

## D2N2 LEP BOARD – AGENDA

Wednesday, 7 December, 2022 (9.30am – 10.45am)

**In Person ahead of AGM at  
Derby College, Engine Room, The Roundhouse, Roundhouse Road, Derby DE24 8JE  
And via Teams link**

1.1	Welcome and Introductions	Elizabeth Fagan	Verbal	9.30
1.2	Declarations of Interest	Elizabeth Fagan	Verbal	9.33
1.3	Minutes of meeting 28/9/22 and matters arising	Elizabeth Fagan	Paper	9.35
<b>2.</b>	<b>Strategic discussion</b>			
2.1	Chair's Report, including: <ul style="list-style-type: none"> <li>• Advisory Boards update</li> <li>• Devolution agenda – business engagement</li> <li>• LEP Strategy</li> <li>• Partner Engagement</li> </ul>	Elizabeth Fagan	Paper	9.40
2.2	Submission of 2021/22 Accounts for Board Approval (cover paper and Appendix 1)	Sarah Wainwright, DCC and Phil Handley HSKS Greenhalgh	Paper	9.55
2.3	<b>EXEMPT item under Local Government (Access to Information) Act</b> Capital Programme update: Early Stage Angel Investment Fund (inc 2.3 Appendix 1)	Sarah Wainwright, DCC	Paper	10.10
2.4	GDPR: training requirements for all Board Members	Maureen Vieyra	Verbal	10.20
2.5	CEO's Report, including: <ul style="list-style-type: none"> <li>• Cost of living crisis</li> <li>• Skills update</li> <li>• Business and Innovation update</li> <li>• Marketing and Comms update</li> </ul>	Will Morlidge	Paper	10.25
3	AOB	All	Verbal	10.40
4.	Date of next meeting: Thursday, 9 March, 2023 (Venue tbc)			

## Item 1.3: CONFIRMED Key Decision/Action Points from Board

### D2N2 LOCAL ENTERPRISE PARTNERSHIP BOARD MEETING

Wednesday 28 September 2022

Geldards, The Arc, Enterprise Way, Nottingham NG2 1EN  
(with hybrid Teams dial-in)

Chair Elizabeth Fagan

### Present and Apologies

#### D2N2 Board Members in Attendance

Cllr Chris Poulter	Leader, Derby City Council
Cllr David Mellen	Leader, Nottingham City Council
Cllr Kevin Buttery	Leader, Amber Valley BC, D2 representative
Cllr Simon Robinson	Leader, Rushcliffe BC, N2 representative
David Williams	Chair, Geldards, Vice Chair of D2N2
James Brand	MD, United Cast Bar
Katrina Crookdale	Area Lead, BEIS
Prof Edward Peck	VC of NTU, HE Representative
Scott Knowles	CEO, East Midlands Chamber
Tim Freeman	Deputy MD, Toyota Manufacturing
UK	
Viv Russell	CEO, Minerals Products Qualifications Council

#### Apologies from Board Members

Becky Rix	Marketing Director, Roadgas
Claire James	MD, East Midlands Airport
Cllr Barry Lewis	Leader, Derbyshire County Council
Cllr Keith Girling	Portfolio Holder, Nottinghamshire County Council
Graham Cartledge	Chair, Handley House
Mandie Stravino	Principal and CEO, Derby College Group, FE
Representative	

#### Also in attendance

Kath Marriott	CEO, Rushcliffe BC
Nicki Jenkins	Director, Nottingham City Council
Simon Gladwin	Executive Director, Amber Valley BC

#### Officer Support

Derrick Mugerwa	D2N2 LEP
Martin Venning	D2N2 LEP
Maureen Vieyra	D2N2 LEP
Sarah Wainwright	Accountable Body rep, Derbys County Council

Will Morlidge

D2N2

## **1.1 Welcome and Introductions**

Elizabeth Fagan welcomed all to the meeting. Edward Peck introduced himself as the returning Higher Education representative, succeeding Shearer West. Martin Venning was introduced as D2N2's new head of external affairs.

