grant was paid out in loans during the financial year. The total repayments made in 2021/22 totalled £5.439 million.
10. As a direct response to the COVID-19 pandemic, the SELEP determined in July 2020, to exceptionally re-purpose £6.4 million (of which £5.4 million was applied in 2020/21) of the GPF funding held, to directly deliver initiatives to support the economic recovery of the SELEP region, including: Skills and business support schemes; an additional contribution to the Sector Support Fund to support projects addressing Covid recovery or the impact of Brexit; and additional funding to support the SELEP Secretariat through 2021/22 and 2022/23 in recognition of the funding challenges anticipated through these years.

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

11. There were no new Capital grants made to the South East LEP in 2021/22 due to the end of the Growth Deal in 2020/21 as agreed between the partnership and Government. An amount of £13.545 million was carried forward from 2020/21 and was allocated to upper tier Local Authorities to invest in projects approved by the

## Section One - Introduction

partnership's Accountability Board. The South East LEP held no remaining balance at the end of 2021/22 in respect of Local Growth Fund Grant (incl. LTP Major Projects Grant).

### **Getting Building Fund Grant**

- 12.** A Capital grant of £85 million was allocated to the South East LEP in 2020/21 to deliver “shovel ready” infrastructure projects, as agreed between the partnership and Government. Of this amount, the final £42.5 million was received in 2021/22. The total 2021/22 allocation of £42.5 million was transferred to upper tier Local Authorities, to invest in projects approved by the partnership's Accountability Board.

## Section Two – Statement of Responsibilities

# Statement of Responsibilities

### **13. Executive Director for Corporate Services**

The Executive Director for Corporate Services 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 Corporate Services 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

### **14. Executive Director for Corporate Services 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 2022 and its expenditure and income for the year then ended.

**Nicole Wood, Executive Director for Corporate Services**

## Section Two – Statement of Responsibilities

### **15. Chairman of the SELEP Board's certificate**

I approve these accounts on behalf of the South East LEP Limited Board and confirm that they were considered by the South East LEP Limited Board at its meeting on

XXXX

**Christian Brodie**

**Chairman of the South East LEP Limited**

**[INSERT DATE]**

## Section Three – Statement of Accounts

# Statement of Accounts

**16.** The Partnership's accounting statements for 2021/22 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 Total Useable Reserves Balance at the line 'Balance at 31 March 2022' shows the funds available to the Partnership in 2022/23 and future financial years, £4.724 million, of which £3.422million is earmarked for specific use.

- **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.

**17.** Supplementary information is set out within the notes to the accounts to provide further information on the financial performance of the Partnership during 2021/22.



## Section Three – Statement of Accounts

### Movement in Reserves Statement

For the years ended 31 March 2021 and 31 March 2022

	Notes	Usable Reserves				Unusable Reserves			Total Unusable Reserves £000	Total Reserves £000
		General Fund Balance	Capital Grants Unapplied Account	Other Earmarked Reserves	Total Usable Reserves	Capital Adjustments Account	Financial Instruments Adjustment Account	Accumulating compensated absences Adj A/C		
		£000	£000	£000	£000	£000	£000	£000		
<b>Balance at 31 March 2020</b>		(1,326)	-	-	(1,326)	-	1,127	18	1,145	(181)
<b>Movement in Reserves during 2020/21</b>										
Surplus on Provision of Services		(4,268)	-	-	(4,268)	-	-	-	-	(4,268)
<b>Total Comprehensive Income and Expenditure</b>		(4,268)	-	-	(4,268)	-	-	-	-	(4,268)
Adjustments between accounting basis & funding under regulations	20	4,622	-	(4,493)	129	-	(135)	6	(129)	-
<b>(Increase) / decrease in 2020/21</b>		354	-	(4,493)	(4,139)	-	(135)	6	(129)	(4,268)
<b>Balance at 31 March 2021</b>		(972)	-	(4,493)	(5,465)	-	992	24	1,016	(4,449)
<b>Movement in Reserves during 2021/22</b>										
Deficit on Provision of Services		3,154	-	-	3,154	-	-	-	-	3,154
<b>Total Comprehensive Income and Expenditure</b>		3,154	-	-	3,154	-	-	-	-	3,154
Adjustments between accounting basis & funding under regulations	20	(3,484)	-	1,071	(2,413)	-	278	(1)	277	(2,136)
<b>(Increase) / decrease in 2021/22</b>		(330)	-	1,071	741	-	278	(1)	277	1,018
<b>Balance at 31 March 2022</b>		(1,302)	-	(3,422)	(4,724)	-	1,270	23	1,293	(3,431)

