

Registered number: 07635395

The Greater Birmingham and Solihull Local Enterprise Partnership Limited

Director's Report and Financial Statements

For the Year Ended 31 March 2023

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The Greater Birmingham and Solihull LEP
(A company limited by guarantee)

Company Information

Director

Private Sector

A K Bhalla (Interim Chair from 24 November 2021)
Dr J L Brooke-Smith
S M Drake (resigned 31 March 2023)
Dr D J Hardman (Interim Deputy Chair)
M W Lyons
C A Oates (resigned 23 March 2023)
M A Steventon (resigned 11 May 2023)
I J Tandy (resigned 24 March 2023)
S A Sookoo (appointed 19 April 2022)

Local Authority

Cllr G A Allen (resigned 27 April 2023)
Cllr I Courts
Cllr M V Dormer (resigned 30 April 2023)
Cllr I M Eadie (resigned 22 March 2023)
Cllr M Sutherland (appointed 22 September 2022, resigned 20 April 2023)
Cllr I A Ward (resigned 30 May 2023)
Cllr J L B Cotton (appointed 8 June 2023)

Local Authority Alternates

Cllr H E Dyke (resigned 27 April 2023)
Cllr R A Faulkner (appointed 26 May 2022, resigned 26 April 2023)
Cllr K A Grinsell
Cllr B Jones (resigned 21 June 2023)
Cllr B Jones (resigned 31 March 2023)
Cllr O Lyons-Hughes (resigned 18 July 2022)
Cllr D R Pullen (resigned 20 April 2023)
Cllr S A Thompson (appointed 21 June 2023)

Education

D P Ward (resigned 27 March 2023)
Professor P E Plowden (resigned 29 September 2023)
Professor D Mba (appointed 1 October 2023)

Education Alternates

M J Hopkins (resigned 23 May 2023)
Professor J Beer

Registered number

07635395

Registered office

15 Colmore Row
Birmingham
B3 2BH

Independent auditors

Dains Audit Limited
15 Colmore Row
Birmingham
B3 2BH

The Greater Birmingham and Solihull LEP
(A company limited by guarantee)

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The Greater Birmingham and Solihull LEP
(A company limited by guarantee)

Strategic Report
For the Year Ended 31 March 2023

Introduction

The Directors present their Strategic Report for The Greater Birmingham and Solihull Local Enterprise Partnership ("the Company", "GBSLEP" or "the LEP") for the year ended 31 March 2023.

Legal form and principal activity

The Company was incorporated on 16 May 2011, its principal activity being to drive inclusive economic growth, create jobs and increase the quality of life for all residents 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 up to 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.

The Greater Birmingham and Solihull LEP
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Strategic Report (continued)
For the Year Ended 31 March 2023

Strategic management

Established in 2010, the GBSLEP is a business-led partnership of local authorities, businesses and further and higher education leaders. Through this unique 'triple helix' structure, we deliver inclusive and sustainable economic growth across our region.

Using business-led intelligence and local insight, GBSLEP:

- leads on developing high-growth sectors and industry clusters
- provides support for businesses of all sizes through GBSLEP Growth Hub
- aims to fulfil the skills and training needs of our employers to build a highly skilled workforce
- funds and oversees large capital projects

The GBSLEP Growth Hub is led, managed and part-funded by GBSLEP. It supports businesses at all stages of their journey with a range of growth-focused services, from expert one-to-one business advice and guidance to events, specialist programmes, funding, access to finance and peer to peer programmes.

To achieve our mission of growing the economy, GBSLEP has four main roles to play:

- **AGITATOR:** Acting as a voice for the GBSLEP area, ensuring regional priorities reflect the needs of local businesses and communities;
- **ENABLER:** Bringing together existing partners and organisations within the area, we act as a central point to respond to shared priorities through providing support, resources and guidance;
- **COMMISSIONER:** Using resources directly aligned to the GBSLEP, we invest in priorities that support our mission to deliver inclusive economic growth;
- **DELIVERY ORGANISATION:** Applying our expertise, experience and systems to secure funding from the WMCA and others to develop and deliver programmes, projects and activity where the GBSLEP is the best placed to do so given our track record, local intelligence and experienced team resource.

Since GBSLEP was established in 2011, we have successfully delivered programmes and projects that drive the inclusive and sustainable economic growth of our city-region. In early 2022, The Levelling Up White Paper set out the Government's decision to integrate Local Enterprise Partnerships (LEPs) into local democratically elected bodies.

Since then, we have assessed the implications of the decision and collaborated closely with key partners such as the West Midlands Combined Authority (WMCA), Birmingham City Council (BCC) and Solihull Metropolitan Borough Council (SMBC) to safeguard the impact of our work and secure the continuation of vital services for our region's businesses. After extensive deliberations, the GBSLEP Board made a decision to continue certain GBSLEP functions into 2023/24 and to look to put the company into a Members Voluntary Liquidation by the end of March 2024.

