



Statement of Accounts

Financial Year 1st April 2023 to 31st March 2024

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.

Planned closure of the SELEP

- 5.** In August 2023, Government advised that they intended to withdraw support for Local Enterprise Partnerships from April 2024 and to transfer their responsibilities into Local Authorities from this date. Given this position, in July 2023, the SELEP Board agreed to support the transition of the SELEPs activities and associated funds into the Local Authorities within the SELEP geography. The transition period, had been expected to conclude by the 31st March 2024, however, following a change in advice from Government, there has been a delay with some aspects of the transition, primarily in respect of the Accountable Body arrangements for the legacy capital programme.

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6. In April 2024, Government requested that on-going oversight for the delivery of the SELEP legacy Capital Programme is transitioned to three new Accountable Body partners:

- Essex County Council, for authorities in Greater Essex (Essex County Council, Southend-on-Sea City Council and Thurrock Council)
- Kent County Council, for authorities Kent County Council and Medway Council
- East Sussex County Council

A Transition Agreement is now intended to be implemented during 2024/25 across the six upper tier local authorities within the SELEP geography, to implement the above arrangements and to manage the transition of the residual SELEP funds and loan agreements.

In May 2024, the Directors of South East LEP Ltd have, therefore, determined to close the company and an application has been submitted for the company to be struck off with Companies House. In taking this decision, it was acknowledged that the Directors would not be given oversight of the 2023/24 SELEP Accounts, as would normally have been the case. The SELEP Accountability Board, in anticipation of closure of the company, approved for the SELEP Statement of Accounts 2023/24 to be finalised by the Section 151 Officer of Essex County Council, as the Accountable Body for SELEP. The final outturn position for 2023/24 is planned to be presented for approval by the Accountability Board in July 2024.

Revenue Expenditure

7. The revenue expenditure budget for the SELEP for financial year 2023/24 was set at £1.485 million. The following income streams were budgeted to support the expenditure in year:

- Core Grant from Central Government of £250,000;
- Application of £475,000 in specific grants and other income;
- £110,000 of external interest on Capital Balances held; and
- A withdrawal of £650,000 from the SELEP's reserves.

8. At the end of the financial year total gross revenue expenditure totalled £1.629 million; £144,000 more than budgeted and £1.458 million of income was applied to the revenue account in the year, this was £623,000 more than budgeted. The additional expenditure was primarily attributable to employee related costs, including redundancy costs due to the planned closure of SELEP. The additional income was attributable to the higher than planned levels of capital balances held during the year and higher interest rates, which combined to increase the amount of

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external interest accrued to £733,000.

- 9.** In total the Partnership's revenue expenditure exceeded income by circa £171,000; this deficit was funded by contributions from the SELEP reserves.

Growing Places Fund Grant

- 10.** A grant of £49.2 million (of which £45.5m was allocated as a capital grant and £3.7m as a revenue grant) was made to the SELEP under the Growing Places Fund (GPF) initiative in 2012. Of this amount, £39.058 million remains as Capital expenditure used to support a revolving infrastructure fund 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 29 projects across the SELEP region, aimed at unlocking economic growth, creating jobs and homes and helping to 'kick start' development at stalled sites.
- 11.** At the start of the 2023/24 financial year, the net balance on the GPF loan fund was £12.360 million. A total of £1.0 million of the grant was paid out in loans during the financial year. The total repayments made in 2023/24 totalled £1.74 million; leaving a net balance held at the end of the year of £13.10 million. During the year, one planned payment of £1.75 million was not made following the cancellation of a Project. Additionally, the repayment profile for 1 project was extended to delay repayment from 2023/24 to equally across 2024/25 and 2025/26, to the value of £3.575m.
- 12.** Due to the planned closure of SELEP, decisions have been made by the SELEP Accountability Board re the treatment of the residual Capital Funds held on the closure of SELEP. It is intended that through a Transition Agreement that the residual funds held will be allocated to the Upper Tier Local Authority partners within SELEP on a broadly per Capita basis, when taking into account the whole fund, including existing loan allocations.
- 13.** Additionally, the outstanding loan agreements will also be transferred to the respective Upper Tier Local Authority partner that was in receipt of the loan, via the Transition Agreement, to ensure repayment and reinvestment of funds in supporting local economic growth priorities.