## **1.2 Declarations of interest**

The Chair reminded all Members that Declarations of Interest should be stated to be recorded where an interest arose.

Cllr Poulter made a declaration of interest regarding item 2.3 as a joint investor of the SmartParc.

## **1.3 Minutes of last meeting and matters arising**

The Minutes of the previous meeting held on 22 June 2022 were confirmed as a true record.

## **2.1 D2N2 Chair's Report**

Elizabeth Fagan introduced her Chair's report updating members on significant developments since the last meeting and drew Members' attention to the detailed notes under each item.

### *Discussion on LSIPs*

The Chair noted the recent decision by DfE to award the management role for the D2N2 Local Skills Improvement Plan to the FSB. We discussed how this can be made to work effectively in our region, given that DfE has been clear that the LEP and EMMCCA can only have a supporting role and that East Midlands Chamber is leading the LSIP for Leicester and Leicestershire (LLEP).

Scott Knowles updated the meeting on the LSIP trailblazer in LLEP. Whereas many of the trailblazers are taking a reasonably traditional approach to LSIPs, in LLEP the approach is much more innovative and has developed an app and engagement model that gets very quickly to real time intelligence from business on their skills needs. Scott noted that the FSB has asked the Chamber to put together a costed proposal to support business engagement for the D2N2 LSIP.

The group agreed that we will work together to ensure that the D2N2 LSIP will be a success. Discussions are already happening between FSB and the LEP, Chamber, colleges and universities to this effect. Edward Peck confirmed that FSB has been

offered a seat on the People and Skills Advisory Board to help join up the strategic conversation. We noted that LSIPs be developed over a 6–9-month period, and that they must, therefore, lead to clear proposals for a longer-term process tied to accountability within the skills system.

Scott noted that DfE had not yet completed the evaluation of the LSIP trailblazers. Edward is also planning to speak to the DfE about how LSIPs will be evaluated, and on what learning from the Lifelong Learning pilots will be shared.

Business members of the board were largely unsighted on the potential benefits of the LSIP process. Tim Freeman, as a member of the Automotive Council's skills group, is very keen to help join existing sector skills work to the local agenda. Viv Russell is similarly keen to ensure the minerals sector benefits.

Board **NOTED** the report.

## 2.2 Budget forecast

Sarah Wainwright introduced her paper, noting that the largest single budget item for D2N2 is staffing costs. Since core funding has been reduced by Government we will, as planned and previously flagged, need to use reserves this year.

The Chair thanked the upper tier authorities for providing full match funding once again, despite their own budgets being very tight. She also noted that ministers had written to LEP chairs to again confirm their support for LEPs either as standalone bodies or as part of combined authorities.

David Williams asked what the components of the Legal and Professional Fees item are. Sarah explained that the largest item is the costs of our consultant analyst. Other costs include insurance.

**ACTION:** Sarah to provide a bigger breakdown of this line item.

Cllr Mellen asked what the level of reserves are. Sarah explained that the auditors begin their work this week and a formal figure will be available shortly. Sarah also explained that we cannot use our reserves as match funding in future years, so we will still need to consider how we match next year's (as yet unconfirmed) Government funding.

Board **NOTED** the report.

## 2.3 Low Carbon Growth Fund projects for approval

Will Morlidge explained that in contrast to the normal process, these projects had been shared with the Investment Board by email rather than discussed at a formal IB

meeting. This was because the IB meeting had been cancelled due to the period of national mourning. Both projects have been recommended for approval by the IB.

*Nottingham University: – Pilot Production Line for Hydrogen Electric Technologies (PProLHET)*

Dr Hitendra Hitani presented the slides which have been shared with these minutes. PProLHET will be based at the University of Nottingham and will accelerate the UK's movement towards the ambitious goals agreed in the Paris Climate Change Agreement. It builds on other recent public investments at the university, including the Driving the Electric Revolution Industrialisation Centre (Midlands), UK Electric Aircraft Propulsion Test Facility, and the Power Electronics and Machines Centre, by providing a pilot line to produce Hydrogen Electric Technologies. The project aims to position the East Midlands as the heart of the nation's hydrogen propulsion sector by ensuring more innovations are commercialised and turned into successful enterprises.