## Section Three – Statement of Accounts

### Comprehensive Income and Expenditure Statement

For year ended 31 March 2022

2020/21				Notes		2021/22			
Gross expenditure £000	Govnt Grants £000	Other Income £000	Net Expenditure £000			Gross expenditure £000	Govnt Grants £000	Other Income £000	Net Expenditure £000
185,190	(188,790)	(300)	(3,900)	21	Cost of Services	62,176	(59,065)	(187)	2,924
(135)	-	(233)	(368)	20	Financing and Investment Income and Expenditure	278	-	(48)	230
<b>185,055</b>	<b>(188,790)</b>	<b>(533)</b>	<b>(4,268)</b>		<b>(Surplus) / Deficit on provision of services</b>	<b>62,454</b>	<b>(59,065)</b>	<b>(235)</b>	<b>3,154</b>

## Section Three – Statement of Accounts

### Balance Sheet as at 31 March 2022

31st March 2021	Note		31st March 2022	
£000			£000	£000
22,267	28	Long term debtors	24,748	-
<b>22,267</b>		<b>Long term assets</b>	-	<b>24,748</b>
38,920	29	Short term debtors	34,872	-
<b>38,920</b>		<b>Current assets</b>	-	<b>34,872</b>
(308)		Creditors	(16,798)	
(2,808)	21	Revenue grant receipts in advance	(333)	
(53,621)	21	Capital grant receipts in advance	(39,058)	
			-	
<b>(56,738)</b>		<b>Current liabilities</b>	-	<b>(56,189)</b>
<b>4,449</b>		<b>Net assets</b>	-	<b>3,431</b>
			-	
		<b>Usable reserves</b>	-	
(972)		General Fund balance	(1,302)	
(4,493)	22	Other Earmarked Reserves	(3,422)	
<b>(5,465)</b>			-	<b>(4,724)</b>
			-	
		<b>Unusable reserves</b>	-	
-	26	Capital Adjustment Account	-	
992	24	Financial Instruments Adjustment Account	1,270	
24	27	Accumulated Absences Adjustment Account	23	
<b>1,016</b>				<b>1,293</b>
<b>(4,449)</b>		<b>Total reserves</b>		<b>(3,431)</b>

## Section Three – Statement of Accounts

### Cash Flow Statement for year ended 31 March 2022

	Notes		2021/22
£000			£000
(5,345)	30	Operating activities	(11,139)
5,345	30	Investing activities	11,139
-		Financing activities	-
-		<b>Net (increase) / decrease in cash and cash equivalents</b>	-
-		Cash and cash equivalents at 1st April	-
-		Cash and cash equivalents at 31st March	-

## Section Three – Statement of Accounts

### Notes to the Statements of Accounts

#### 18. Accounting Policies

##### Introduction

The Statement of Accounts summarises the Partnership's transactions for the 2021/22 financial year, and its position as at 31 March 2022. 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 2021/22, 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 MHCLG), the Local Authority LTP Major Project (awarded from DfT) Capital Grants and the Getting Building Fund (awarded from MHCLG) were 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). The Local Growth Fund Capital Grant, the Getting Building 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).

## Section Three – Statement of Accounts

### Accounting for Loans

The Growing Places Fund loan advances are made on an interest free or reduced interest 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 differs from the fair value of the loan shall be charged as a 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.

