

Registered number: 07635395

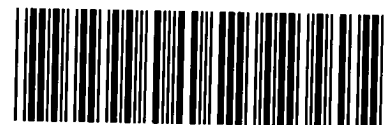
**The Greater Birmingham and Solihull
Local Enterprise Partnership Limited**

Directors' Report and Financial Statements

For the Period Ended 31 March 2019



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The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A company limited by guarantee)

Company Information

Directors

P L Ackroyd * (resigned 6 June 2019)
G Adamson
G Alcott * (resigned 30 June 2019)
A K Bhalla
M S Bhatti * (resigned 10 November 2019)
Cllr D J Bush * (resigned 6 June 2019)
S R Claymore * (resigned 11 February 2019)
D C Cook *
I Courts
S M Drake
Professor Sir D S Eastwood * (resigned 10 April 2019)
Cllr R G W Grosvenor * (resigned 6 June 2019)
P Hanlon
Cllr B Jones *
C T Loughran
M W Lyons
S R Marks
T S D Pile
I M P Pritchard * (resigned 6 June 2019)
M B Rhodes
R K Sleight *
M T Smith *
Cllr I A Ward
D P Ward *
Cllr I D Hardiman * (resigned 1 October 2018)
M J Hopkins * (resigned 31 July 2018)
Cllr C J Rogers * (appointed 1 October 2018, resigned 6 June 2019)
M J Wilcox * (resigned 6 June 2019)
G A Allen (appointed 6 June 2019)
J Callaghan (appointed 1 September 2018)
Professor A J Cameron (appointed 1 April 2019)
M V Dormer * (appointed 18 July 2019)
D H Goodfellow * (appointed 6 June 2019)
Cllr T B Johnson * (appointed 18 July 2019)
K J May (appointed 6 June 2019)
Cllr J Oates (appointed 6 June 2019)
D Pullen (appointed 6 June 2019)
IM Eadie * (appointed 9 September 2019)

* Alternate directors

Company secretary

C Heaphy

Registered number

07635395

Registered office

Ground Floor Baskerville House, Centenary Square
Broad Street
Birmingham
B1 2ND

Independent auditors

Dains LLP
15 Colmore Row
Birmingham
B3 2BH

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A company limited by guarantee)

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The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A company limited by guarantee)

Strategic Report
For the Period Ended 31 March 2019

Introduction

The Directors present their Strategic report for the Greater Birmingham and Solihull Local Enterprise Partnership ("the Company") for the period ended 31 March 2019.

Legal form and principal activity

The Company was incorporated on 16 May 2011, its principal activity being to promote economic growth in the area known as Greater Birmingham and Solihull (the local authorities' areas of Birmingham, Solihull, Cannock Chase, East Staffordshire, Lichfield, Tamworth, Bromsgrove, Redditch and Wyre Forest).

The Company, incorporated in England, is limited by guarantee of its members and does not have any share capital. The Company operates as a not-for-profit entity, and receives direct support, including financial, from constituent local authorities in addition to grants from Government.

The Company Directors are drawn from the private, education and local authority sectors. None of the Directors are remunerated in this capacity.

The Company Board comprises seven ex-officio nominated representatives of the constituent authorities; one each representing further and higher education institutions; and nine appointed from the private sector. They oversee the operation of the Company, the development of its strategy and the delivery of interventions to enable economic growth.

Accounting reference date

On 27 March 2019, the Company's accounting reference period ended 31 May 2019 was shortened so as to end on 31 March 2019. Subsequent periods will end on the same day and month in future years.

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A company limited by guarantee)

Strategic Report (continued)
For the Period Ended 31 March 2019

Strategic management

Greater Birmingham and Solihull Local Enterprise Partnership ("GBSLEP") has a very clear mission set out in its Strategic Economic Plan (SEP), to create jobs and grow the economy and, in doing so, to raise the quality of life for all of those that live and work in the area. Its vision is for Greater Birmingham to be a top global city region and the major driver of the UK economy outside London.

As part of its mission, GBSLEP has identified five key sectors (life sciences; creative industries; energy technologies & services; advanced manufacturing & engineering; business, professional & financial services) as future high-growth industries. It has also identified five "cross-cutting" priorities that apply across all sectors in the economy (skills; business support & access to finance; place; emerging & disruptive technologies; digital) that will enable the development of these sectors and growth across the wider economy. A Delivery Plan for each of these 10 areas has been produced; taken together they will enable the delivery of the SEP. They formed the focus of the LEP's activities in 2018/19.

