

Registered number: 07635395

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

Directors' Report and Financial Statements

For the Year Ended 31 March 2020



**DAINS**  
ACCOUNTANTS

**The Greater Birmingham and Solihull Local Enterprise Partnership Limited**  
**(A Company Limited by Guarantee)**

**Company Information**

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**Directors**

**Private Sector**

T S D Pile (Chair)  
C T Loughran  
A K Bhalla  
M S Bhatti (resigned 10 November 2019)  
Dr J L Brooke-Smith (appointed 23 April 2020)  
S M Drake  
P Hanlon (resigned 3 November 2020)  
M W Lyons  
S R Marks (resigned 1 October 2020)  
C A Oates (appointed 31 March 2020)  
M B Rhodes  
I J Tandy (appointed 1 November 2020)  
Dr E G Truchanowicz (appointed 31 March 2020)

**Local Authority**

Cllr P L Ackroyd (resigned 6 June 2019)  
Cllr G Adamson  
Cllr G A Allen (appointed 6 June 2019)  
Cllr I Courts  
Cllr K J May (appointed 6 June 2019)  
Cllr J Oates (appointed 6 June 2019)  
Cllr D Pullen (appointed 6 June 2019, resigned 24 July 2020)  
Cllr C J Rogers (resigned 6 June 2019)  
Cllr I A Ward  
Cllr M J Wilcox (resigned 6 June 2019)

**Local Authority Alternates**

Cllr G Alcott (resigned 30 June 2019)  
Cllr D J Bush (resigned 6 June 2019)  
Cllr D C Cook  
Cllr M V Dormer (appointed 18 July 2019)  
Cllr I M Eadie (appointed 9 September 2019)  
Cllr D H Goodfellow (appointed 6 June 2019)  
Cllr K A Grinsell (appointed 1 January 2020)  
Cllr R G W Grosvenor (resigned 6 June 2019)  
Cllr T B Johnson (appointed 18 July 2019)  
Cllr B Jones  
Cllr I M P Pritchard (resigned 6 June 2019)  
Cllr R K Sleigh (resigned 19 December 2019)

**Education**

J Callaghan  
Professor A J Cameron (appointed 1 April 2019)  
Professor Sir D S Eastwood (resigned 10 April 2019)

**Education Alternates**

M Smith  
D P Ward

**Registered number**

07635395

**The Greater Birmingham and Solihull Local Enterprise Partnership Limited**  
**(A Company Limited by Guarantee)**

**Company Information (continued)**

<b>Registered office</b>	Birmingham Business Hub Ground Floor Baskerville House, Centenary Square Broad Street Birmingham B1 2ND
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<b>Independent auditors</b>	Dains LLP 15 Colmore Row Birmingham B3 2BH
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**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 Year Ended 31 March 2020**

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**Introduction**

The Directors present their Strategic Report for the Greater Birmingham and Solihull Local Enterprise Partnership ("the Company") for the year ended 31 March 2020.

**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.

During the period under review, the Company Board comprised seven ex-officio nominated representatives of the constituent authorities; one each representing further and higher education institutions; and ten 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.

Under Clause 47 of the Articles of Association of the Company, Directors have the right to appoint an Alternate Director. Local Authority and Education Directors have chosen to do this. The requirement being that for a Local Authority Alternate they may be an Executive Member or elected mayor of an Authority and for the Education Directors they may be another Vice-Chancellor of a University or Principal of a Further Education College in either case whose principal campus is located within the aggregated area of the Local Authorities who are members of the Company. An alternate director has the same rights, in relation to any Directors' meeting or Directors' written resolution, as the Alternate's appointor.

**Strategic management**

The Greater Birmingham and Solihull Local Enterprise Partnership Limited (GBSLEP) is a business-led partnership which works with public sector and educational partners to create economic growth in our region. Our unique private sector view helps to identify where growth is blocked and where there are opportunities that we can exploit – we bring the supply and demand sides of business and organisations together to agree on actions. As a partnership, we work for the benefit of everyone who lives and works in the GBSLEP area. This collaborative and business focused approach enables us to create targeted interventions for maximum benefit to the local economy and local communities.