Dr Hirani invited all Board members to a future site visit.

Board members asked the following questions:

**Q.** Cllr Mellen: will the 50 jobs be recruited locally?

**A.** Dr Hirani: we recruit nationally, but experience suggests that most recruits will be local. The nature of the work also means the work is hands on, not remote. We have skilled workers here and providing high level jobs will help retain them.

**A.** The chair proposes adding a clause preferring local recruitment.

**Q.** Cllr Poulter: competition on hydrogen is national and global. How will this project raise our profile as a global centre? What level of risk is there over future funding?

**A.** Dr Hirani: this investment will help us beat the competition to some extent. The new Power Electronics centre is already globally renowned, for example recently undertaking work that NASA had been unable to undertake, and this project makes our offer even stronger. On future funding, this funding will unlock funding with the university for longer term growth.

**Q.** Tim Freeman: will the project support include battery-electric as well as hydrogen?

**A.** Dr Hirani: yes. It will be optimised for hydrogen, but also support battery-electric and ammonia.

**Q.** Viv Russell: how long will it be before the equipment becomes redundant?

**A.** Dr Hirani: we are building a flexible system that can be kept updated. They have some rigs that are 20 years old and are constantly refitted to be kept up to date. The expected lifetime before re-investment is required is 5-10 years. The knowledge and learning is as important as the equipment.

**Q.** Cllr Buttery: can we ensure that the jobs are made available across D2N2?

**A.** Chair: agreed.

**Q.** Chair: how does this investment link to previous investments by D2N2? Is there a multiplier effect?

**A.** Dr Hirani: Yes. The two facilities will be side-by-side enabling integration that would otherwise not be possible. Design, making, testing and evaluation will be undertaken in the same building.

Edward Peck said that Nottingham has a genuine leading role in this technology and is very supportive.

The Board **APPROVED** the project for funding and **ACCEPTED** the offer of a site visit.

### *SmartParc Low Carbon Heating and Cooling*

Cllr Poulter expressed an interest as a co-funder of the project.

Paul Old presented on behalf of SmartParc, including some background on the history of SmartParc. It now provides a world class set of facilities for high tech food manufacturing, and they are expecting to announce the second major investor in the new year, bringing c. 1200 new jobs. Paul thanked the LEP for its previous funding for remediation of the site.

This round of funding will significantly improve the environmental credentials of the park by reducing energy usage through recycling of heat between the various buildings, including energy used for cooling. This will enable the park to reduce CO<sub>2</sub> and remove HCFC gases which are harmful to the ozone layer and adopt ammonia which is considerably less harmful. This is in addition to funding already confirmed for solar PV and improved wastewater management. Together these provide a model which could be rolled out across other business parks and conversations are underway in Ireland and North America, and a further phase of development on the Derby site will be considered.

Cllr Poulter confirmed Derby City Council's support for the project.

**Q.** Tim Freeman: can other local industries learn from this approach to heating and cooling networks?

**A.** Paul Old: Yes. Already in discussion with Nottingham and Derby universities and with Unilever on how to ensure future roll-outs learn.

**Q.** Edward Peck: this investment seems very site specific. Can it genuinely be replicable on other sites without public investment? What is the benefit to other sites in our region?

**A.** Paul Old: once this model is established, the risk for potential investors will be significantly reduced. The aim is to trial this model so it becomes as well understood as solar PV, which has been through that journey already. This approach is unique in the UK.

**Q.** Simon Gladwin: what tenancy offers do you make? Will future tenants be required to adopt this solution?

**A.** Paul Old: tenancies range between 3 and 25 years. We can't legally require tenants to adopt the system, but the tenant proposing to relocate to SmartParc in the new year does want to be part of the system. That will be built into the tenancy contract.