The Company's Growth Programme has gone from strength to strength with investments in a diverse portfolio of capital projects ranging from the Prince's Trust to the National Memorial Arboretum; from Tyseley Energy Park to Kidderminster Railway Station.

Interventions to support key sectors have been borne out of strong engagement with industry. Initiatives to increase film and TV production spend, to support the emerging FinTech sector, to target suppliers interested in diversifying into high speed rail and to encourage businesses to enter the life science sector are all having a real impact.

As well as sector-specific activity, the Company has worked hard to improve business support and access to finance offers including running scale-up workshops and seeking to increase Angel investment. The innovative pilot with the Intellectual Property Office has been so successful that it will be rolled out to other LEPs. GBSLEP has also worked hard with partners to increase high level skills, apprenticeships and engagement between employers and those in education.

The Company's focus on towns and local centres and the importance of culture in place-making stands GBSLEP apart from many other LEPs. The Company will look to build on its work in this area over the year ahead, working with partners across the geography to create vibrant and inclusive places.

2018/19 also saw significant work on activity that will enable the Company to make an even greater impact. GBSLEP has now become a fully active and independent company which means that it can respond with greater agility to opportunities. The Company has also submitted a bid for European funding to increase the Growth Hub offer and to bring its delivery 'in house'. The outcome of this bid should be known in 2019/20.

Close working with the West Midlands Combined Authority and the Black Country and Coventry & Warwickshire LEPs resulted in agreement of the trailblazing West Midlands Local Industrial Strategy with Government. The Local Industrial Strategy builds on the ambitions contained in each of the three LEPs SEPs and will help the Company to realise the region's full potential.

Principal risks and uncertainties

The principal risks facing the Company are a reliance on Government and European public funding to deliver its objectives; and in the period to March 2019 a considerably uncertain economic and political environment.

The Company's senior management regularly review strategic risks and their potential impacts on the Company, and take mitigating actions as necessary.

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A company limited by guarantee)

Strategic Report (continued)
For the Period Ended 31 March 2019

Business performance

LEP Performance

In 2018/19 the Company has invested £24.24m of Local Growth Fund (LGF) into key capital projects. Capital investment from the programme supports each of the 10 sector and cross-cutting thematic plans across the Greater Birmingham and Solihull geography.

Operating since 2015, the third phase of the LGF programme is now in its final two years of delivery, with programme completion due in March 2021. As of April 2019, over £110 million had been spent on programme delivery out of a total programme value of £186 million*.

The LGF programme has so far delivered the following key outputs for the GBSLEP area:

- Created 2,062 jobs
- Enabled 407 new homes
- Upskilled 1,840 learners
- Leveraged over £60m matched funding

The City Centre Enterprise Zone (EZ) has celebrated many successes this year as it has continued to deliver the vision of Birmingham's Big City Plan. An updated version of the EZ Investment Plan was agreed in June 2019.

The EZ focuses on early intervention to accelerate growth and unlock development to deliver the vision and the LEP priorities for growing the economy and creating jobs. Since its formation in 2011 39 sites have been identified with major city centre showpieces emerging like Centenary Square. The stages of the Metro extensions will greatly increase the low carbon travel options and mobility around the area and will serve the Commonwealth Games in 2022.

Through the EZ model, business rates are retained locally until 2046. Investment in capital projects within the EZ is funded by Birmingham City Council (BCC) borrowing in advance of future business rate uplift. In 2018/19 the Company invested £15.3m of funding to support development across the EZ. This investment has leveraged £87m of private investment. Activity in 2018/19 supported:

- 544 new jobs
- 22,748 sqm of newly created floorspace
- 4HA of land made ready for development

LEP activity is also supported by the Strategic Economic Plan (SEP) Enabling Fund; a revenue fund made up of a retained element of the Greater Birmingham and Solihull Business Rates Pool allocated to GBSLEP for economic development. It facilitates the implementation of activities outlined in the Delivery Plans and other interventions that support the growth of key sectors and cross cutting themes, as highlighted above.

More detail on the LEPs performance and the outputs and outcomes achieved can be found in the Annual Report (<https://gbslep.co.uk/wp-content/uploads/2019/11/GBSLEP-Annual-Report-v9-with-LINKS.pdf>).

* This figure does not include the five large Department for Transport schemes, amounting to £246.95 million of Growth Deal funding that are accounted for separately.