GBSLEP's mission is to drive the economic growth of the Greater Birmingham and Solihull area, creating jobs and increasing the quality of life for all our residents.

GBSLEP has three main roles to play:

- **AGITATOR:** Acting as a voice for the GBSLEP area, we use our influence to secure greater funding and powers from the government and to leverage more investment from the private sector, both at home and overseas;
- **ENABLER:** Bringing together existing partners and organisations within the area, we support and guide activity and resources to meet shared priorities;
- **COMMISSIONER:** Using resources directly aligned to the LEP, we invest in priorities that support our mission.

**The Greater Birmingham and Solihull Local Enterprise Partnership Limited**  
**(A Company Limited by Guarantee)**

**Strategic Report (continued)**  
**For the Year Ended 31 March 2020**

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**Strategic management (continued)**

In 2019/20, GBSLEP alongside our partners the West Midlands Combined Authority (WMCA), Black Country LEP and Coventry and Warwickshire LEP, continued to accelerate efforts to further the opportunities highlighted in the Local Industrial Strategy for the West Midlands, with a particular focus on major new market opportunities and prioritising activity that will stimulate inclusive economic growth. We continue to lead work on five sector action plans: Creative, Health Technologies, Low Carbon Technologies, Food & Drink Manufacturing and Business, Professional & Financial Services (BPFS). We have conducted significant engagement activities with industry and begun the processes of setting up industry-led 'sector boards' to guide further development of these plans.

GBSLEP is committed to maintaining this momentum as we implement the Local Industrial Strategy, now more important than ever in light of Covid-19, to ensure future economic growth and resilience.

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 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.

**Principal risks and uncertainties**

The principal risks facing the Company are a reliance on Government and European public funding to deliver its objectives, a complex operating environment in the West Midlands (given the number of LEPs and the West Midlands Combined Authority) and in the period to March 2020, a considerably uncertain economic and political environment due to preparations for leaving the European Union.

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 Year Ended 31 March 2020**

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**Business performance**

**LEP Performance**

In 2019/20 the Company has invested £22m (2018/19 £24m) of Local Growth Fund (LGF) into key capital projects. Capital investment from the programme supports the implementation of the LEP's Delivery Plan across the Greater Birmingham and Solihull geography. The Delivery Plan can be found on the GBSLEP website.

Operating since 2015, the third phase of the LGF programme is now in its final year of delivery, with programme completion due in March 2021. As of April 2020, over £132m had been spent on programme delivery out of a total programme value of £186m\*.

The LGF programme has delivered the following key outputs for the GBSLEP area in 2019/20:

- Created 3,247 jobs
- Enabled 461 new homes
- Upskilled 905 learners
- Leveraged over £100m 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 and can be found on the GBSLEP website.

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 2019/20 the Company invested £25m of funding to support development across the EZ. This investment has leveraged £200m of private investment. Activity in 2019/20 supported:

- 2,392 new jobs
- 62,930 sqm of newly created floorspace
- 4 HA 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 (The Pool) allocated to GBSLEP for economic development. It facilitates the implementation of activities outlined in the Delivery Plan and other interventions that support the growth of key sectors and cross cutting themes, as highlighted above. The Pool was dissolved as from 31 March 2019 although there was a balance of income left to be awarded which has continued to be used in 2019/20 and is being used in 2020/21.

More detail on the LEPs performance and the outputs and outcomes achieved is provided in the Annual Report, which can be found on the GBSLEP website.

\* This figure does not include the five large Department for Transport schemes, amounting to £247m of Growth Deal funding that are accounted for separately.