In 2022/23, there has been a myriad of achievements and successes in a year of change. Our expert Executive Team and dedicated Board have shown a steadfast commitment to maximising the impact of our work in challenging circumstances and it has all been done with professionalism and efficiency. We have worked hard to secure the transfer of many of our functions to WMCA and local authorities and we are encouraged by the prospect of GBSLEP's legacy of driving positive change through partnership work continuing when our doors close.

The Greater Birmingham and Solihull LEP
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Strategic Report (continued)
For the Year Ended 31 March 2023

Principal risks and uncertainties

The principal risk facing the Company is ensuring the transition to WMCA and local authorities and then close down is undertaken in the most effective way while continuing to deliver the ongoing business as usual.

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

Business performance

LEP Performance

During 2022-23, GSBLEP continued to focus on our key role of delivering against our mission to drive the inclusive and sustainable economic growth of the Greater Birmingham and Solihull area, creating jobs and increasing the quality of life for all our residents. Our key commitments were focused around:

Placemaking - Managing the Enterprise Zone programme and major capital programmes, including pipeline development; Developing and delivering Cultural Action Zones to reinvigorate local areas throughout the GBSLEP area.

Employment and Skills Business Support through the Skills Hub - Engaging in Employer-led skills activity Careers advice and apprenticeship support.

Business and Innovation - Providing Business Advice and Support to small and medium sized businesses; Setting up and running strong sector groups and industry-led clusters.

Local Growth Fund - Monitoring and ensuring outputs and outcomes are up to date for the £207m capital investment fund.

Growing Places Fund - Designing and delivering the Recycled Growing Places Fund to support further projects including up to £3.0m to invest in capital projects to support Young People and delivering Clean Growth.

The main capital projects under development are included within the City Centre Enterprise Zone (EZ) which has again celebrated many successes this year as it has continued to deliver the vision of Birmingham's Big City Plan. In 2022/23 the Company invested £7m (2021/22 - £39m) of funding to support development across the EZ.

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, developments like Paradise and HS2's Curzon Street Station. Since its formation in 2011, 39 sites have been identified with major city-centre showpieces being delivered like Centenary Square. The stages of the Metro extensions will greatly increase the low carbon travel options and mobility around the area and have served the Commonwealth Games in 2022.

Through the EZ model, business rates are retained locally every year until 2046. This retained business rates income is being used to fund investment in capital projects within the EZ; the projects are being forward-financed by Birmingham City Council (BCC) borrowing in advance of future business rate uplift.

EZ activity to date has supported:

- 10,953 new jobs
- 407,746 sqm of newly created floorspace
- 29.7 ha of land made ready for development

While spending on other capital programmes supported by the LEP has now completed, their outcomes are being realised and are being monitored by GBSLEP and its successor bodies for many years to come.

The Greater Birmingham and Solihull LEP
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Strategic Report (continued)
For the Year Ended 31 March 2023

Business performance (continued)

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. 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 since then and is being used in 2023/24.

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.

Outcomes

To track performance of the economy, GBSLEP in 2016 set long-term indicators. They provide measures of progress and change and where appropriate, compared to other Core City economies. GBSLEP's interventions are all designed to deliver against these KPI's. Progress continued to be reported to the GBSLEP Board and Pillar Boards. After a strong upward trend before 2020, performance against a number of indicators has slowed or even reversed. The COVID Pandemic has contributed to this reversal and the subsequent changes to the economy in our city-region.

Due to rising inflation starting in 2021, there was a reduction in the value of GVA in previous years. In 2020, GVA fell by £6.4 billion compared to 2019, largely due to the impact of the pandemic. It dropped from £54.5 billion in 2019 to £48.0 billion in 2020. Although GVA increased in 2021 to £51.72 billion, it was still below the 2019 level by £2.7 billion but above the 2020 level by £3.7 billion. This has had a negative impact on progress toward GVA goals, especially considering the effects of inflation.

There have also been updates and improvements in the collection of data related to private sector jobs. As a result, the number of private sector jobs in 2020 was revised downward. These revisions are necessary to provide accurate and up-to-date information for economic analysis and planning.

The journey had been marked by steady progress and significant achievements which have been slowed down by extraordinary events such as the pandemic, exit from the EU and rising costs of living and running a business. These KPIs tell the story of our region's determination to create a brighter future for its communities.

Since 2010 we have contributed to the creation of over 171,000 additional private sector jobs and helped increase economic value (GVA) by some £6.4 billion in the GBSLEP area.

Additional information on the outcomes of each LEP service is included in the Annual Report.

This report was approved by the board on *15 November 2023* and signed on its behalf.



A K Bhalla
Director

The Greater Birmingham and Solihull LEP
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Director's Report
For the Year Ended 31 March 2023

The directors presents their report and the financial statements for the year ended 31 March 2023.