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
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Strategic Report (continued)
For the Period Ended 31 March 2019

Business performance (continued)

Outcomes

The Company has Key Performance Indicators (KPIs) that measure the extent to which GBSLEP, together with partners, is achieving its mission of growing the economy, creating jobs and improving the quality of life in the area. The KPIs measure the health of the Greater Birmingham and Solihull economy as a whole, rather than the impact of LEP interventions, and so meeting them relies on partners coming together to create the conditions for businesses to grow.

GBSLEP has been the fastest growing Core City LEP since 2010, growing by 20% compared to the Core City LEP average of 11%. The city-region continues to make substantial progress having generated economic growth worth £800 million GVA over the last year, alongside the creation of 29,452 private sector jobs. In terms of quality of life, GBSLEP has moved up to third place among Core City LEPs in PwC's Good Growth Index; it also moved up one place the previous year, suggesting that there is sustained momentum in the region across a broad range of indicators.

There remain, however, significant challenges to overcome in order to meet the KPI targets for unemployment and qualifications. For unemployment, GBSLEP is behind target in meeting its KPI target of reducing unemployment to the national average by 2020, and low qualification attainment remains a challenge for the city-region's economy compared to other parts of the country. Tackling these issues will remain the Company's focus for 2019/20.

This report was approved by the board on 17/12/2019 and signed on its behalf.


T S D Pile
Director

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A company limited by guarantee)

Directors' Report
For the Period Ended 31 March 2019

The directors present their report and the financial statements for the period ended 31 March 2019.

Results and dividends

The deficit for the period, after taxation, amounted to £12,620,393 (2018 - £6,543,081).

As the Company is limited by guarantee it makes no distributions by dividends or any other means.

Directors

The directors who served during the period were:

P L Ackroyd * (resigned 6 June 2019)
G Adamson
G Alcott * (resigned 30 June 2019)
A K Bhalla
M S Bhatti * (resigned 10 November 2019)
Cllr D J Bush * (resigned 6 June 2019)
S R Claymore * (resigned 11 February 2019)
D C Cook *
I Courts
S M Drake
Professor Sir D S Eastwood * (resigned 10 April 2019)
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M J Hopkins * (resigned 31 July 2018)
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K J May (appointed 6 June 2019)
Cllr J Oates (appointed 6 June 2019)
D Pullen (appointed 6 June 2019)
I M Eadie * (appointed 9 September 2019)

* Alternate directors

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
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Directors' Report (continued)
For the Period Ended 31 March 2019

Corporate governance

The Board is committed to high standards of corporate governance and meets a minimum of six times a year. A number of matters are reserved for the Board's approval, including the overall strategy for the Company; annual budgets and business plans; appointments to the Board and Pillar Boards; changes to governance arrangements, including structure and Board composition and to the Assurance Framework; and major items of expenditure (over £10m of capital and over £100,000 of revenue).

The Board has delegated authority to the following committees and individuals, formally constituted in our Assurance Framework:

Nominations Committee

- Leading Non-Executive Director recruitment on behalf of, and making recommendations to, the LEP Board
- Leading reviews of Board composition and skills on behalf of, and making recommendations to, the LEP Board
- Leading senior officer recruitment on behalf of, and making recommendations to, the LEP Board

Remuneration Committee

- Advising and making recommendations to the LEP Board on changes to senior officer pay and the Executive's terms and conditions

Audit & Risk Committee

- Recommends to the LEP Board the appointment of External Auditors
- Agrees annual audit programmes and ensures actions arising undertaken
- Establishes and maintains governance frameworks for GBSLEP
- Ensures all risks – including financial risks – are adequately recognised and managed

Pillar Boards (Business & Innovation; Employment & Skills; Place)

- Making recommendations to the Board and its organs, including on the delivery plan and the strategic fit of projects, and approving applications for funding.

Programme Delivery Board

- Approving capital investments of between £2.5m and £10m, including programme entry, release of development funding and change requests within this level of delegation.

GBSLEP Director

- Approving capital investments of up to £2.5m, including programme entry, release of development funding and change requests within this level of delegation; and approving revenue expenditure of up to £100,000.

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
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Directors' Report (continued)
For the Period Ended 31 March 2019

Future developments

The LEP's annual Delivery Plan (<https://gbslep.co.uk/wp-content/uploads/2019/05/GBSLEP-Delivery-Plan-2019-Singular-HR.pdf>) sets out the Company's intended activities and deliverables for 2019/20 in the mission to help the economy of Greater Birmingham and Solihull continue to grow and thrive. In part this will be achieved through delivery of the capital programmes and Enterprise Zone and, in part, through specific revenue-based interventions supported by funding through the Business Rates Pool.