**The Greater Birmingham and Solihull Local Enterprise Partnership Limited**  
**(A Company Limited by Guarantee)**

**Strategic Report (continued)**  
**For the Year Ended 31 March 2020**

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**Outcomes**

Our Key Performance Indicators (KPIs) provide a measure of how the economy of the GBSLEP area is performing and helps us to understand whether we are achieving our goals, with partners, to grow the economy, create jobs and improve the quality of life in our area. The KPIs provide a basis to track long-term trends and compare our area with the national picture and with other core cities across the country. These measures help us to focus the design of our investments and interventions and inform our work, with the business community, to drive sustainable and inclusive growth.

Our area continues to perform well against both the original baseline positions and when compared to other parts of the country. Since 2010 we have contributed to the creation of over 162,000 additional jobs and helped increase economic value (GVA) by some £12.8 billion in the GBSLEP area. We have improved our standing among core cities, coming second place in the quality of life index.

This report was approved by the board on 5 November 2020 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 Year Ended 31 March 2020**

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The directors present their report and the financial statements for the year ended 31 March 2020.

**Results and dividends**

The deficit for the year, after taxation, amounted to £18,603,955 (2019 - £12,620,393).

The deficit is in line with our expectations and is a feature of how the LEP receives and expends money, because most government grant funding is received in advance and then paid out over several years, with the grant income accounted for in the year of receipt and the grant expenditure accounted for in the year it is expended.

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

**Directors**

The directors who served during the year were:

**Private Sector**

T S D Pile  
C T Loughran  
A K Bhalla  
M S Bhatti (resigned 10 November 2019)  
Dr J L Brooke-Smith (appointed 23 April 2020)  
S M Drake  
P Hanlon (resigned 3 November 2020)  
M W Lyons  
S R Marks (resigned 1 October 2020)  
C A Oates (appointed 31 March 2020)  
M B Rhodes  
Dr E G Truchanowicz (appointed 31 March 2020)

**Local Authority**

Cllr P L Ackroyd (resigned 6 June 2019)  
Cllr G Adamson  
Cllr G A Allen (appointed 6 June 2019)  
Cllr I Courts  
Cllr K J May (appointed 6 June 2019)  
Cllr J Oates (appointed 6 June 2019)  
Cllr D Pullen (appointed 6 June 2019, resigned 24 July 2020)  
Cllr C J Rogers (resigned 6 June 2019)  
Cllr I A Ward  
Cllr M J Wilcox (resigned 6 June 2019)

**Local Authority Alternates**

Cllr G Alcott (resigned 30 June 2019)  
Cllr D J Bush (resigned 6 June 2019)  
Cllr D C Cook  
Cllr M V Dormer (appointed 18 July 2019)  
Cllr I M Eadie (appointed 9 September 2019)  
Cllr D H Goodfellow (appointed 6 June 2019)  
Cllr K A Grinsell (appointed 1 January 2020)  
Cllr R G W Grosvenor (resigned 6 June 2019)  
Cllr T B Johnson (appointed 18 July 2019)  
Cllr B Jones  
Cllr I M P Pritchard (resigned 6 June 2019)  
Cllr R K Sleigh (resigned 19 December 2019)

**The Greater Birmingham and Solihull Local Enterprise Partnership Limited**  
**(A Company Limited by Guarantee)**

**Directors' Report (continued)**  
**For the Year Ended 31 March 2020**

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**Directors (continued)**

**Education**

J Callaghan

Professor A J Cameron (appointed 1 April 2019)

Professor Sir D S Eastwood (resigned 10 April 2019)

***Education Alternates***

M Smith

D P Ward

**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.

**The Greater Birmingham and Solihull Local Enterprise Partnership Limited**  
**(A Company Limited by Guarantee)**

**Directors' Report (continued)**  
**For the Year Ended 31 March 2020**

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**Corporate governance (continued)**

*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 Executive 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.