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- 14.** The planned closure of SELEP and completion of the Transition Agreement is anticipated to be completed during 2024/25. At that point, the final outstanding balances and loan values will be determined and transferred to the respective authorities.

COVID-19 Response Funds

- 15.** As a direct response to the COVID-19 pandemic, the SELEP determined in July 2020, to exceptionally re-purpose £6.4 million of the recycled 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.
- 16.** The business support scheme was completed in 2022/23; the final deliverables of the Skills support scheme were completed in 2023/24; £134,000 had been carried forward in an earmarked reserve into 2023/24 for this purpose, but only £39,000 was required to support these costs, with the residual balance of £95,000 being transferred to the SELEP Operational Reserve.
- 17.** These schemes have now fully concluded, with no further expenditure planned. An evaluation of each scheme was undertaken and reported to the SELEP Strategic Board in October 2023: [Strategic Board - The South East Local Enterprise Partnership \(southeastlep.com\)](https://southeastlep.com)

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

- 18.** There were no new Capital grants made to the SELEP in 2023/24 following the end of the Growth Deal in 2020/21 that had been agreed between the Partnership and Government. The SELEP held no remaining balance after the end of 2021/22 in respect of Local Growth Fund Grant as all funding received has been transferred to partners to support delivery of approved projects.
- 19.** The SELEP Accountability Board, supported by the SELEP Secretariat, working in partnership with the respective Upper Tier Local Authority Partners in receipt of the funding, has continued to monitor delivery of Local Growth funded projects to ensure compliance with the decisions of the Board and the conditions of the grant. Essex County Council, in its role as the Accountable Body, has continued to oversee these arrangements to ensure compliance with the Local Assurance Framework

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requirements.

- 20.** A number of Local Growth Fund projects will continue delivery post the closure of SELEP; it is expected that as part of the Transition Agreement, that responsibility for on-going oversight for projects that are not yet fully completed, will transfer to the respective three new Accountable Bodies, to align monitoring with local delivery (see section 6).

Getting Building Fund Grant

- 21.** A Capital grant of £85 million was allocated to the SELEP in 2020/21 to deliver “shovel ready” infrastructure projects, as agreed between the partnership and Government. This funding was fully received by the SELEP across 2020/21 and 2021/22 and transferred to upper tier Local Authority partners to invest in projects approved by the partnership’s Accountability Board.
- 22.** During 2022/23, following the cancellation of a number of the projects that were unable to progress as anticipated, £7.848 million of GBF was returned, of which £4.057 million was transferred to new Projects in 2022/23. A total of £3.791 million was carried forward on the balance sheet into 2023/24, of which £1.762 million was transferred to the respective Upper Tier Local Authority to support delivery of approved projects; the remaining £2.049 million was reallocated during 2023/24 through a prioritisation process in accordance with the SELEP Governance arrangements. Of this amount, £1.749 million has been transferred to the respective Upper Tier Local Authority to support project delivery; the remaining £300,000 continues to be held on the balance sheet, subject to final decision making by the SELEP Accountability Board and the required funding agreement being implemented.
- 23.** As with the Local Growth Fund, a number of Getting Building Fund projects will continue delivery post the closure of SELEP; it is also expected that as part of the Transition Agreement, that responsibility for on-going oversight for projects that are not yet fully completed, will transfer to the respective three new Accountable Bodies, to align monitoring with local delivery (see section 6).

Section Two – Statement of Responsibilities

Statement of Responsibilities

23. 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

24. 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 2024 and its expenditure and income for the year then ended.



Nicole Wood, Executive Director for Corporate Services

11th September 2024

Section Three – Statement of Accounts

Statement of Accounts

25. The Partnership's accounting statements for 2023/24 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 2024' shows the funds available to the Partnership in 2023/24 and future financial years, £3.131 million, of which £1.585 million 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.