The Board **APPROVED** the project for funding.

## 2.4 Devolution

Cllr Mellen noted that the region had been working to a highly accelerated timescale. There is cross-region support for the proposal. There is more detail to be worked through, including on governance. The city and county councils have confirmed an important role above and beyond the policy requirement for districts and boroughs. FE and HE will also have a key role.

The quantum of the deal at £17 per head is better than Greater Manchester and West Midlands, although lower than North Yorkshire. The £38m per year for 30 years is not yet confirmed as inflation proofed, and this is a point on which Government will be pressed.

Cllr Mellen is keen to secure the value of the LEP for the region, but he also wants to challenge the component parts of the EMMCCA to identify what works and what can work better.

Cllr Poulter agreed with Cllr Mellen's summary. He noted the importance of the forthcoming consultation. Business will be a key target within the consultation to help them understand what could be in it for them to have a combined authority. Cllr Poulter feels the LEP is best placed to drive the consultation with businesses.

The Chair asked when the £38m becomes available. Cllr Mellen confirmed that £500k will be made available while in shadow form, with £1m available to the EMMCCA on an annual basis for running costs. The £38m does not become available until the EMMCCA is formally constituted.

Cllr Poulter noted that there is also £18m of DLUHC underspend being made available to the region of capital projects that can be spent in this financial year. Sarah Wainwright confirmed that she is offering her expert support to the finalisation of the business cases. Cllr Mellen noted that around half the budget will be used to accelerate the plans that are already live across the region on retrofitting housing. A further key priority will be on tackling homelessness.

David Williams asked if there is clarity on which projects that were previously funded from European funds are coming to an end, and what the potential impact is. The Chair echoed this concern, noting that UKSPF is not currently funding much on innovation or skills, and asked if there will be funding to the EMMCCA for innovation.



Cllr Mellen confirmed that the funding from the UKSPF is less than under ESIF and will be heavily over-subscribed, so funding innovation is very difficult.

Cllr Buttery asked how confident we are that the £18m will be spent and not returned to Government. Sarah noted that there is a list of reserve projects, and that project appraisal was weighted towards deliverability. The Chair noted that the LEP has a strong track record on identifying deliverable projects and was one of the few LEPs to deliver on its budgets. Cllr Buttery was unsighted on the content of the capital project list.

**ACTION:** Cllr Poulter agreed to ensure the list is shared with leaders.

Cllr Poulter noted that with Leicestershire being outside the EMMCCA, there is a risk to programmes that currently cross borders including some skills and transport programmes that might be adversely affected. The Chair agreed and argued that a robust economic strategy developed in partnership with LAs, education, and business that covers skills, innovation, and investment priorities is still required. The LEP will refresh its strategy to set out the big picture. Edward noted his surprise at how many providers of AEB projects in our region are based outside our region, which clearly illustrates why a clear commissioning model is required to ensure all partners' funding goes further.

Cllr Poulter said that a key first task for the Mayor will be to articulate what this region stands for.

## 2.5 Chief Executive's Report

Will Morlidge noted that the work on devolution has now moved from the high-level work to get the deal agreed to the detail of issues such as which specific powers will be required to ensure the EMMCCA can be brought into being. Other items were deferred due to time.

Board **NOTED** the report.

## 3. Freeport Update

Cllr Robinson noted a new and important dynamic, which is the need to understand how the new policy announcement on Investment Zones fits with the Freeport and the Development Company. The Chair expressed her concern that the benefits of the Freeport may not be fully exploited if we don't move more quickly.

Cllr Poulter noted that Derby City is considering a bid for an Investment Zone.

Cllr Mellen expressed the view that the EMMCCA will give the region longer-term certainty over funding and strategy. He is a strong supporter of the Freeport and DevCo and sees a key role for the EMMCCA in maximising the cumulative benefits.