**Future developments**

The LEP's annual Delivery Plan which can be found on the GBSLEP website, sets out the Company's intended activities and deliverables for 2020/21 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 (The Pool). The Pool was dissolved as from 31 March 2019 although there was a balance of income left to be awarded which has continued to be used in 2019/20 and is being used in 2020/21.

Compared to 2019/20, the Company anticipates substantial growth in its commitments with an additional £31m of Local Growth Fund due to be paid out to projects in 2020/21 over the £22m in 2019/20. In addition, a step change is anticipated in the support provided for revenue based interventions in the third year of our Strategic Economic Plan (SEP) Enabling Fund, with planned expenditure of £4.5m against £2.4m in 2019/20.

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.

Although GBSLEP has seen much success in 2019/20, we must also acknowledge that Covid-19 has taken a heavy toll on our economy, bringing about fast-paced and unparalleled changes to our working practices and everyday lives. Businesses, their employees and the self-employed have all been seriously affected and we have seen first-hand how quickly they have needed to adapt.

In response to the pandemic, GBSLEP has expanded its support available through our Growth Hub, diverting more of our resources to ensuring businesses can readily access the advice they need. We continue to work closely with our partners to gather intelligence on local impact and design and fund our own set of interventions aimed to respond to identified needs.

Close partnership working with the West Midlands Combined Authority (WMCA) and our neighbouring LEPs has seen great strides taken toward the implementation of the Local Industrial Strategy for the West Midlands, and this will continue in 2020/21.

In consultation with local businesses, the development of Sector Action Plans has provided a critical foundation from which to build well-evidenced Sector Recovery Plans. It is important we continue meaningful engagement with industry and partners across the public and education sectors as we drive these plans forward.

**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.

**The Greater Birmingham and Solihull Local Enterprise Partnership Limited**  
**(A Company Limited by Guarantee)**

**Directors' Report (continued)**  
**For the Year Ended 31 March 2020**

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**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.

**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**  
**(A Company Limited by Guarantee)**

**Directors' Report (continued)**  
**For the Year Ended 31 March 2020**

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**Post balance sheet events**

At the end of the 2019/20 financial year, the national economy was severely disrupted by the Covid-19 public health emergency that closed much of the service sector and industry and saw around one third of the workforce in the West Midlands furloughed.

The pandemic is having a devastating impact, with the human consequences of loss of life; on many businesses that have experienced a collapse in demand that challenges their long-term viability; and in the labour market, with growing levels of unemployment.

GBSLEP is working with Government and with our partners in the West Midlands to mitigate the economic impact of the pandemic, focusing on assisting businesses to survive and making investments that will accelerate economic recovery.

There is a specific post balance sheet event that does not affect these financial statements but is large in value and is also very positive in the ongoing growth of GBSLEP. The event is the decision by the Department for Business Energy & Industrial Strategy (BEIS) and Birmingham City Council (BCC) to award the Local Growth Fund/Department for Transport funding for the A457 Dudley Road Improvements project of £21.85m to GBSLEP in August 2020 to be spent on LGF pipeline projects by 31 March 2021.

**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 5 November 2020 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 Shareholders of The Greater Birmingham and Solihull Local Enterprise Partnership Limited**

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**Opinion**

We have audited the financial statements of The Greater Birmingham and Solihull Local Enterprise Partnership Limited (the 'Company') for the year ended 31 March 2020, 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 2020 and of its deficit for the year 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 Shareholders of The Greater Birmingham and Solihull Local Enterprise Partnership Limited (continued)**

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**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 year 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 Shareholders of The Greater Birmingham and Solihull Local Enterprise Partnership Limited (continued)**

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**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](http://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 shareholders 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 shareholders 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 shareholders 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