### **19. 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.

## Section Three – Statement of Accounts

### **20. 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.

## Section Three – Statement of Accounts

### Adjustments between accounting basis and funding under Regulations – 2020/21

2020/21	Notes	General Fund Balance	Capital Grants Unapplied Account	Other Earmarked Reserves	Total Usable Reserves	Total Unusable Reserves
		£000	£000	£000	£000	£000
<b>Adjustments involving the Capital Adjustment Account (CAA)</b>						
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>						
Depreciation and impairment of non current assets					-	-
Capital grants and contributions applied	21	181,991			181,991	(181,991)
Revenue expenditure funded from capital under statute	26	(181,991)			(181,991)	181,991
Value of assets disposed of during the year					-	-
Revenue expenditure charged against Gen Fund	22	4,493		(4,493)	-	-
<b>Adjustments involving the Capital Adjustment Account</b>		<b>4,493</b>	<b>-</b>	<b>(4,493)</b>	<b>-</b>	<b>-</b>
<b>Adjustments involving the Capital Grants Unapplied Account</b>						
Grants applied to financing (transferred to the CAA)					-	-
Grants and contributions unapplied					-	-
<b>Adjustments involving the Capital Grants Unapplied A/C</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjustments involving the Financial Instruments Adjustment Account (FIAA)</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement differ from costs chargeable in accordance with statutory requirements	24	135	-		135	(135)
<b>Adjustments involving the FIAA</b>		<b>135</b>	<b>-</b>	<b>-</b>	<b>135</b>	<b>(135)</b>
<b>Adjustments involving the Accumulated Absences Account</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement differs from remuneration chargeable in accordance with statutory requirements	27	(6)	-		(6)	6
<b>Adjustments involving the Accumulated Absences Account</b>		<b>(6)</b>	<b>-</b>	<b>-</b>	<b>(6)</b>	<b>6</b>
<b>Total adjustments</b>		<b>4,622</b>	<b>-</b>	<b>(4,493)</b>	<b>129</b>	<b>(129)</b>



## Section Three – Statement of Accounts

### Adjustments between accounting basis and funding under Regulations – 2021/22

2021/22	Notes	General Fund Balance	Capital Grants Unapplied Account	Other Earmarked Reserves	Total Usable Reserves	Total Unusable Reserves
		£000	£000	£000	£000	£000
<b>Adjustments involving the Capital Adjustment Account (CAA)</b>						
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>						
Depreciation and impairment of non current assets					-	-
Capital grants and contributions applied	21	56,064	-		56,064	(56,064)
Revenue expenditure funded from capital under statute	26	(56,064)	-		(56,064)	56,064
Value of assets disposed of during the year					-	-
Revenue expenditure charged against Gen Fund	22	(3,207)		1,071	(2,136)	-
<b>Adjustments involving the Capital Adjustment Account</b>		<b>(3,207)</b>	<b>-</b>	<b>1,071</b>	<b>(2,136)</b>	<b>-</b>
<b>Adjustments involving the Capital Grants Unapplied Account</b>						
Grants applied to financing (transferred to the CAA)					-	-
Grants and contributions unapplied		-	-	-	-	-
<b>Adjustments involving the Capital Grants Unapplied A/C</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjustments involving the Financial Instruments Adjustment Account (FIAA)</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement differ from costs chargeable in accordance with statutory requirements	24	(278)	-		(278)	278
<b>Adjustments involving the FIAA</b>		<b>(278)</b>	<b>-</b>	<b>-</b>	<b>(278)</b>	<b>278</b>
<b>Adjustments involving the Accumulated Compensated Absences Adjustment Account</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement differs from remuneration chargeable in accordance with statutory requirements	27	1	-		1	(1)
<b>Adjustments involving the Accumulated Absences Account</b>		<b>1</b>	<b>-</b>		<b>1</b>	<b>(1)</b>
<b>Total adjustments</b>		<b>(3,484)</b>	<b>-</b>	<b>1,071</b>	<b>(2,413)</b>	<b>277</b>

## Section Three – Statement of Accounts

### 21. 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.

Where specific revenue grants and contributions are credited to the Comprehensive Income and Expenditure Statement, but the associated expenditure has not yet been incurred, the grant is set aside in an Earmarked Revenue Reserve (i.e. in accordance with note 22) so that it can be matched with the expenditure in a subsequent year.