Compared to 2018-19, the Company anticipates substantial growth in its commitments with an additional £10m of Local Growth Fund due to be paid out to projects in 2019-20, over the £24.24m in 2018/19. In addition, a step-change is anticipated in the support provided for revenue-based interventions in the second year of our Strategic Economic Plan (SEP) Enabling Fund, with planned expenditure of £3m against £1.8m in 2018-19.

Given the ongoing uncertainty in the UK economy, the Company's proposed interventions are subject to change as it remains alert to, and agile in, its responses to the challenges and opportunities that the second biggest economy in the UK brings. This may also be affected by changes in Government policy at either a national or local level, which may directly impact on activities.

Qualifying third party indemnity provisions

The Company has put in place qualifying third party indemnity provisions for all of the Directors and Officers of the Company.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A company limited by guarantee)

Directors' Report (continued)
For the Period Ended 31 March 2019

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
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Directors' Report (continued)
For the Period Ended 31 March 2019

Post balance sheet events

On 1 September 2019 the Company implemented a new operating model by transferring all of its staff under TUPE arrangements from the employment of Birmingham City Council (BCC) to the GBSLEP Company.

In addition, the Company started accounting for its revenue income and expenditure on its own accounting system, started using its own bank account, and started operating on its own computer systems, network and email accounts from this date.

This new operating model allows the Company to be more autonomous and independent from BCC, as recommended by the Government as part of the LEP Review and enables the LEP to be more agile and responsive in meeting needs and opportunities.

BCC continues to be the Accountable Body for all capital and revenue funding. The Accountable Body supports the mechanism for the transfer of funding from central government to the GBSLEP, as the LEP is a non-statutory body.

There is no impact on the accounts of this new operating model.

Auditors

The auditors, Dains LLP, were engaged to audit this year's financial statements. A decision as to auditors in future years will be made in due course.

This report was approved by the board on 17/12/2019 and signed on its behalf.



T S D Pile
Director

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A company limited by guarantee)

Independent Auditors' Report to the Members of The Greater Birmingham and Solihull Local Enterprise Partnership Limited

Opinion

We have audited the financial statements of The Greater Birmingham and Solihull Local Enterprise Partnership Limited (the 'Company') for the period ended 31 March 2019, which comprise the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A company limited by guarantee)

Independent Auditors' Report to the Members of The Greater Birmingham and Solihull Local Enterprise Partnership Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A company limited by guarantee)

Independent Auditors' Report to the Members of The Greater Birmingham and Solihull Local Enterprise Partnership Limited (continued)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Morris FCA (Senior statutory auditor)

for and on behalf of
Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham
B3 2BH

Date: 17 December 2019

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A company limited by guarantee)

Statement of Comprehensive Income
For the period ended 31 March 2019

		Designated Project Funding £	Operational Activity £	Total 10 months ended 31 March 2019 £	Total 12 months ended 31 May 2018 £
	Note				
Operational income		-	8,203,390	8,203,390	2,361,962
Grant and project income		5,170,755	-	5,170,755	32,139,445
	4	5,170,755	8,203,390	13,374,145	34,501,407
Grant expenditure and management costs		(24,387,439)	(1,668,382)	(26,055,821)	(40,750,901)
Gross (deficit) /surplus		(19,216,684)	6,535,008	(12,681,676)	(6,249,494)
Administrative expenses		(16,555)	(774,495)	(791,050)	(419,551)
Operating (deficit)/surplus	5	(19,233,239)	5,760,513	(13,472,726)	(6,669,045)
Interest receivable and similar income	7	1,214,087	38,246	1,252,333	125,964
(Deficit)/surplus on ordinary activities before taxation		(18,019,152)	5,798,759	(12,220,393)	(6,543,081)
Taxation		(350,000)	(50,000)	(400,000)	-
(Deficit)/surplus for the financial period		(18,369,152)	5,748,759	(12,620,393)	(6,543,081)
Total comprehensive income for the period		(18,369,152)	5,748,759	(12,620,393)	(6,543,081)

The notes on pages 18 to 28 form part of these financial statements.

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A company limited by guarantee)
Registered number:07635395

Balance Sheet
As at 31 March 2019

	Note	31 March 2019 £	31 May 2018 £
Current assets			
Debtors: amounts falling due after more than one year	8	1,681,000	2,261,737
Debtors: amounts falling due within one year	8	6,541,537	2,000,000
Bank and cash balances	10	60,950,546	76,606,136
	11	69,173,083	80,867,873
Creditors: amounts falling due within one year	9	(1,861,269)	(935,666)
Net current assets		67,311,814	79,932,207
Total assets less current liabilities		67,311,814	79,932,207
Net assets		67,311,814	79,932,207
Capital and reserves			
Reserves	12	67,311,814	79,932,207
		67,311,814	79,932,207

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

17/12/2019

T S D Pile
Director

The notes on pages 18 to 28 form part of these financial statements.