5 November 2020

**The Greater Birmingham and Solihull Local Enterprise Partnership Limited**  
**(A Company Limited by Guarantee)**

**Statement of Comprehensive Income**  
**As at 31 March 2020**

	Note	Designated Project Funding £	Operational Activity £	Total Year ended 31 March 2020 £	Total 10 months ended 31 March 2019 £
Operational income		-	1,485,963	1,485,963	8,203,390
Grant and project income		13,616,498	-	13,616,498	5,170,755
		<u>13,616,498</u>	<u>1,485,963</u>	<u>15,102,461</u>	<u>13,374,145</u>
Grant expenditure and management costs		(28,329,615)	(2,230,392)	(30,560,007)	(26,055,821)
<b>Gross deficit</b>		<u>(14,713,117)</u>	<u>(744,429)</u>	<u>(15,457,546)</u>	<u>(12,681,676)</u>
Administrative expenses		(101,721)	(3,537,810)	(3,639,531)	(791,050)
<b>Operating deficit</b>	5	<u>(14,814,838)</u>	<u>(4,282,239)</u>	<u>(19,097,077)</u>	<u>(13,472,726)</u>
Interest receivable and similar income	7	-	556,150	556,150	1,252,333
<b>Deficit on ordinary activities before taxation</b>		<u>(14,814,838)</u>	<u>(3,726,089)</u>	<u>(18,540,927)</u>	<u>(12,220,393)</u>
Taxation		-	(63,028)	(63,028)	(400,000)
<b>Deficit for the financial period</b>		<u><u>(14,814,838)</u></u>	<u><u>(3,789,117)</u></u>	<u><u>(18,603,955)</u></u>	<u><u>(12,620,393)</u></u>

The Greater Birmingham and Solihull Local Enterprise Partnership Limited  
(A Company Limited by Guarantee)  
Registered number:07635395

Balance Sheet  
As at 31 March 2020

	Note	2020 £	As restated 2019 £
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	8	1,924,500	1,681,000
Debtors: amounts falling due within one year	8	1,356,292	6,279,302
Bank and cash balances	9	54,191,376	62,110,039
		<u>57,472,168</u>	<u>70,070,341</u>
Creditors: amounts falling due within one year	10	(7,918,532)	(1,912,750)
<b>Net current assets</b>		<u>49,553,636</u>	<u>68,157,591</u>
<b>Total assets less current liabilities</b>		<u>49,553,636</u>	<u>68,157,591</u>
<b>Net assets</b>		<u>49,553,636</u>	<u>68,157,591</u>
<b>Capital and reserves</b>			
Reserves	12	49,553,636	68,157,591
		<u>49,553,636</u>	<u>68,157,591</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 November 2020.

T S D Pile  
Director

The notes on pages 17 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 2020**

		<b>Designated Project Funding £</b>	<b>Operational Activity £</b>	<b>Total equity £</b>
	<b>Note</b>			
At 1 June 2018		<b>74,684,461</b>	<b>5,247,746</b>	<b>79,932,207</b>
<b>Comprehensive income for the year</b>				
Deficit for the period		<b>(18,019,152)</b>	<b>5,398,759</b>	<b>(12,620,393)</b>
Transfers between funds	12	<b>(975,951)</b>	<b>975,951</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>(18,995,103)</b>	<b>6,374,710</b>	<b>(12,620,393)</b>
<b>At 1 April 2019</b>		<b>55,689,358</b>	<b>11,622,456</b>	<b>67,311,814</b>
Prior period restatement		<b>862,854</b>	<b>(17,077)</b>	<b>845,777</b>
<b>At 1 April 2019 (as restated)</b>		<b>56,552,212</b>	<b>11,605,379</b>	<b>68,157,591</b>
Deficit for the year		<b>(14,814,838)</b>	<b>(3,789,117)</b>	<b>(18,603,955)</b>
Transfers between funds	12	<b>(2,820,444)</b>	<b>2,820,444</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>(17,635,282)</b>	<b>(968,673)</b>	<b>(18,603,955)</b>
<b>At 31 March 2020</b>		<b>38,916,930</b>	<b>10,636,706</b>	<b>49,553,636</b>