26. Supplementary information is set out within the notes to the accounts to provide further information on the financial performance of the Partnership during 2023/24.

Section Three – Statement of Accounts

Movement in Reserves Statement

For the years ended 31 March 2023 and 31 March 2024

	Notes	Usable Reserves				Unusable Reserves			Total Unusable Reserves	Total Reserves
		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	£000	
Balance at 31 March 2022		(1,302)	-	(3,422)	(4,724)	-	1,270	23	1,293	(3,431)
Movement in Reserves during 2022/23										
Deficit on Provision of Services		1,899	-	-	1,899	-	-	-	-	1,899
Total Comprehensive Income and Expenditure		1,899	-	-	1,899	-	-	-	-	1,899
Adjustments between accounting basis & funding under regulations	29	(2,158)	-	1,680	(478)	-	242	10	252	(226)
(Increase) / decrease in 2022/23		(259)	-	1,680	1,421	-	242	10	252	1,673
Balance at 31 March 2023		(1,561)	-	(1,742)	(3,303)	-	1,512	33	1,545	(1,758)
Movement in Reserves during 2023/24										
Deficit on Provision of Services		(123)	-	-	(123)	-	-	-	-	(123)
Total Comprehensive Income and Expenditure		(123)	-	-	(123)	-	-	-	-	(123)
Adjustments between accounting basis & funding under regulations	29	138	-	157	295	-	(280)	(15)	(295)	(0)
(Increase) / decrease in 2023/24		15	-	157	172	-	(280)	(15)	(295)	(123)
Balance at 31 March 2024		(1,546)	-	(1,585)	(3,131)	-	1,232	18	1,250	(1,881)

Section Three – Statement of Accounts

Comprehensive Income and Expenditure Statement

For year ended 31 March 2024

2022/23				Notes	2023/24			
Gross expenditure £000	Grants £000	Other Income £000	Net Expenditure £000		Gross expenditure £000	Grants £000	Other Income £000	Net Expenditure £000
7,525	(5,437)	(146)	1,942	Cost of Services	5,106	(4,216)	-	890
242	-	(285)	(43)	Financing and Investment Income and Expenditure	(280)	-	(733)	(1,013)
7,767	(5,437)	(431)	1,899	(Surplus) / Deficit on provision of services	4,826	(4,216)	(733)	(123)

Section Three – Statement of Accounts

Balance Sheet as at 31 March 2024

31st March 2023	Notes		31st March 2024	
£000			£000	£000
25,186	37	Long term debtors	24,726	
<u>25,186</u>		Long term assets		24,726
19,943	38	Short term debtors	16,720	
7	38	Payments in advance	1	
<u>19,950</u>		Current assets		16,721
(529)		Creditors	(142)	
-	30	Revenue grant receipts in advance	-	
(42,849)	30	Capital grant receipts in advance	(39,358)	
-		Restructuring Provision	(66)	
<u>(43,378)</u>		Current liabilities		(39,566)
<u>1,758</u>		Net assets		<u>1,881</u>
		Usable reserves		
(1,561)		General Fund balance	(1,546)	
(1,742)	31	Other Earmarked Reserves	(1,585)	
<u>(3,303)</u>				<u>(3,131)</u>
		Unusable reserves		
-	35	Capital Adjustment Account	-	
1,512	33	Financial Instruments Adjustment Account	1,232	
33	36	Accumulated Absences Adjustment Account	18	
<u>1,545</u>				<u>1,250</u>
<u>(1,758)</u>		Total reserves		<u>(1,881)</u>

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Cash Flow Statement for year ended 31 March 2024

2022/23	Notes		2023/24
£000			£000
18,258	39	Operating activities	1,426
(18,258)	39	Investing activities	(1,426)
-		Financing activities	-
-		Net (increase) / decrease in cash and cash equivalents	-
-		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

27. Accounting Policies

Introduction

The Statement of Accounts summarises the Partnership's transactions for the 2023/24 financial year, and its position as at 31 March 2024. 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 2023/24, 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 the now called Department for Levelling Up, Housing and Communities (DLUHC)) and the Getting Building Fund (awarded from the now DLUHC) 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 and the Getting Building Fund 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).