## Section Three – Statement of Accounts

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:

2020/21			2021/22		
Capital grants £000	Revenue grants £000	Total £000	Capital grants £000	Revenue grants £000	Total £000
<b>Department of Business, Energy and Industrial Strategy</b>					
-	656	656	-	890	890
-	44	44	-	-	-
-	160	160	-	112	112
-	234	234	-	-	-
-	204	204	-	-	-
-	-	-	-	6	6
-	1,298	1,298	-	1,008	1,008
<b>Department for Transport</b>					
31,559	-	31,559	8,399	-	8,399
31,559	-	31,559	8,399	-	8,399
<b>Department of Housing, Communities and Local Government</b>					
-	4,708	4,708	19	942	961
-	500	500	-	350	350
42,500	102	42,602	-	523	523
107,932	-	107,932	42,500	-	42,500
150,432	5,310	155,742	5,146	-	5,146
			47,665	1,815	49,480
<b>Department for Digital, Culture, Media and Sport</b>					
-	71	71	-	83	83
-	71	71	-	83	83
<b>Department for Education</b>					
-	119	119	-	75	75
-	119	119	-	75	75
<b>Arts Council</b>					
-	-	-	-	20	20
-	-	-	-	20	20
181,991	6,798	188,789	56,064	3,001	59,065

\* Growing Places Fund (GPF) grant value includes GPF loan repayments made to SELEP due to nature of recyclable loan scheme

## Section Three – Statement of Accounts

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

2020/21			2021/22		
Capital £000	Revenue £000	Total £000	Capital £000	Revenue £000	Total £000
<b>Department of Business, Energy and Industrial Strategy</b>					
-	7	7	-	1	1
-	7	7	-	1	1
<b>Department for Transport</b>					
8,399	-	8,399	-	-	-
8,399	-	8,399	-	-	-
<b>Department of Housing, Communities and Local Government</b>					
40,076	2,381	42,457	39,058	303	39,361
-	350	350	-	-	-
-	23	23	-	-	-
5,146	-	5,146	-	-	-
45,222	2,754	47,976	39,058	303	39,361
<b>Department for Digital, Culture, Media and Sport</b>					
-	37	37	-	29	29
-	37	37	-	29	29
<b>Arts Council</b>					
-	10	10	-	-	-
-	10	10	-	-	-
53,621	2,808	56,429	39,058	333	39,391

\* Growing Places Fund (GPF) grant value includes GPF loan repayments made to SELEP due to nature of recyclable loan scheme

## 22. Earmarked Revenue Reserves

The SELEP maintains Earmarked revenue reserves to manage known financial liabilities and possible risks. Reserves are created by transferring amounts out of the General Fund Balance.

There are no time constraints placed upon usage of the SELEP's Earmarked revenue reserves. A summary of the balances on the Earmarked Reserves is set out in the following table.

## Section Three – Statement of Accounts

Reserve	Balance as at	2021/22 Movements		Closing Balance
	31st March 2021	Contributions	Withdrawals	31st Mar 2022
	£'000	£'000	£'000	£'000
Covid-19 Skills Support Fund	2,096	-	(1,424)	672
Covid-19 Business Support Fund	2,396	-	(1,207)	1,189
Redundancy Reserve	-	275	(112)	163
Future Commitments Reserve	-	423	-	423
Risk Reserve	-	975	-	975
<b>Total</b>	<b>4,493</b>	<b>1,673</b>	<b>(2,744)</b>	<b>3,422</b>

When expenditure is incurred that is to be financed from a reserve, it is charged to the appropriate service revenue account in that year, to count against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. An amount is then released from the Earmarked revenue reserve and transferred back into the General Fund Balance, so that there is no net charge for the expenditure.