The Chair is keen to ensure that the consultation with business will emphasise how the EMMCCA will help to join up these various strands of activity.

#### **4. EM Development Corporation Briefing Note**

Adrian Smith was unable to attend and tabled the report that is being circulated with the minutes. The Chair **THANKED** Adrian for the report.

#### **5. AOB**

There was none.

#### **6. Date of next meeting**

Wednesday, 7<sup>th</sup> December 1000-1200 at Derby College, concurrent with the D2N2 AGM. The Chair encouraged members to attend if possible.

<b>DATE:</b>	7 December 2022
<b>REPORT LEAD:</b>	Elizabeth Fagan
<b>AGENDA ITEM:</b>	2.1

<b>TITLE:</b>	<b>Chair's Report</b>
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## 1. INTRODUCTION

1.1 This report updates members on significant strategic developments since the last Board meeting. Key Highlight Summary:

- Convening business engagement on the devolution agenda
- Balancing the needs of devolution with other emerging skills priorities
- Celebrating the first projects from our Low Carbon Growth Fund

## 2. RECOMMENDATION

2.1 Board is asked to **APPROVE** the recommendation in paragraph 3.3 for a single business engagement event to be led by LA Leaders.

2.2 Board is asked to **NOTE** the other items in the report.

## 3. ADVISORY BOARDS

### Business Growth and Innovation

- Meeting date: 20th September 2022
- Chair: Viv Russell
- Next meeting date: 12th December 2022

3.1 Both David Williams and I attended as the meeting focused on EMMCCA and devolution. The Advisory Board brings together a wide range of business representatives and economic stakeholders so represents an effective forum for commencing engagement to help shape the proposals. A very positive discussion was followed by an overview of the B6 group, a D2N2 convened forum that brings together the key business representative organisations to consider local issues facing businesses across D2N2 and linking into national policy agenda. The meeting also considered proposals for developing a new engagement strategy for D2N2 considering the changing nature of the organisation in light of devolution proposals.

3.2 The meeting agreed to enhance focus on developing a more coherent approach to supporting investment in the innovation ecosystem. This would learn lessons from similar approaches in existing Combined Authorities. For example, at the CBI's national conference on 21/11/22 West Midlands Mayor Andy Street highlighted the increase in collaboration and investment that had

been achieved in his region thanks to the enhanced partnership in the region and with Whitehall, thanks to the Combined Authority's convening and funding powers.

- 3.3 We have been canvassing views from LAs and business representative organisations on how we can show a united front and steer as many businesses as possible to the devolution consultation. The overwhelming majority view is that a single event at which all four upper tier LA leaders present a united front to and take questions from businesses would be welcome. While there are opportunities for engagement such as the LEP AGM and other meetings hosted by LAs, FE, HE and businesses, we are not aware of an event at which all four upper tier LAs can speak to business jointly. On that basis I propose we arrange an event for the first week of January to be held remotely to enable as many businesses from across the region to attend as possible.

**FOR APPROVAL: Subject to details around agenda and attendees being finalised, does the Board endorse this proposal?**

### **People and Skills**

- Meeting date: 29th September 2022
  - Chair: Edward Peck
  - Next meeting date: 15th December 2022
- 3.4 Edward Peck was welcomed as the incoming chair of the People and Skills Advisory Board. The meeting was primarily focused on the two key strategic interventions which will impact on skills and education across the D2N2 area: the advent of an EMMCCA, and delivery of a Local Skills Improvement Plan (LSIP) for the area. Will Morlidge gave an update on progress towards a devolved authority and a discussion took place on how the EMMCCA Skills and Education working group could better align with the PSAB and the role of the steering group in the future. Members were asked to submit their thoughts on a future merger of the two groups. For the time being, formal discussions governance issues around devolution are on hold, to ensure that we are not at risk of pre-judging the results of the public consultation.
- 3.5 Natalie Gasson-McKinley from FSB has formally joined the Board and gave a presentation on plans for the development of the LSIP following the announcement that FSB has been successful in their bid to deliver the programme. Going forwards, the LSIP will be a standing agenda item and progress will be reported to the Board.