**The Greater Birmingham and Solihull Local Enterprise Partnership Limited**  
**(A Company Limited by Guarantee)**

**Statement of Cash Flows**  
**For the Year Ended 31 March 2020**

	Year ended 31 March 2020 £	As restated 10 months ended 31 March 2019 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(18,603,955)	(12,620,393)
<b>Adjustments for:</b>		
Interest received	(556,150)	(1,252,333)
Taxation charge	63,028	400,000
Decrease/(increase) in debtors	4,679,510	(3,698,565)
Increase in creditors	6,302,828	577,084
Corporation tax paid	(360,075)	-
<b>Net cash generated from operating activities</b>	<b>(8,474,813)</b>	<b>(16,594,207)</b>
<b>Cash flows from investing activities</b>		
Interest received	556,150	1,252,333
<b>Net cash from investing activities</b>	<b>556,150</b>	<b>1,252,333</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(7,918,663)</b>	<b>(15,341,874)</b>
Cash and cash equivalents at beginning of year	62,110,039	77,451,913
<b>Cash and cash equivalents at the end of year</b>	<b>54,191,376</b>	<b>62,110,039</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	54,191,376	62,110,039

The notes on pages 17 to 28 form part of these financial statements.

**The Greater Birmingham and Solihull Local Enterprise Partnership Limited**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 March 2020**

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**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.

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).

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

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 Pensions**

During the year, employees were TUPE transferred from Birmingham City Council to the Company and the Company obtained Admitted Body status to the West Midlands Local Government Pension Scheme (LGPS). The Company employees therefore accrued benefits under this defined benefit pension scheme during the year. The LGPS is a funded, multi-employer scheme and the assets are held separately from those of the Company in separate trustee administered funds.

The scheme is operated by local government and GBSLEP is part of the Birmingham City Council scheme which includes their own employees. As such it is not possible to identify the Company's share of the underlying assets and liabilities held within the scheme. The scheme has therefore been accounted for as a defined contribution scheme in accordance with FRS 102, and the contributions recognised in the period to which they relate.

**The Greater Birmingham and Solihull Local Enterprise Partnership Limited**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 March 2020**

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**2. Accounting policies (continued)**

**2.5 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.

**2.6 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.

**2.7 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.

**2.8 Debtors**

Debtors are measured at transaction price, less any impairment..

**2.9 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.

**2.10 Creditors**

Short term creditors are measured at the transaction price.

**2.11 Restatement of comparatives**

Comparatives in the financial statements have been restated as a material adjustment was required to realign the opening reserves as at 1 April 2019, in order to reflect the correct position.

**The Greater Birmingham and Solihull Local Enterprise Partnership Limited**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 March 2020**

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**2. Accounting policies (continued)**

**2.12 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 and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

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.

**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

**The Greater Birmingham and Solihull Local Enterprise Partnership Limited**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 March 2020**

**5. Operating deficit**

The operating deficit is stated after charging:

	Year ended 31 March 2020 £	10 months ended 31 March 2019 £
Auditor's remuneration	13,500	12,000

**6. Employees**

Birmingham City Council employees were contracted to work for The Greater Birmingham and Solihull Local Enterprise Partnership Limited, up to 31 August 2019.

On 1 September 2019, Birmingham City Council employees contracted to work for The Greater Birmingham and Solihull Local Enterprise Partnership Limited were transferred into the employment of The Greater Birmingham and Solihull Local Enterprise Partnership Limited.

The average monthly number of employees working for The Greater Birmingham and Solihull Local Enterprise Partnership Limited, and the average number of Non-Executive Directors, during the year was as follows:

	Year ended 31 March 2020 £	10 months ended 31 March 2019 £
Non-Executive Directors	25	27
Delivery team	21	22
	46	49

Employee costs are as follows:

	Year ended 31 March 2020 £	10 months ended 31 March 2019 £
Wages and salaries	794,137	605,898
Social security costs	85,859	64,916
Pension scheme costs	171,582	187,012
	1,051,578	857,826

No remuneration was paid to Non-Executive Directors during the year (2019 - £Nil).