In 2021/22 the SELEP Accountability Board agreed to establish the three new Earmarked reserves, being; Redundancy Reserve, Future Commitments Reserve, Risk Reserve.

Details of the Earmarked reserves are as follows:

Reserve	Purpose and Usage
<b>COVID-19 Skills Support Fund</b>	To support delivery of the COVID-19 Skills Support Programme
<b>COVID-19 Business Support Fund</b>	To support delivery of the COVID-19 Business Support Programme
<b>Redundancy Reserve</b>	To reflect the value of redundancy risk of the SELEP central team
<b>Future Commitments Reserve</b>	To reflect the value of anticipated on-going costs of the Accountable Body to SELEP
<b>Risk Reserve</b>	To reflect the value of potential future financial exposure to the Accountable Body

### 23. 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.

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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.

### 24. 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.

2020/21 £000		2020/21 £000
1,127	Balance as at 1 April	992
321	Amortisation of discounts to the General Fund	713
(456)	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	(435)
<u>992</u>	Balance as at 31 March	<u>1,270</u>

### 25. Capital Grants Unapplied

This account maintains the grants that have been recognised in the Comprehensive Income and Expenditure Statement. This account is also included in the usable reserves section of the Financial Statements.

### 26. Capital Adjustment Account

The Capital Adjustment 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

## Section Three – Statement of Accounts

statutory provisions. This includes adjustments made on the application of Revenue Expenditure Funded from Capital under Statute (REFCUS).

2020/21 £000	2021/22 £000
- Balance as at 1 April	-
<b>Reversal of items related to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</b>	
181,991 Revenue expenditure financed from capital under statute	56,064
181,991 <b>Net written out amount of the cost of non-current assets consumed in the year</b>	56,064
<b>Capital financing applied in the year</b>	
(181,991) Capital grants applied to finance revenue expenditure funded from capital	(56,064)
- <b>Balance as at 31 March</b>	-

### 27. 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.

## Section Three – Statement of Accounts

2020/21		2021/22
£000		£000
18	<b>Balance as at 1 April</b>	<b>24</b>
(18)	Settlement or cancellation of accrual made at the end of the preceding year	<b>(24)</b>
24	Amount accrued for at the end of the current year	<b>23</b>
6	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	<b>(1)</b>
<b>24</b>	<b>Balance as at 31 March</b>	<b>23</b>

### 28. Long Term Debtors

Long term debtors are the loan advances made to upper tier authorities from the Growing Places Fund. As at note 23 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 £8.217 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.

### 29. 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 £ 34.801 million. An additional short term debtor of £52,480 exists for grant funds transferred by Department of Business, Energy and Industrial Strategy to the Partnership for the delivery of the Peer Networks programme in 2021/22.

### 30. 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.



## Section Three – Statement of Accounts

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 29) and therefore is recognised as short term debtor rather than cash on the Balance Sheet and Cash Flow Statement.

## Section Three – Statement of Accounts

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

2020/21	Notes	2021/22
£000		£000
	<b>Cash flows from operating activities</b>	
	<b>Cash inflows</b>	
(7,790)	Grants	(526)
(300)	Sales of goods and rendering of services	(187)
(233)	Interest received	(48)
<u>(8,323)</u>		<u>(761)</u>
	<b>Cash outflows</b>	
1,372	Cash paid to and on behalf of employees	1,428
-	Interest paid	-
-	Cash paid to suppliers of goods and services	-
1,606	Other payments for operating activities	(11,806)
<u>2,978</u>		<u>(10,378)</u>
<u>(5,345)</u>	<b>Net outflows of cash from operating activities</b>	<u>(11,139)</u>
	<b>Cash flows from investing activities</b>	
	<b>Cash inflows</b>	
(57,702)	Proceeds from short and long term investments	(4,048)
(126,566)	Other receipts from investing activities	(40,429)
<u>(184,268)</u>		<u>(44,477)</u>
	<b>Cash outflows</b>	
189,613	Other payments for investing activities	55,616
<u>189,613</u>		<u>55,616</u>
<u>5,345</u>	<b>Net (inflow) / outflow of cash from investing activities</b>	<u>11,139</u>
	<b>Cash flows from financing activities</b>	
	<b>Cash inflows</b>	
-	Cash receipts of short and long term borrowing	-
-	Other receipts from financing activities	-
<u>-</u>		<u>-</u>
	<b>Cash outflows</b>	
-	Cash payments for the reduction of liabilities related to finance leases	-
-	Repayment of short and long term borrowing	-
<u>-</u>		<u>-</u>
<u>-</u>	<b>Net (inflow) / outflow of cash from investing activities</b>	<u>-</u>
<u>-</u>	<b>Net (increase) / decrease in cash and cash equivalents</b>	<u>-</u>
-	<b>Cash and cash equivalents at 1st April</b>	-
-	<b>Cash and cash equivalents at 31st March</b>	-