Results and dividends

The deficit for the year, after taxation, amounted to £6,692,640 (2022 - £12,991,232).

The deficit is in line with our expectations and is a feature of how the LEP receives and spends 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 spent.

As the Company is limited by guarantee it makes no distributions by dividends or any other means. Directors' details can be found in the Company Information section above.

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 (Other than administrative changes which the Chief Executive may approve); and major items of expenditure (over £10m of capital and over £100,000 of revenue, although it is not the intention of the Company to approve any further Capital Expenditure prior to Liquidation).

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

GBSLEP reduced the number of board members from 9 members to 2 members in May 2023. The Pillar Boards concluded in FY22/23. The Programme Delivery Board was retired as the LEP transferred the activity to Birmingham City Council and the EZ Partnership Board.

The Greater Birmingham and Solihull LEP
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Director's Report (continued)
For the Year Ended 31 March 2023

Future developments

Following the outcome of the Government's review of LEPs, as published in the Government's Levelling Up White Paper, all Local Enterprise Partnerships now need to integrate functions into the local democratically elected bodies. Upon completion of this transition, the directors will have no realistic alternative but to liquidate the company.

The LEP's annual Delivery Plan, which can be found on the GBSLEP website, sets out the Company's intended activities and deliverables for 2023/24 in the mission to drive forward inclusive economic growth, create jobs and raise the quality of life in the region – this will be the final year for GBSLEP but the Company is fully committed to make the LEP deliverables happen despite the impending closure.

Compared to 2022/23, the Company anticipates a reduction in its commitments in 2023/24 with the transfer of many activities to WMCA and local authorities, including the City Centre Enterprise Zone programme.

Qualifying third party indemnity provisions

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

Going concern

The financial statements have been prepared on a basis other than that of the going concern basis of accounting, due to the planned integration of LEP functions into the WMCA and the local authorities and the planned close down of GBSLEP in 2023/24. This basis includes, where applicable, writing the company's assets down to their recoverable amounts and recognising provisions in respect of contracts which have become onerous at the reporting date. No provision has been made for the future costs of liquidating the company unless such costs were committed at the reporting date.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Director's 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;
- 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.

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Director's Report (continued)
For the Year Ended 31 March 2023

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.

Post balance sheet events

There have been no significant events affecting the Company since the year end other than those described under the Going Concern section.

Auditors

The auditors, Dains Audit Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on *15 November 2023* and signed on its behalf.



A K Bhalla
Director

The Greater Birmingham and Solihull LEP
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Independent Auditors' Report to the Members of The Greater Birmingham and Solihull LEP

Opinion

We have audited the financial statements of The Greater Birmingham and Solihull LEP (the 'Company') for the year ended 31 March 2023, 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 2023 and of its loss 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.

Emphasis of matter - financial statements prepared on a basis other than going concern

We draw attention to Note 2.2 to the financial statements which explains that the directors have no realistic alternative but to liquidate the company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern as described in Note 2.2. Our opinion is not modified in respect of this matter.

The Greater Birmingham and Solihull LEP
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Independent Auditors' Report to the Members of The Greater Birmingham and Solihull LEP (continued)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Director's 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 Director's 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 6, 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 are 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.

Independent Auditors' Report to the Members of The Greater Birmingham and Solihull LEP (continued)

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.

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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the Local Enterprise Partnership sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the financial reporting legislation, Companies Act 2006, taxation legislation, anti-bribery, employment, and environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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Independent Auditors' Report to the Members of The Greater Birmingham and Solihull LEP (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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

Dains Audit Limited

Andrew Morris FCA (Senior Statutory Auditor)

for and on behalf of
Dains Audit Limited

Statutory Auditor
Chartered Accountants

Birmingham

Date: *15 November 2023*

The Greater Birmingham and Solihull LEP
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Statement of Comprehensive Income
For the Year Ended 31 March 2023