**The Greater Birmingham and Solihull Local Enterprise Partnership Limited**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 March 2020**

**7. Interest receivable**

	Year ended 31 March 2020 £	10 months ended 31 March 2019 £
Other interest receivable	556,150	1,252,333

**8. Debtors**

	2020 £	2019 £
<b>Due after more than one year</b>		
Other loans	1,924,500	1,681,000

	2020 £	As restated 2019 £
<b>Due within one year</b>		
Trade debtors	589,697	-
Other debtors	197,022	-
Accrued income	569,573	6,279,302
	<b>1,356,292</b>	<b>6,279,302</b>

**The Greater Birmingham and Solihull Local Enterprise Partnership Limited**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 March 2020**

**9. Cash and cash equivalents**

	2020 £	As restated 2019 £
<b>Accountable body funds: capital</b>		
Local Growth Fund (LGF) 1 & 2 and DFT	25,214,276	108,529
Revolving Investment Fund (RIF)	-	32,056,993
Local Growth Fund (LGF) 3	7,586,869	11,128,613
Growing Places Fund (GPF)	9,777,995	1,927,939
GPF Mezzanine Fund (Note 15)	-	8,319,000
	<u>42,579,140</u>	<u>53,541,074</u>
<b>Accountable body funds: revenue</b>		
Growing Places Fund (GPF)	653,277	2,563,004
Business Rates Pool (BRP)	9,586,057	5,512,167
Administration	116,442	493,794
	<u>10,355,776</u>	<u>8,568,965</u>
<b>Company's own funds</b>		
Greater Birmingham and Solihull Local Enterprise Partnership fund	1,256,460	-
	<u><u>54,191,376</u></u>	<u><u>62,110,039</u></u>

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.

**The Greater Birmingham and Solihull Local Enterprise Partnership Limited**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 March 2020**

**10. Creditors: Amounts falling due within one year**

	2020 £	2019 £
Trade creditors	501,729	108,993
Corporation tax	102,953	400,000
Other taxation and social security	25,481	-
Other creditors	52,990	2
Accruals and deferred income	7,235,379	1,403,755
	<u>7,918,532</u>	<u>1,912,750</u>

**11. Financial instruments**

	2020 £	2019 £
<b>Financial assets</b>		
Financial assets measured at cost	<u>57,472,168</u>	<u>70,070,341</u>
<b>Financial liabilities</b>		
Financial liabilities measured at cost	<u>(7,790,098)</u>	<u>(1,512,750)</u>

Financial assets measured at cost comprise other loans, trade debtors, others debtors, accrued income and cash and cash equivalents.

Financial liabilities measured at cost comprise trade creditors, other creditors, and accruals and deferred income.

**The Greater Birmingham and Solihull Local Enterprise Partnership Limited**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 March 2020**

**12. Reserves**

	2020 £	As restated 2019 £
<b>Capital projects</b>		
Local Growth Fund (LGF) 1 & 2, Revolving Investment Fund (RIF) and DFT	22,558,171	32,165,522
Local Growth Fund (LGF) 3	4,031,489	10,198,174
Growing Places Fund: Capital	11,680,425	11,680,425
	<u>38,270,085</u>	<u>54,044,121</u>
<b>Revenue projects</b>		
Growing Places Fund: Revenue	646,845	2,508,091
Enabling Fund (BRP)	9,200,272	11,204,400
Administration	1,436,434	400,979
	<u>11,283,551</u>	<u>14,113,470</u>
	<u><u>49,553,636</u></u>	<u><u>68,157,591</u></u>

During the year, £1,055,629 (2019 - £975,951) 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, and £1,764,815 (2019 - £Nil) was transferred from GPF Reserves to Administration Reserves, representing interest received in all previous years which had been credited to Designated Project Funding, as this interest can be used for operational activity and has been taxed. This transfer has been agreed by BCC.