## Section Three – Statement of Accounts

### 31. 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.

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.

	Notes	Remuneration				
		Salaries, fees and allowances	Expense allowances/benefits	Total remuneration Excl pension contributions	Employer's contribution to pension	Total Remuneration Incl. pension contributions
2021/22						
Managing Director of the SELEP	i.	£100,980	£4,449	£105,429	£19,893	£125,322
Chief Operating Officer of the SELEP		£64,967	£3,630	£68,597	£12,799	£81,396
SELEP Business Development and Funding Manager		£61,182	£0	£61,182	£12,053	£73,235
SELEP Skills Manager		£59,752	£0	£59,752	£11,771	£71,523
SELEP Capital Programme Manager	ii.	£50,541	£0	£50,541	£9,956	£60,497
2020/21						
Managing Director of the SELEP	Manager	£100,980	£4,841	£105,821	£19,893	£125,714
Chief Operating Officer of the SELEP		£70,142	£3,806	£73,948	£13,818	£87,766
SELEP Skills Manager		£59,752	£0	£59,752	£11,771	£71,523
SELEP Business Development and Funding Manager		£59,014	£11	£59,025	£11,614	£70,639
SELEP Capital Programme Manager		£59,752	£0	£59,752	£11,771	£71,523

- i. *The Chief Operating Officer left the SELEP in February 2022, without replacement, which has led to a reduction in total Remuneration for this post year on year between 2021/22 and 2020/21.*
- ii. *The Capital Programme Manager for SELEP has had a change of employee in post at a lower salary from 2021/22.*

## Section Four – Independent Auditors 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 2022, 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 2022 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 2021/22.

#### **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 18 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 2021/22. 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

## Section Four – Independent Auditors Report

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 2021/22 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements, including how fraud may occur by enquiring of management's own consideration of fraud. In particular we assessed whether judgements made in making accounting estimates are indicative of potential bias, and evaluated the business rationale of significant transactions outside the normal course of business. We also addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments. We also considered potential financial or other pressures, opportunities and motivations for fraud. As part of discussions with management we identified the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations and how management monitor these processes.

## Section Four – Independent Auditors Report

We identified that the main laws and regulations for SELEP as being the Code of Conduct, Conflict of Interest Policy, the Framework Agreement held with the respective councils that fall within the SELEP region of operations, the Local Enterprise Partnership Assurance Framework and the National Growth Assurance Framework. These have been identified as being regulations that could reasonably be expected to have a material effect on the financial statements. These have been identified through our experience of the sector in which the entity operates, and through discussions with the Board and management. We also had regard to laws and regulations in areas that directly affect the financial statements including financial reporting standards and taxation legislation. We considered the extent of compliance with these laws and regulations as part of our procedures on the related financial statement lines.

We made enquiries of management with regards to compliance with the above laws and regulations and corroborated any necessary evidence, a review of inspection documents from both internal audits carried out by an external consultant, and external audits for Essex County Council.

We did not identify any key audit matters relating to irregularities, including fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentation or through collusion.

### **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:.....