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A company limited by guarantee)
Registered number:07635395

Statement of Changes in Equity
As at 31 March 2019

		Designated Project Funding £	Operational Activity £	Total equity £
	Note			
At 1 June 2017		80,038,185	6,437,103	86,475,288
Comprehensive income for the year				
(Deficit)/surplus for the year		(6,749,947)	206,866	(6,543,081)
Total comprehensive income for the year		(6,749,947)	206,866	(6,543,081)
At 1 June 2018		73,288,238	6,643,969	79,932,207
(Deficit)/surplus for the period		(18,369,152)	5,748,759	(12,620,393)
Transfers between funds	12	(975,951)	975,951	-
Total comprehensive income for the period		(19,345,103)	6,724,710	(12,620,393)
At 31 March 2019		53,943,135	13,368,679	67,311,814

The notes on pages 18 to 28 form part of these financial statements.

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
(A company limited by guarantee)

Statement of Cash Flows
For the Period Ended 31 March 2019

	10 months ended 31 March 2019 £	12 months ended 31 May 2018 £
Cash flows from operating activities		
Loss for the financial period	(12,620,393)	(6,543,081)
Adjustments for:		
Increased in accrued income	(4,517,000)	(900,000)
Interest received	(1,252,333)	(125,964)
Taxation charge	400,000	-
Decrease in other loans and debtors	556,200	2,312,784
Increase in creditors	525,603	352,610
Net cash generated from operating activities	(16,907,923)	(4,903,651)
Cash flows from investing activities		
Interest received	1,252,333	125,964
Net cash from investing activities	1,252,333	125,964
Net decrease in cash and cash equivalents	(15,655,590)	(4,777,687)
Cash and cash equivalents at beginning of period	76,606,136	81,383,823
Cash and cash equivalents at the end of period	60,950,546	76,606,136
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	60,950,546	76,606,136

The notes on pages 18 to 28 form part of these financial statements.

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
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Analysis of Net Debt
For the Period Ended 31 March 2019

	At 1 June 2018 £	Cash flows £	At 31 March 2019 £
Cash at bank and in hand	76,606,136	(15,655,590)	60,950,546
	<u>76,606,136</u>	<u>(15,655,590)</u>	<u>60,950,546</u>

The notes on pages 18 to 28 form part of these financial statements.

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
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Notes to the Financial Statements
For the Period Ended 31 March 2019

1. General information

The Greater Birmingham and Solihull Local Enterprise Partnership Limited is a private company, limited by guarantee and registered in England and Wales. The address of the registered office is given on the Company Information page. The principal activities of the Company are to promote sustainable private sector investment and growth, business efficiency and competitiveness, economic development and regeneration, and employment in the Greater Birmingham and Solihull area.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Amounts presented in these financial statements have been rounded to the nearest £1.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Income

Government grants for projects are accounted for under the performance model as permitted by Financial Reporting Standard 102. Government grants are recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Other government funding is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Other income is recognised on an accruals basis.

2.3 Interest income

Interest income is recognised in the Statement of comprehensive on a cash basis when received.

2.4 Grant expenditure

Grant expenditure is recognised when there is a legal or constructive obligation, it is probable that settlement is required and the amount can be measured reliably.

2.5 Taxation

The Company operates as a not-for-profit entity, and receives direct financial support from constituent local authorities in addition to grants from Government. It does not carry out a trade for tax purposes. As a result, the net surplus arising from these activities is non-trading and is exempt from corporation tax. The Company is liable to corporation tax on bank interest and other investment income after deducting allowable expenses..

2. Accounting policies (continued)

2.6 Presentation of Statement of Comprehensive Income

Due to the nature of the Company's activities, the directors consider that it would be inappropriate to present the Statement of Comprehensive Income in either of the standard formats recognised by the Companies Act 2006. The format adopted has been selected as it presents the categories of income and expenditure more accurately for readers of the financial statements.

2.7 Debtors

Debtors are measured at transaction price, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Creditors

Short term creditors are measured at the transaction price

2.10 Financial instruments

Basic financial instruments are initially recognised at the transaction price unless the arrangement constitutes a financing transaction where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Such assets are subsequently carried at amortised cost using the effective interest method. Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised immediately.