		Designated Project Funding £	Operational Activity £	Total year ended 31 March 2023 £	Total year ended 31 March 2022 £
	Note				
Operating income		-	2,912,367	2,912,367	3,697,083
Grant and project income		18,063,276	-	18,063,276	18,584,160
		<u>18,063,276</u>	<u>2,912,367</u>	<u>20,975,643</u>	<u>22,281,243</u>
Grant expenditure and management costs		(17,511,749)	(4,483,734)	(21,995,483)	(29,708,535)
Gross surplus/(deficit)		<u>551,527</u>	<u>(1,571,367)</u>	<u>(1,019,840)</u>	<u>(7,427,292)</u>
Administrative expenses		-	(4,971,884)	(4,971,884)	(4,725,086)
Defined benefit pension scheme costs		-	(751,000)	(751,000)	(806,000)
Operating surplus/(deficit)	5	<u>551,527</u>	<u>(7,294,251)</u>	<u>(6,742,724)</u>	<u>(12,958,378)</u>
Interest receivable and similar income	7	-	151,285	151,285	18,454
Interest payable and expenses	8	-	(74,000)	(74,000)	(52,000)
Surplus/(deficit) before taxation		<u>551,527</u>	<u>(7,216,966)</u>	<u>(6,665,439)</u>	<u>(12,991,924)</u>
Taxation	9	-	(27,201)	(27,201)	692
Surplus/(deficit) after taxation		<u>551,527</u>	<u>(7,244,167)</u>	<u>(6,692,640)</u>	<u>(12,991,232)</u>
Other comprehensive income for the year					
Remeasurement of net defined benefit asset/liability	16	-	3,162,000	3,162,000	647,000
Total comprehensive income/(expenditure) for the year		<u>551,527</u>	<u>(4,082,167)</u>	<u>(3,530,640)</u>	<u>(12,344,232)</u>

The Greater Birmingham and Solihull LEP
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Registered number:07635395

Balance Sheet
As at 31 March 2023

	Note	2023 £	2022 £
Current assets			
Debtors: amounts falling due after more than one year	10	-	352,000
Debtors: amounts falling due within one year	10	877,872	801,897
Bank and cash balances	11	7,405,236	15,089,012
		<u>8,283,108</u>	<u>16,242,909</u>
Creditors: amounts falling due within one year	12	(1,461,464)	(3,553,625)
Net current assets		<u>6,821,644</u>	<u>12,689,284</u>
Total assets less current liabilities		<u>6,821,644</u>	<u>12,689,284</u>
Pension liability	16	-	(2,337,000)
Net assets		<u><u>6,821,644</u></u>	<u><u>10,352,284</u></u>
Capital and reserves			
Reserves	14	6,821,644	10,352,284
		<u><u>6,821,644</u></u>	<u><u>10,352,284</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on *15 November 2023*



A K Bhalla
Director

The notes on pages 16 to 34 form part of these financial statements.

The Greater Birmingham and Solihull LEP
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Statement of Changes in Equity
As at 31 March 2023

	Designated Project Funding £	Operational Activity £	Total equity £
At 1 April 2021	17,937,561	4,758,955	22,696,516
Deficit for the year	(8,024,606)	(4,966,626)	(12,991,232)
Other comprehensive income for the year	-	647,000	647,000
Transfers between funds	(9,668,917)	9,668,917	-
Total comprehensive income for the period	(17,693,523)	5,349,291	(12,344,232)
At 1 April 2022	244,038	10,108,246	10,352,284
Surplus/(deficit) for the year	551,527	(7,244,167)	(6,692,640)
Other comprehensive income for the year	-	3,162,000	3,162,000
Transfers between funds	(551,527)	551,527	-
Total comprehensive income for the period	-	(3,530,640)	(3,530,640)
At 31 March 2023	244,038	6,577,606	6,821,644

The Greater Birmingham and Solihull LEP
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Statement of Cash Flows
For the Year Ended 31 March 2023

	2023 £	2022 £
Cash flows from operating activities		
Deficit for the financial year	(6,692,640)	(12,991,232)
Adjustments for:		
Interest receivable	(151,285)	(18,454)
Taxation charge/(credit)	27,201	(692)
Decrease in debtors	276,025	634,084
Decrease in creditors	(2,116,711)	(9,628,776)
Non-cash movements in net pension asset/liability	825,000	858,000
Corporation tax paid	(2,651)	(65,362)
Net cash used in operating activities	(7,835,061)	(21,212,432)
Cash flows from investing activities		
Interest received	151,285	18,454
Net cash from investing activities	151,285	18,454
Net decrease in cash and cash equivalents	(7,683,776)	(21,193,978)
Cash and cash equivalents at beginning of year	15,089,012	36,282,990
Cash and cash equivalents at the end of year	7,405,236	15,089,012
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	7,405,236	15,089,012

The notes on pages 16 to 34 form part of these financial statements.

The Greater Birmingham and Solihull LEP
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Notes to the Financial Statements
For the Year Ended 31 March 2023

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 A basis other than going concern

Following the outcome of the Government's review of LEPs, as published in the Government's Levelling Up White Paper, all Local Enterprise Partnerships now need to integrate functions into the local democratically elected bodies. Upon completion of this transition, the directors will have no realistic alternative but to liquidate the company. The financial statements have therefore been prepared on a basis other than that of the going concern basis of accounting. This basis includes, where applicable, writing the company's assets down to their recoverable amounts and recognising provisions in respect of contracts which have become onerous at the reporting date. No provision has been made for the future costs of liquidating the company unless such costs were committed at the reporting date.

2.3 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.

2.4 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2. Accounting policies (continued)

2.5 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Pensions

The Company employees accrued benefits under the West Midlands Local Government Pension Scheme (LGPS) 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.