### **Place/Low Carbon**

- Meeting date: Low Carbon: 22 November 2022
- Chair: Becky Rix

- Next meeting date: 22 March 2023

- 3.6 The Low Carbon Group discussed the various funding streams for low carbon. It was agreed that the group should work with PSAB to ensure that, if we decide to apply to run future Skills Boots Camps, that we mobilise the private sector to better identify skills needs. The group will take a paper on Boot Camps at the next meeting.
- 3.7 The Group endorsed the plan to develop a single Local Area Energy Plan (LAEP) for the whole region. We noted that D2 is slightly ahead of N2 in identifying key sites, and agreed to support the bid led by the N2 Environmental Strategy Working Group for UKRI funding to undertake the necessary work to ensure the whole region is ready to bid for a LAEP. The group agreed that LAEP would become a standing agenda item.
- 3.8 The group agreed that businesses are experiencing significant challenges due to the increasing costs of energy and committed to working more closely to identify and share best practice for businesses in what works. The refreshing of our economic strategy gives us the perfect opportunity to map current provision, plug gaps, prevent overlaps and share best practice.
- 3.9 The group welcomed the news that the Environment and Net Zero working group for the shadow EMMCCA has identified five key strands of activity which align well with this group. Members acknowledged that they would require additional expertise if they were to take an interest in wider climate and water issues. We will keep the potential to evolve the group to align with any incoming EMMCCA's priorities under review.

#### **4. STRATEGY**

- 4.1 Work is now underway on the strategy refresh which the Board endorsed previously. Given that the key business for today is to scrutinise our accounts, I do not propose to discuss the revised draft here. Instead, we will share a draft with the notes and arrange a discussion at the next Board meeting. We will be recommending that our three pillars for low carbon, productivity and connectivity/inclusion remain broadly the same, but that we put a stronger emphasis on low carbon innovation and investment, which remain key opportunities for us. We will also update some of our language to reflect the "levelling up" agenda, particularly as regards connectivity and inclusion.
- 4.2 Aligned to this is the work Will is leading on to update our delivery plan, which is covered in his report.

#### **5. PARTNER ENGAGEMENT**

- 5.1 The key development for me this quarter was the establishment of a regular meeting schedule between the Chairs and CEOs of the three East Midlands LEPs, the DevCo and the East Midlands and Humber freeports. The aim is to

ensure maximum strategic alignment and to prevent, as far as possible, duplication of effort. Due to other commitments, I was unable to make the first meeting, but the feedback I have received from Will and the other LEP Chairs is that it was a very helpful meeting and has already led to additional conversations to align work on the low carbon innovation agenda. We have also agreed, though it will take some time, to develop a stronger understanding of the cross-border infrastructure issues that need to be tackled collectively, including how to secure more investment in the transmission of low carbon energy and how to address common skills gaps.

**Elizabeth Fagan**  
**Chair**  
**7 December 2022**

**D2N2 LOCAL ENTERPRISE PARTNERSHIP  
BOARD REPORT**

<b>DATE:</b>	7 December 2022
<b>REPORT LEAD:</b>	Sarah Wainwright
<b>AGENDA ITEM:</b>	Item 2.2

<b>TITLE:</b>	Approval of the 2021/22 D2N2 LEP Accounts
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**1 Introduction**

This report is to present the draft financial accounts for the period 29<sup>th</sup> March, 2021 to 31<sup>st</sup> March, 2022 for the D2N2 LEP to Board members. The D2N2 LEP became incorporated on the 29<sup>th</sup> March, 2019 following the requirement by Government to become a legal entity from April 2019.

**2 Recommendation**

Board are asked to discuss and consider the audited financial statements in appendix 1, along with other documentation required by the auditors and APPROVE as appropriate.