Financial assets are derecognised when:

- The contractual rights to the cash flows from the asset expire or are settled; or
- Substantially all the risks and rewards of the ownership of the asset are transferred to another party; or
- Control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

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Notes to the Financial Statements
For the Period Ended 31 March 2019

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of the assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

BRP income is recognised on an accruals basis based on an estimate of the income due in the relevant period.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

4. Income

The whole of the income is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

Income arising in the year is analysed into either Operational Activity or designated Project Funding. Operational Activity includes revenue income received to cover the day to day core funding requirements of the LEP such as administration costs and staff remuneration. It also includes revenue income to fund certain projects undertaken directly by the LEP. Designated Project Funding includes capital income received for specific projects which are then distributed by the LEP to third parties. They are generally funds provided by Government or other agencies. Costs directly attributable to designated projects are charged against this income and shown as an expense.

5. Operating deficit

The operating deficit is stated after charging:

	10 months ended 31 March 2019 £	12 months ended 31 May 2018 £
Auditor's remuneration	10,000	10,000

The Greater Birmingham and Solihull Local Enterprise Partnership Limited
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Notes to the Financial Statements
For the Period Ended 31 March 2019

6. Employees

The average monthly number of Birmingham City Council employees contracted to work on The Greater Birmingham and Solihull Local Enterprise Partnership Limited, including the directors, during the period was as follows:

	10 months ended 31 March 2019 No.	12 months ended 31 May 2018 No.
Directors	27	22
Delivery team	22	21
	<u>49</u>	<u>43</u>

The full time equivalent number of employees in the delivery team was 21.43 (2018 - 18.82).

Staff costs were as follows:

	31 March 2019 £	31 May 2018 £
Wages and salaries	605,898	595,651
Social security costs	64,916	65,983
Pension scheme costs	187,012	175,815
	<u>857,826</u>	<u>837,449</u>

7. Interest receivable

	10 months ended 31 March 2019 £	12 months ended 31 May 2018 £
Other interest receivable	<u>1,252,333</u>	<u>125,964</u>

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Notes to the Financial Statements
For the Period Ended 31 March 2019

8. Debtors

	31 March 2019 £	31 May 2018 £
Due after more than one year		
Other loans	1,681,000	2,261,737
	<u>1,681,000</u>	<u>2,261,737</u>
	31 March 2019 £	31 May 2018 £
Due within one year		
Other debtors	24,537	-
Accrued income	6,517,000	2,000,000
	<u>6,541,537</u>	<u>2,000,000</u>

9. Creditors: Amounts falling due within one year

	31 March 2019 £	31 May 2018 £
Corporation tax	400,000	-
Other creditors	1,461,269	935,666
	<u>1,861,269</u>	<u>935,666</u>

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Notes to the Financial Statements
For the Period Ended 31 March 2019

10. Cash and cash equivalents

	31 March 2019 £	31 May 2018 £
Accountable body funds: capital		
Local Growth Fund (LGF) 1 & 2	-	14,083,138
Revolving Investment Fund (RIF)	32,165,522	36,709,610
Local Growth Fund (LGF) 3	11,128,613	11,500,000
Growing Places Fund (GPF)	1,927,939	1,408,418
GPF Mezzanine Fund (Note 14)	8,319,000	8,319,000
	53,541,074	72,020,166
Accountable body funds: revenue		
Growing Places Fund (GPF)	1,386,433	1,064,861
Business Rates Pool (BRP)	6,023,039	3,021,109
Unrestricted core funds	-	500,000
	7,409,472	4,585,970
	60,950,546	76,606,136

The Accountable Body funds are held on deposit on behalf of the GBSLEP by Birmingham City Council, capital funds being interest-bearing.

The capital funds are received prior to distribution to applicants as grants or loans for projects that support the delivery of the LEP's Strategic Economic Plan and have been allocated to specific projects, with expenditure planned in future years.

The GPF revenue fund was provided by government to support feasibility and master planning for capital infrastructure projects.

The BRP is GBSLEP's share of the Greater Birmingham and Solihull BRP which is received each year and used to finance revenue projects that support the delivery of the LEPs Strategic Economic Plan.

The balance of revenue funds represents the LEP's core funding allocation from Government.