A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit asset/liability'.

The cost of the defined benefit plan, recognised in the Statement of Comprehensive Income as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the Statement of Comprehensive Income as an 'interest expense'.

2.7 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.

The Greater Birmingham and Solihull LEP
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Notes to the Financial Statements
For the Year Ended 31 March 2023

2. Accounting policies (continued)

2.8 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/(deficit) 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.

2.9 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.

2.10 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.

2.11 Debtors

Debtors are measured at transaction price, less any impairment.

2.12 Creditors

Short term creditors are measured at the transaction price.

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2. Accounting policies (continued)

2.14 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. Judgements 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.

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.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 16, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 March 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The outcome of the national review of Local Enterprise Partnerships (LEPs), their geography and remit in terms of the specific roles and responsibilities LEPs should have going forwards, was outlined in the Levelling Up White paper in March 2022 and more detail provided in a letter to all LEPs in the Spring of 2022. This letter requires an integration of certain LEP activities into the West Midlands Combined Authority (WMCA) and other activities into Birmingham City Council (BCC) and preparations for this process have taken place throughout 2022/23.

This has had a significant impact on the future operations of GBSLEP and the organisation is now in an orderly wind-down plan which will result in a Members Voluntary Liquidation expected to start March 2024. Part of this orderly wind-down has included transfer agreements for a number of transfers to other organisations that will happen during 2023/24. This includes a number of functional transfers to the following organisations including TUPE transfers for affected staff:

- WMCA - 1 April 2023 Central Growth Hub
- BCC – 1 July 2023 EZ and Legacy Programmes
- BCU - 1 July 2023 Supertech
- BCC – 1 December 2023 Growth Hub Business Support

Any staff that do not TUPE will be made redundant; this includes three staff that were served notice before 31 March 2023. The majority of redundancies will be made at 31 December 2023, with a small close-down team due to finish at 31 March 2024.

On this basis, the Directors believe that GBSLEP is no longer a going concern, and therefore the financial statements have been prepared on a basis other than that of the going concern basis of accounting. The cost of all goods, services and employment contracts with notice served as a result of the planned closure of GBSLEP have therefore been provided for in these financial statements, along with exit costs incurred up to the balance sheet date.

The Greater Birmingham and Solihull LEP
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Notes to the Financial Statements
For the Year Ended 31 March 2023

4. Income

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

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

5. Operating deficit

The operating deficit is stated after charging:

	2023	2022
	£	£
Auditor's remuneration - audit fees	15,825	14,385
Auditor's remuneration - taxation compliance services	3,675	3,415
	<u>19,500</u>	<u>17,800</u>

6. Employees

Staff costs were as follows:

	2023	2022
	£	£
Wages and salaries	2,660,270	2,354,175
Social security costs	304,562	258,800
Defined benefit scheme costs	751,000	806,000
Other pension scheme costs	499,545	443,034
	<u>4,215,377</u>	<u>3,862,009</u>

No remuneration was paid to Non-Executive Directors during the year (2022 - £Nil).

The Greater Birmingham and Solihull LEP
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Notes to the Financial Statements
For the Year Ended 31 March 2023

6. Employees (continued)

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:

	2023	2022
	No.	No.
Non-Executive Directors	26	25
Delivery team	63	57
	89	82

7. Interest receivable

	2023	2022
	£	£
Other interest receivable	151,285	18,454

8. Interest payable and similar expenses

	2023	2022
	£	£
Defined benefit pension scheme interest payable	74,000	52,000

The Greater Birmingham and Solihull LEP
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Notes to the Financial Statements
For the Year Ended 31 March 2023

9. Taxation

	2023	2022
	£	£
Corporation tax		
Current tax on deficit for the year	27,889	3,339
Adjustments in respect of previous periods	(688)	(4,031)
Total current tax	27,201	(692)
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Taxation on deficit	27,201	(692)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - higher than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023	2022
	£	£
Deficit before tax	(6,665,439)	(12,991,924)
Deficit multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	(1,266,433)	(2,468,466)
Effects of:		
Surplus from non-taxable activities	1,293,634	2,467,774
Total tax charge for the year	27,201	(692)

Factors that may affect future tax charges

In the Spring Budget 2021, the government announced that from 1 April 2023 the headline corporation tax rate will increase to 25%. The proposal to increase the rate to 25% had been substantively enacted at the company's balance sheet date, therefore its effects have been included in these financial statements.