The reduction in reserves of £19.0m (2019 - £12.6m) is an overall deficit; this reflects grants distributed and operational expenditure in excess of grant income received during the period.

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 consists of two projects, the STEAMhouse project which is the development of a unique new space for innovation through interdisciplinary collaboration, and the Snow Hill Growth Strategy project, which is to create a development proposition focussed upon the successful transformation of Snow Hill Station to bring forward the re-development and regeneration of the area.

The DFT element of the LGF reserves relates to three major transport projects namely A38 Tame Valley Viaduct, A457 Dudley Road improvements and A45 Rapid Transit which are part of the Growth Deal One allocation from Government. Due to the large size of these projects, formal approval was retained by the Department for Transport. GBSLEP receives a grant from DFT then awards this grant to Birmingham City Council and to West Midlands Combined Authority who manage the delivery of the projects.

**The Greater Birmingham and Solihull Local Enterprise Partnership Limited**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 March 2020**

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**12. Reserves (continued)**

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 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. Pension commitments**

During the year, employees were TUPE transferred from Birmingham City Council to the Company and the Company obtained Admitted Body status to the West Midlands Local Government Pension Scheme (LGPS). The Company employees therefore accrued benefits under this defined benefit pension scheme during the year. The LGPS is a funded, multi-employer scheme and the assets are held separately from those of the Company in separate trustee administered funds. The scheme is operated by local government and GBSLEP is part of the Birmingham City Council scheme which includes their own employees. As such it is not possible to identify the Company's share of the underlying assets and liabilities held within the scheme. The scheme has therefore been accounted for as a defined contribution scheme in accordance with FRS 102, and the contributions recognised in the period to which they relate.

The pension cost charge represents contributions payable by the Company to the fund and amounted to £171,582 (2019 - £Nil). Contributions totalling £47,022 (2019 - £Nil) were payable from the fund to the Company at the balance sheet date and are included in debtors.

**The Greater Birmingham and Solihull Local Enterprise Partnership Limited**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 March 2020**

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**15. 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.

The commitment of £10m GPF funds to the Mezz Fund expired on 30 June 2020 and has not been renewed or extended. This decision was taken by the Board pending a clearer outcome from the COVID-19 crisis, so that funds remained liquid and could be used to support local priority SMEs and any new priorities if required. The Board agreed to re-consider the position in September/October. No further review has been undertaken yet given the extended COVID-19 crisis. A review of this position is likely to be undertaken in October but given the ongoing national pandemic, it is unlikely that any further commitment to the Mezz Fund will be given until 2021.

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.

**The Greater Birmingham and Solihull Local Enterprise Partnership Limited**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 March 2020**

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**16. 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.

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](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 2018/19, 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 £4.1m in 2019/20 (£3.8m in 2018/19). This has not been recorded in GBSLEP's accounts as neither the income nor the expenditure went through the Company's books.

In the year to 31 March 2020, the capital expenditure on EZ projects including Paradise Circus, HS2 Station Environment and Digbeth High Street Public Realm was £22.3m (2018/19 £12.4M), and the cumulative capital spend on EZ projects to that date was £143.6m (2018/19 £121.3M).

**The Greater Birmingham and Solihull Local Enterprise Partnership Limited**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 March 2020**

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**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. The Pool was dissolved as from 31 March 2019. The objective of the Pool was to adopt a strategic approach to promoting growth and job creation that supported the Greater Birmingham and Solihull Local Enterprise Partnership's Strategy for Growth.

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

For 2019/20, the Company received £Nil (2018/19 £7.7M) from the Pool.

**17. Controlling party**

There is no one ultimate controlling party.