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Notes to the Financial Statements
For the Period Ended 31 March 2019

11. Financial instruments

	31 March 2019 £	31 May 2018 £
Financial assets		
Financial assets measured at cost	<u>69,173,083</u>	<u>80,867,873</u>
Financial liabilities		
Financial liabilities measured at cost	<u>(1,861,269)</u>	<u>(935,666)</u>

Financial assets measured at cost comprise other loans, others debtors, accrued income and cash and cash equivalents (see note 8 and 10).

Financial liabilities measured at cost comprise other creditors (see note 9).

12. Reserves

The reserves represent cumulative surpluses or deficits, net of other adjustments, as follows:

	31 March 2019 £	31 May 2018 £
Capital projects:		
Growth Deal (LGF) 1 & 2	-	14,083,138
Revolving Investment Fund (RIF)	32,165,522	36,709,610
Local Growth Fund (LGF) 3	11,128,613	11,500,000
Growing Places Fund: Capital	999,000	1,053,489
GPF Mezzanine Fund (Note 14)	10,000,000	10,000,000
	<u>54,293,135</u>	<u>73,346,237</u>
Revenue projects:		
Growing Places Fund: Revenue	1,396,223	1,064,861
Enabling Fund (BRP)	11,622,456	5,021,109
Administration Reserve	-	500,000
	<u>13,018,679</u>	<u>6,585,970</u>
	<u>67,311,814</u>	<u>79,932,207</u>

During the year, £975,951 (2018 - £Nil) was transferred from the Growth Deal (LGF) 1 & 2 to revenue reserves as BCC agreed that certain PMO costs could be paid out of capital funding.

Notes to the Financial Statements
For the Period Ended 31 March 2019

12. Reserves (continued)

The reduction in reserves of £12.6m is an overall deficit; this reflects grants distributed and operational expenditure in excess of grant income received during the 10 months period ended 31 March 2019.

The Growth Deal reserve is part of the LEP's agreed Growth Deal programme from government and is committed to specific capital projects. This funding will be advanced to those projects during the next financial year.

The Revolving Investment Fund was created in 2016/17 using £33.7m Local Growth Fund (LGF) capital funding drawn down that year, as agreed with Birmingham City Council (BCC) and the Department for Business Energy and Industrial Strategy (BEIS). The RIF is a loan fund, complementary to the LGF which is for grant and was created to support the delivery of more projects where the commercial case for investment was loan, rather than grant. The movement of the monies from the LGF reserve into the RIF reserve has been treated simply as a transfer between reserves on the balance sheet rather than an equal and opposite receipt of grant income in the RIF and payment of grant expenditure in the LGF. As loans or grants are made from the RIF, this expenditure will be recorded in the Statement of Comprehensive Income.

LGF3 is funded by BEIS and relates to the development of a unique new space for innovation through interdisciplinary collaboration (STEAMHouse project).

The Growing Places reserves represent funding received from government for the purposes of providing pump-priming financial support for capital infrastructure projects through the provision of grants and loans. The GP capital fund remaining is earmarked to be used to support the Mezzanine Fund, which was set-up to provide development and growth finance in the form of mezzanine type loans to SMEs in the West Midlands.

The SEP Enabling Fund is funded by BRP income, and relates to revenue projects to enable economic development and growth across the LEP area.

The Administration reserve consists of revenue funding received from government for the purposes of administering the LEP, the Growth Hub and the various programmes

13. Company status

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

14. Other financial commitments

GPF Mezzanine Fund

The Growing Places Fund (GPF) Committee approved in principle in February 2014 that the recycled funds should form part of a pack of resources along with funds provided by RGF, WMPF and other LEP's GPFs, to create a £56m Mezzanine Fund.

The LEP Board approved in March 2014 that £10m should be committed from recycled GPF monies to the Mezzanine Fund to support SMEs within the GBSLEP area.

In July 2016 a funding agreement was signed with Finance Birmingham for them to manage the Mezzanine Fund. The first loans from this fund were made in August 2016.

No provision for impairment needs to be made against the Mezzanine Fund loan balances at the year end.

Midlands Engine Investment Fund (MEIF)

The Midlands Engine Investment Fund (MEIF) provides commercially focused finance through Small Business Loans, Debt Finance, Proof of concept and Equity Finance funds to support small and medium business (SME) growth in the Midlands.

The MEIF is a collaboration between the British Business Bank and ten Local Enterprise Partnerships (LEPs) in the West Midlands and East and South East Midlands. The £250m MEIF is financed by the European Regional Development Fund (ERDF), the British Business Bank, the European Investment Bank and the United Kingdom government. The Fund became active in Q4 2017.