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Notes to the Financial Statements
For the Year Ended 31 March 2023

10. Debtors

	2023	2022
	£	£
Due after more than one year		
Other debtors	-	352,000
	<u> </u>	<u> </u>
	2023	2022
	£	£
Due within one year		
Trade debtors	-	39,000
Other debtors	352,000	-
Prepayments and accrued income	525,872	762,897
	<u> </u>	<u> </u>
	877,872	801,897
	<u> </u>	<u> </u>

The 'Other Debtors' of £352,000 due to GBSLEP at the end of the 2021/22 financial year were still due at this year end. This amount consists of a £177,000 bond taken out on the transfer of LEP operations and staff into the Company in 2019 in the event that GBSLEP was unable to pay its pension liabilities, and a £175,000 loan made to a local business in 2022 which under the terms of the loan is repayable in 2025.

Both of these debtors were classified as 'Due after more than one year' in 2022. At this year end, due to the planned close down of GBSLEP in 2023/24, the planned transfer of assets including the loan debtor to WMCA/BCC/BCU and the planned transfer of liabilities including the pension liabilities to BCC by the end of March 2024, these debtors have both been re-classified as 'Due within one year'.

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Notes to the Financial Statements
For the Year Ended 31 March 2023

11. Cash and cash equivalents

	2023 £	2022 £
Capital Funds (held by Accountable Body)		
Local Growth Fund 1 & 2 and DFT	-	23,254
Local Growth Fund 3	244,038	244,037
Getting Building Fund	-	2,899,813
	<u>244,038</u>	<u>3,167,104</u>
Revenue Funds (held by Accountable Body)		
Recycled Growing Places Fund	-	7,313,450
Recycled Local Growth Fund	-	1,867,991
	<u>-</u>	<u>9,181,441</u>
Total Recycled Fund	-	9,181,441
Business Rates Pool	-	1,184,109
LEP Revenue Fund	5,459,072	-
	<u>5,459,072</u>	<u>10,365,550</u>
Revenue Funds (held by Company)		
Business Rates Pool	281,459	1,027,204
Skills Hub	386,228	529,154
LEP Revenue Fund	1,034,439	-
	<u>1,702,126</u>	<u>1,556,358</u>
Total cash and cash equivalents	<u><u>7,405,236</u></u>	<u><u>15,089,012</u></u>

The Greater Birmingham and Solihull LEP
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Notes to the Financial Statements
For the Year Ended 31 March 2023

11. Cash and cash equivalents (continued)

The funds held by the Accountable Body are held on deposit on behalf of GBSLEP by Birmingham City Council and these are interest bearing. These programme 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.

Those projects that were still in progress (excluding ERDF, Skills and BRP/SEP) transferred to Birmingham City Council (BCC) on 1 July 2023 as part of the legacy programme transfer along with the programme team. BCC now has responsibility to manage future claims for these programmes as control over these funds, cash and reserves, has transferred to BCC.

The Local Growth Fund 3 was committed to a project at 31 March 2023. The balance of £244k all relates to the Snow Hill project which has been transferred to BCC and will be paid out in due course.

The balance on the Recycled Fund has been re-classified as LEP Revenue Funds at the year-end because the fund can be used for revenue or capital purposes and therefore could be used to fund operational costs and in order to simplify the management of revenue funds. The Recycled Fund consisted of:

- Recycled Local Growth Fund - two LGF projects that had previously received grants and repaid them in 2020/21 and an additional amount was repaid in 2021/22; these funds are available for allocation to other pipeline projects, revenue or capital, as the funds have all been recycled.
- Recycled Growing Places Fund - the Growing Places Fund (GPF) represents funding received from government for the purposes of providing pump-priming financial support for capital infrastructure projects through the provision of grants and loans; all of the GPF balances held are now available for revenue or capital projects as the funds have all been recycled.

At the year end, approximately £490k of approved grants had not been claimed from the GPF Recycled fund; these grants have been transferred to BCC and will be paid out in due course.

The Business Rates Pool (BRP) is GBSLEP's share of the Greater Birmingham and Solihull BRP which was received each year and used to finance revenue projects that support the delivery of the LEPs Strategic Economic Plan. The Pool was dissolved as from 31 March 2019 and GBSLEP received its final payment from the Pool in March 2020. The cash balance was committed to a project at 31 March 2023 and will be paid out as a grant in 2023/24.

The other amounts held in the Company's bank account at the year-end represent other revenue and operational funds drawn down from grants held and interest earned on balances by BCC on behalf of GBSLEP and will be paid out in 2023/24.