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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 approval 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.

28. 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

29. 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., Capital Grant 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 – 2022/23

2022/23	Notes	General Fund Balance £000	Capital Grants Unapplied Account £000	Other Earmarked Reserves £000	Total Usable Reserves £000	Total Unusable Reserves £000
Adjustments involving the Capital Adjustment Account (CAA)						
<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	30	4,057			4,057	(4,057)
Revenue expenditure funded from capital under statute	35	(4,057)			(4,057)	4,057
Value of assets disposed of during the year					-	-
Revenue expenditure charged against Gen Fund		(1,906)		1,680	(226)	-
Adjustments involving the Capital Adjustment Account		(1,906)	-	1,680	(226)	-
Adjustments involving the Capital Grants Unapplied Account						
Grants applied to financing (transferred to the CAA)					-	-
Grants and contributions unapplied					-	-
Adjustments involving the Capital Grants Unapplied A/C		-	-	-	-	-
Adjustments involving the Financial Instruments Adjustment Account (FIAA)						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement differ from costs chargeable in accordance with statutory requirements	33	(242)	-		(242)	242
Adjustments involving the FIAA		(242)	-	-	(242)	242
Adjustments involving the Accumulated Absences Account						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement differs from remuneration chargeable in accordance with statutory requirements	36	(10)	-		(10)	10
Adjustments involving the Accumulated Absences Account		(10)	-	-	(10)	10
Total adjustments		(2,158)	-	1,680	(478)	252

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Adjustments between accounting basis and funding under Regulations – 2023/24

2023/24	Notes	General Fund Balance £000	Capital Grants Unapplied Account £000	Other Earmarked Reserves £000	Total Usable Reserves £000	Total Unusable Reserves £000
Adjustments involving the Capital Adjustment Account (CAA)						
<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	30	3,491	-		3,491	(3,491)
Revenue expenditure funded from capital under statute	35	(3,491)	-		(3,491)	3,491
Value of assets disposed of during the year					-	-
Revenue expenditure charged against Gen Fund	31	(157)		157	(0)	-
Adjustments involving the Capital Adjustment Account		(157)	-	157	(0)	-
Adjustments involving the Capital Grants Unapplied Account						
Grants applied to financing (transferred to the CAA)					-	-
Grants and contributions unapplied		-	-	-	-	-
Adjustments involving the Capital Grants Unapplied A/C		-	-	-	-	-
Adjustments involving the Financial Instruments Adjustment Account (FIAA)						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement differ from costs chargeable in accordance with statutory requirements	33	280	-		280	(280)
Adjustments involving the FIAA		280	-	-	280	(280)
Adjustments involving the Accumulated Compensated Absences Adjustment Account						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement differs from remuneration chargeable in accordance with statutory requirements	36	15	-		15	(15)
Adjustments involving the Accumulated Absences Account		15	-		15	(15)
Total adjustments		138	-	157	295	(295)

Section Three – Statement of Accounts

30. 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 31) so that it can be matched with the expenditure in a subsequent year.

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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:

2022/23			2023/24		
Capital grants £000	Revenue grants £000	Total £000	Capital grants £000	Revenue grants £000	Total £000
Department of Business and Trade					
-	445	445	-	475	475
-	112	112	-	-	-
-	1	1	-	-	-
-	558	558	-	475	475
Department of Levelling Up, Housing and Communities					
-	303	303	-	-	-
-	375	375	-	250	250
4,057	-	4,057	3,491	-	3,491
-	-	-	-	-	-
4,057	678	4,735	3,491	250	3,741
Department for Digital, Culture, Media and Sport					
-	89	89	-	-	-
-	89	89	-	-	-
Department for Education					
-	55	55	-	-	-
-	55	55	-	-	-
4,057	1,380	5,437	3,491	725	4,216