£13.5m of GBSLEP's ERDF allocation from the European Structural and Investment Funds (ESIF) Growth Programme 2014-2020 has been allocated to the MEIF. This funding is held by the Ministry for Housing, Communities and Local Government as the Managing Authority for ERDF and they are responsible for all funding decisions. As such, GBSLEP's allocation to the MEIF and performance against it is not included within these statutory accounts.

15. Related party transactions

Birmingham City Centre Enterprise Zone

In the UK 44 Enterprise Zones (EZ) have been allocated to Local Enterprise Partnerships who then decided on where the EZ would be located. GBSLEP chose Birmingham City Centre as their EZ location. The City Centre EZ is made up of 39 sites across the city in seven clusters. This includes those identified in the Big City Plan as having significant growth opportunities.

The Birmingham City Centre Enterprise Zone was first established in 2011 by the GBSLEP. As part of the West Midlands Devolution Deal (2015) the Enterprise Zone was extended to cover the Curzon area to enable the delivery of local infrastructure and to drive growth.

The City Centre EZ represents a strategy for nearly £1B of investment by GBSLEP and BCC which will unlock and accelerate the delivery for the region of 1.1m sqm of new commercial floorspace, create over 71,000 new jobs, contributing £2.3B to the economy in GVA per annum and generating in excess of £2.1B in additional business rates.

In the year to 31 March 2019, the capital expenditure on EZ projects including Paradise Circus, New Wholesale Market and Metro extension and Centenary Square was £12M, and the cumulative capital spend on EZ projects to that date was £121M.

The Company is responsible for the delivery of the Birmingham City Centre Enterprise Zone (EZ) and is entitled to the Business Rates Income uplift (BRI) from businesses in the EZ which is to be used to provide support to developments in the EZ, although in practice this goes straight from Birmingham City Council (BCC) NNDR income to the EZ programme within BCC.

Birmingham City Council acts as the Accountable Body for Local Enterprise Zones and has delegated authority from GBSLEP to manage and deliver the EZ Investment Plan (EZIP) since its inception in 2011. This Investment Plan has been updated several times since then with the latest version being issued in May 2019 which can be found on BCC's website https://www.birmingham.gov.uk/downloads/file/1319/birmingham_city_centre_enterprise_zone_investment_plan.

The Company increased its involvement in the project monitoring and in the overall programme management in the last year, and the governance process over the EZ delivery programme also changed from EZ Boards to the GBSLEP Programme Delivery Board. The responsibility and risks of EZ programme delivery and in legal property development agreements are still retained by BCC.

Income and expenditure and all capital commitments in respect of the Birmingham City Centre Enterprise Zone are therefore not recorded in this Company's financial statements. This is reported in the financial statements of Birmingham City Council.

BCC records the Business Rates Income uplift from EZ businesses as being paid over to GBSLEP and then received back as a capital grant from GBSLEP; this amounted to £3m in 2018/19. This has not been recorded in GBSLEP's accounts as neither the income or the expenditure went through the Company's books.

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Notes to the Financial Statements
For the Period Ended 31 March 2019

16. Related party transactions (continued)

Greater Birmingham and Solihull Business Rates Pooling Arrangement

The Greater Birmingham and Solihull Business Rates Pool (the Pool) was designated by the Secretary of State in accordance with paragraph 34 of Schedule 7B to the Local Government Finance Act 1988 as a pool of authorities for the purposes of the scheme for the local retention of business rates under schedule 7B to the Act.

Birmingham City Council entered into a pooled budget arrangement in 2013/14 with seven other local authorities including acting as intermediary between the authorities and government in respect of top-up/tariff payments, following the introduction of the Business Rates Retention Scheme. This arrangement has continued in 2018/19. The objective of the Pool is to adopt a strategic approach to promoting growth and job creation that supports the Greater Birmingham and Solihull Local Enterprise Partnership's Strategy for Growth.

The funding provided to the pooled budget includes tariff payments that would otherwise have been paid to the Government. The expenditure met from the budget paid to the Council includes an element of its top-up payments that it would otherwise have received from the Government.

For 2018/19, the Company expects to receive £6.25m from the Pool (2017/18 - £2m).

The Pool is being dissolved as from 31 March 2019 and therefore payment in January 2020 for the year to 31 March 2019 will be the last. GBSLEP is entitled to £1.5m at this time from the Pool Contingency held in reserve – this amount has been included in the accrual.

Growth Hub

During the year, Growth Hub funding of £50,000 (2018 - £28,385) was provided to Birmingham Chamber of Commerce and Industry, which has one director in common with this Company.

16. Controlling party

There is no one ultimate controlling party.