The Greater Birmingham and Solihull LEP
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Notes to the Financial Statements
For the Year Ended 31 March 2023

12. Creditors: Amounts falling due within one year

	2023	2022
	£	£
Trade creditors	213,387	126,633
Corporation tax	27,889	3,339
Other taxation and social security	68,801	-
Other creditors	206,697	-
Accruals and deferred income	944,690	3,423,653
	<u>1,461,464</u>	<u>3,553,625</u>

13. Financial instruments

	2023	2022
	£	
Financial assets		
Financial assets measured at amortised cost	<u>8,283,108</u>	<u>16,242,909</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(1,364,774)</u>	<u>(3,550,286)</u>

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

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

The Greater Birmingham and Solihull LEP
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Notes to the Financial Statements
For the Year Ended 31 March 2023

14. Reserves

	2023	2022
	£	£
Capital reserves		
Local Growth Fund 3	244,038	244,038
Total GBSLEP Capital Reserves	244,038	244,038
Revenue reserves		
Recycled Growing Places Fund	-	7,179,024
Recycled Local Growth Fund	-	1,840,000
Total Recycled Fund	-	9,019,024
Business Rates Pool	137,519	2,414,406
Skills Hub	483,727	740,568
LEP Revenue Reserves	5,956,360	271,248
Total GBSLEP Revenue Reserves	6,577,606	12,445,246
Total GBSLEP Capital and Revenue Reserves	6,821,644	12,689,284
Defined benefit pension liability	-	(2,337,000)
Total Reserves	6,821,644	10,352,284

The reduction in reserves of £3.5m (2022 - £12.3m) is an overall deficit; this reflects grants distributed and operational expenditure in excess of grant income received during the period. This is in-line with expectations as most government grant funding is received in advance and then paid out over several years.

Those projects that were still in progress (excluding ERDF, Skills and BRP/SEP) transferred to Birmingham City Council (BCC) on 1 July 2023 as part of the legacy programme transfer along with the programme team. BCC now has responsibility to manage future claims for these programmes as control over these funds, cash and reserves, has transferred to BCC.

LGF3 consists of two projects. The balance in reserves of £244k all relates to the Snow Hill project which has been transferred to BCC and will be paid out in due course.

No reserves are carried in the GBSLEP accounts for the Enterprise Zone programme (EZ), as all retained business rates for EZ sites paid to GBSLEP each year are used to repay borrowings taken out by Birmingham City Council to forward finance the EZ capital projects.

The Greater Birmingham and Solihull LEP
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Notes to the Financial Statements
For the Year Ended 31 March 2023

14. Reserves (continued)

The balance on the Recycled Fund has been re-classified as LEP Revenue Funds at the year-end because the fund can be used for revenue or capital purposes and therefore could be used to fund operational costs and in order to simplify the management of revenue funds. The Recycled Fund consisted of:

- Recycled Local Growth Fund - two LGF projects that had previously received grants and repaid them in 2020/21 and an additional amount was repaid in 2021/22; these funds are available for allocation to other pipeline projects, revenue or capital, as the funds have all been recycled.
- Recycled Growing Places Fund - the Growing Places Fund (GPF) represents funding received from government for the purposes of providing pump-priming financial support for capital infrastructure projects through the provision of grants and loans; all of the GPF balances held are now available for revenue or capital projects as the funds have all been recycled.

The Business Rates Pool (BRP) income funds the SEP Enabling Fund and relates to revenue projects to enable economic development and growth across the LEP area. The Pool was dissolved as from 31 March 2019 and GBSLEP received its final payment from the Pool in March 2020. The reserves balance was committed to a project at 31 March 2023 and will be paid out as a grant in 2023/24.

The LEP's funding/reserves balances and investment options were reviewed at the start of 2021 and the Board re-considered the position in June 2021. The Board agreed that part of the funding balances should be awarded to high-priority capital and revenue projects, part to pipeline capital and revenue projects and the balance should be retained as an operational contingency to support LEP sustainability, given uncertainties on the future responsibilities and funding of GBSLEP following the national LEP review in 2021.

During the year, £551,527 (2022 - £9,668,917) was transferred from programme reserves to revenue reserves, being

- £Nil (2022 - £139,387) from Growth Deal (LGF) 1 & 2 – PMO costs
- £Nil (2022 - £35,961) from the DfT funding – PMO costs
- £Nil (2022 - £224,545) from GPF – PMO costs
- £Nil (2022 - £250,000) from GPF – Growth Hub grant
- £551,527 (2022 £7,179,024) Recycled Growing Places Fund
- £Nil (2022 £1,840,000) Recycled Local Growth Fund

The LEP Revenue Reserves consist of revenue funding received from government as well as amounts funded by programme reserves as agreed by the Board in June 2021 for the purposes of administering the LEP, the Growth Hub and the various revenue programmes. In addition, the balances on LGF Recycled and GPF Recycled funds have been re-classified as LEP Revenue Funds at the year-end, as they are both fully recycled and also to simplify the management of revenue funds. At the year end, approximately £490k of approved grants had not been claimed from the GPF Recycled fund; these grants have been transferred to BCC and will be paid out in due course.

The defined benefit pension liability represents the latest estimate of the shortfall between the present value of the pension plan assets and the present value of the pension plan liabilities. At the year end, this was a surplus of £560k (2022 - £2.337m deficit), but this is not recognised in the balance sheet. Further detail is given in the Pension Commitments note.

15. 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.