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

2022/23			2023/24		
Capital £000	Revenue £000	Total £000	Capital £000	Revenue £000	Total £000
Department of Levelling Up, Housing and Communities					
39,058	-	39,058	39,058	-	39,058
3,791	-	3,791	300	-	300
-	-	-	-	-	-
42,849	-	42,849	39,358	-	39,358

* Growing Places Fund (GPF) grant value includes GPF loan repayments due to be made to SELEP due to nature of the recyclable loan scheme. It is anticipated that on completion of a transition agreement, that in 2024/25, the outstanding loans will be transferred to the recipient local authority to manage. Oversight for delivery of the Projects funded by GPF will transfer to the three new Accountable Bodies (see Section 6).

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31. 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.

Reserve	Closing Balance	2023/24 Movements		Closing Balance
	31st March 2023	Contributions	Withdrawals	31st Mar 2024
	£'000	£'000	£'000	£'000
Covid-19 Skills Support Fund	134	-	(134)	-
Redundancy Reserve	210	-	(210)	-
Future Commitments Reserve	423	187	-	610
Risk Reserve	975	-	-	975
Total	1,742	187	(344)	1,585

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 three new Earmarked reserve: the Redundancy Reserve; the Future Commitments Reserve; and the Risk Reserve.

Due to the anticipated closure of SELEP, in January 2024, the Accountability Board agreed to the approach for any uncommitted earmarked reserves as set out in the table below:

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Details of the Earmarked reserves are as follows:

Reserve	Purpose and Usage
COVID-19 Skills Support Fund	To support delivery of the COVID-19 Skills Support Programme; spend against this programme was completed in 2023/24, with the residual uncommitted balance transferred to the Operational Reserve.
Redundancy Reserve	To reflect the value of redundancy risk of the SELEP central team; this reserve has been applied to meet the anticipated redundancy costs that have been accrued for in 2023/24; the balance of the reserve has been transferred to the Future Commitments Reserve to enable the Accountable Body to meet any future redundancy costs that may arise in 2024/25 or 2025/26.
Future Commitments Reserve	To reflect the value of anticipated on-going costs of the Accountable Body to SELEP; the Accountability Board has agreed that any funds not required from this reserve by the Accountable Body will be disaggregated across the six upper tier local authorities within the SELEP partnership following the completion of the transition agreement that will support closure of SELEP.
Risk Reserve	To reflect the value of potential future financial exposure to the Accountable Body; the Accountability Board has agreed that any funds not required from this reserve by the Accountable Body will be disaggregated across the six upper tier local authorities within the SELEP partnership following the completion of the transition agreement that will support closure of SELEP.

32. Financial Instruments

The SELEP has made a number of loans at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet.

Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable in the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Section Three – Statement of Accounts

33. 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.

2022/23		2023/24
£000		£000
1,270	Balance as at 1 April	1,512
760	Amortisation of discounts to the General Fund	263
(518)	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	(543)
<u>1,512</u>	Balance as at 31 March	<u>1,232</u>

34. 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.

Section Three – Statement of Accounts

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

2022/23 £000		2023/24 £000
-	Balance as at 1 April	-
	Reversal of items related to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
4,057	Revenue expenditure financed from capital under statute	3,491
<hr/> 4,057	Net written out amount of the cost of non-current assets consumed in the year	<hr/> 3,491
	Capital financing applied in the year	
(4,057)	Capital grants applied to finance revenue expenditure funded from capital	(3,491)
<hr/> -	Balance as at 31 March	<hr/> -

Section Three – Statement of Accounts

36. 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.

2022/23		2023/24
£000		£000
23	Balance as at 1 April	33
(23)	Settlement or cancellation of accrual made at the end of the preceding year	(33)
33	Amount accrued for at the end of the current year	18
<u>10</u>	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	<u>(15)</u>
<u>33</u>	Balance as at 31 March	<u>18</u>

37. Long Term Debtors

Long term debtors are the loan advances made to upper tier authorities from the Growing Places Fund. As at note 27 above, the value of these advances is 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 total cash value of loan advances at the 31st March 2024 was £25.958 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.

38. Short Term Debtors & Payments in Advance

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

Section Three – Statement of Accounts

recognised on the Balance Sheet of the Partnership as a short-term debtor with a value of £16.720 million.

Payments in advance were made in March 2024, in relation to on-going hosting of the SELEP website, totalling £650.

39. Cash Flows from operating, investing and financing activities

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

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to future commitments of the Accountable or service delivery by the Partnership or the respective Upper Tier Local Authorities, following transition of LEP functions and the completion of the Transition Agreement.

The Partnership's cash is held by the Accountable Body (see note 38) and therefore is recognised as short term debtor rather than cash on the Balance Sheet and Cash Flow Statement.

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

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Note to the Cash Flow Statement

2022/23	Notes	2023/24
£000		£000
	Cash flows from operating activities	
	Cash inflows	
(1,047)	Grants	(725)
(146)	Sales of goods and rendering of services	-
(285)	Interest received	(733)
<u>(1,478)</u>		<u>(1,458)</u>
	Cash outflows	
837	Cash paid to and on behalf of employees	803
-	Interest paid	1,000
-	Cash paid to suppliers of goods and services	-
18,899	Other payments for operating activities	1,081
<u>19,736</u>		<u>2,884</u>
<u>18,258</u>	Net outflows of cash from operating activities	<u>1,426</u>
	Cash flows from investing activities	
	Cash inflows	
(14,922)	Proceeds from short and long term investments	(3,229)
(6,168)	Other receipts from investing activities	157
<u>(21,090)</u>		<u>(3,072)</u>
	Cash outflows	
2,832	Other payments for investing activities	1,646
<u>2,832</u>		<u>1,646</u>
<u>(18,258)</u>	Net (inflow) / outflow of cash from investing activities	<u>(1,426)</u>
	Cash flows from financing activities	
	Cash inflows	
-	Cash receipts of short and long term borrowing	-
-	Other receipts from financing activities	-
<u>-</u>		<u>-</u>
	Cash outflows	
-	Cash payments for the reduction of liabilities related to finance leases	-
-	Repayment of short and long term borrowing	-
<u>-</u>		<u>-</u>
<u>-</u>	Net (inflow) / outflow of cash from investing activities	<u>-</u>
<u>-</u>	Net (increase) / decrease in cash and cash equivalents	<u>-</u>
-	Cash and cash equivalents at 1st April	-
-	Cash and cash equivalents at 31st March	-

Section Three – Statement of Accounts

40. 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.

Senior officers' remuneration

	Notes	Remuneration				
		Salaries, fees and allowances	Expense allowances/benefits	Total remuneration Excl pension contributions	Employer's contribution to pension	Total Remuneration Incl. pension contributions
2022/23						
Managing Director of the SELEP		£102,495	£4,226	£106,721	£20,192	£126,913
SELEP Business Development and Funding Manager		£62,398	£0	£62,398	£12,292	£74,690
SELEP Capital Programme Manager		£54,060	£0	£54,060	£10,650	£64,710
2023/24						
Managing Director of the SELEP	i	£81,836	£2,764	£84,600	£17,580	£102,180
SELEP Business Development and Funding Manager		£64,878	£0	£64,878	£13,105	£77,983
SELEP Capital Programme Manager		£62,346	£0	£62,346	£12,594	£74,940

- i. *The Managing Director of the SELEP was in post from August 2023, following the departure of the former Managing Director in July 2023.*

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 2024, 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 2024 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 2023/24.

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 27 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 2023/24. 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.

Emphasis of matter – Going concern

In forming our opinion, which is not modified, we would draw your attention to the disclosures made in notes 5 and 6 of the financial statements concerning the partnership’s ability to continue as a going concern.

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.

Section Four – Independent Auditors Report

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

We have nothing to report in this regard.

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

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 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

Section Four – Independent Auditors Report

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.

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.

Section Four – Independent Auditors Report

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.

Athos Louca

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

12-09-2024

Date:.....