The Greater Birmingham and Solihull LEP
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Notes to the Financial Statements
For the Year Ended 31 March 2023

16. Pension commitments

The Company employees accrued benefits under the West Midlands Local Government Pension Scheme (LGPS) 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.

A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration.

The latest actuarial valuation of the LGPS was at 31 March 2022.

The total contribution made for the year ended 31 March 2023 was £659,000 (2022 - £587,000), of which employer's contributions totalled £480,000 (2022 - £432,000) and employees' contributions totalled £179,000 (2022 - £155,000).

Reconciliation of present value of plan liabilities:

	2023 £	2022 £
At the beginning of the year	4,808,000	3,845,000
Current service cost	1,231,000	1,238,000
Interest cost	151,000	93,000
Actuarial gains	(3,461,000)	(523,000)
Contributions by Scheme participants	179,000	155,000
Benefits paid	(1,000)	-
At the end of the year	2,907,000	4,808,000

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Notes to the Financial Statements
For the Year Ended 31 March 2023

16. Pension commitments (continued)

Reconciliation of present value of plan assets:

	2023 £	2022 £
At the beginning of the year	2,471,000	1,719,000
Interest income	77,000	41,000
Return on assets (excluding interest) and other experience adjustments	261,000	124,000
Contributions by Employer	480,000	432,000
Contributions by Scheme participants	179,000	155,000
Benefits paid	(1,000)	-
At the end of the year	3,467,000	2,471,000

Composition of plan assets:

	2023 £	2022 £
Equities	2,357,000	1,655,000
Gilts and other bonds	763,000	544,000
Property	243,000	173,000
Cash	104,000	99,000
Total plan assets	3,467,000	2,471,000

	2023 £	2022 £
Fair value of plan assets	3,467,000	2,471,000
Present value of plan liabilities	(2,907,000)	(4,808,000)
Pension surplus not recognised	(560,000)	-
Net pension scheme liability	-	(2,337,000)

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Notes to the Financial Statements
For the Year Ended 31 March 2023

16. Pension commitments (continued)

The amounts recognised in the Statement of comprehensive income and Other comprehensive income are as follows:

	2023 £	2022 £
Current service cost	(1,231,000)	(1,238,000)
Interest on obligation	(151,000)	(93,000)
Interest income on plan assets	77,000	41,000
Amount recognised in statement of comprehensive income	(1,305,000)	(1,290,000)
Actuarial gains on defined benefit pension scheme	3,722,000	647,000
Pension surplus derecognised	(560,000)	-
Amount recognised in Other comprehensive income	3,162,000	647,000

The Company expects to contribute £484,000 to its Defined Benefit Pension Scheme in 2024.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2023 %	2022 %
Discount rate	4.75	2.75
Future salary increases	3.95	4.15
Future pension increases	2.95	3.15
Mortality rates		
- for a male aged 65 now	20.7 years	21.2 years
- at 65 for a male aged 45 now	22.4 years	22.9 years
- for a female aged 65 now	23.7 years	23.6 years
- at 65 for a female member aged 45 now	25.9 years	25.4 years

17. Other financial commitments

Midlands Engine Investment Fund (MEIF)

The Midlands Engine Investment Fund (MEIF) provides commercially focused finance through Small Business Loans, Debt Finance, Early Stage & 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 £300m 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 and GBSLEP has a member on the funds Strategic Oversight Board which meets quarterly to receive regular fund performance updates.

£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 financial statements.

18. 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 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

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.

The Greater Birmingham and Solihull LEP
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 March 2023

18. Related party transactions (continued)

In the year to 31 March 2023, the capital expenditure on EZ projects including Paradise Circus, HS2 Station Environment, Southside Public Realm, Snow Hill Public Realm and Metro Extension and Centenary Square was £4.8m (2021/22 £37.2M), and the cumulative capital spend on EZ projects to that date was £202.6m (2021/22 £197.8M). These amounts have been forward-financed by BCC borrowings. Capital project expenditure and all capital commitments in respect of the Birmingham City Centre Enterprise Zone are recorded and reported in the financial statements of Birmingham City Council, as are all borrowings made to forward-finance this capital expenditure. They are not reported in this Company's financial statements.

BCC records the Business Rates Income uplift from EZ businesses as being paid over to GBSLEP and also treats amounts spent on EZ borrowing repayments and on EZ revenue projects as being received back as a capital grant from GBSLEP in their annual statutory financial statements; this amounted to £17.5m Business Rates Income received (£7.6m in 2021/22), £12.2m capital grant paid in 2022/23 (£9.2m in 2021/22) and £5.3m borrowing repayment commitment (£1.6m funded from EZ Reserves in 2021/22).

Annual revenue income and expenditure in respect of the Birmingham City Centre Enterprise Zone have been recorded in this Company's financial statements; comparatives for 2021/22 have also been included.

19. Controlling party

There is no one ultimate controlling party.