**3 Summary of Report**

The company was incorporated on the 29<sup>th</sup> March, 2019 and is limited by guarantee of its members and does not have any share capital. HSKS Greenhalgh were appointed in September 2020 to complete the audited accounts and to ensure the deadline for returns to Companies House and HMRC were met.

The financial accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the requirements of the Companies Act 2006. Following on from this the accounts will be placed before the company at the Annual General Meeting also held on the 7<sup>th</sup> December, 2022.

**Draft Financial Statements at 24 November 2022 at 11:59:26**

**Company registration number 11914012 (England and Wales)**

**D2N2 LOCAL ENTERPRISE PARTNERSHIP**  
**ANNUAL REPORT AND FINANCIAL**  
**STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**



**COMPANY INFORMATION**

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<b>Directors</b>	Mr J A Brand Mr G S Cartledge CBE Ms E Fagan CBE Mr T C Freeman Cllr B Lewis Mr D Mellen Cllr C P Poulter Cllr S J Robinson Mr V G Russell Mr D H Williams Ms R L Rix Cllr K Buttery Mr S Knowles Mr E W Peck Ms M J Stravino Ms V N Johnson Mr K F Girling	(Appointed 21 September 2021) (Appointed 30 March 2022) (Appointed 1 August 2022) (Appointed 12 August 2022) (Appointed 12 September 2021) (Appointed 15 September 2022)
<b>Company number</b>	11914012	
<b>Registered office</b>	8 Experian Way Ng2 Business Park Nottingham NG2 1EP	
<b>Auditor</b>	HSKS Greenhalgh 18 St Christopher's Way Pride Park Derby DE24 8JY	
<b>Business address</b>	Derbyshire County Council County Hall Matlock Derbyshire DE4 2AG	

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## CONTENTS

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	<b>Page</b>
Strategic report	1 - 4
Directors' report	5 - 7
Independent auditor's report	8 - 10
Income statement	11
Statement of comprehensive income	12
Statement of financial position	13
Statement of changes in equity	14
Statement of cash flows	15
Notes to the financial statements	16 - 32
Detailed trading profit and loss account	33 - 34

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## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2022**

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The directors present the strategic report for D2N2 Local Enterprise Partnership ("the Company") for the year ended 31 March 2022.

The Derby, Derbyshire, Nottingham, and Nottinghamshire Local Enterprise Partnership (D2N2 LEP) was established in 2010. It is one of the largest Local Enterprise Partnerships (LEPs) across England.

Our role is to support the economic growth across Derbyshire, Derby, Nottingham, and Nottinghamshire. Steered by a business-led board, we work in partnership to create the conditions to attract additional investment to build a stronger economy and unlock opportunities to create future prosperity for the region.

The D2N2 LEP receives funds from the Government to address regional and national priorities. Once secured, the funding is contracted to a wide range of delivery partners including local authorities, universities, colleges, the voluntary community sector, and private training partners to deliver projects that drive economic prosperity across the region.

Following a review into the governance and transparency known as the Ney Review in October 2017 and the publication of Strengthened Local Enterprise Partnerships in July 2018, Government required all LEPs to adopt a legal entity by April 2019. Government also required each LEP to have a single Accountable Body and following a tendering process, Derbyshire County Council were selected as D2N2's single accountable body.

The Company was incorporated on the 29 March 2019 and 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 financial support from the four Upper Tier Authorities in addition to grants from Government.

#### **Delivery**

The D2N2 LEP is contracted to manage funding from a range of different sources invested through the LEP to deliver programmes and projects that will regenerate our communities and support our priorities.

During 2021/22, the D2N2 LEP received an allocation of £22,200,000 from the Getting Building Fund. A total of £38,101,174 was paid to projects within 2021/22 with a further £86,550 paid as LEP management fees and costs. These payments include £15,987,724 drawn down from £16,241,174 of the 2020/21 allocation that was held by Derbyshire County Council using its freedom and flexibilities as accountable body and with whom funds of £253,450 remain

	<b>Grant £</b>
Lindhurst	2,846,909
Worksop Access to Skills Hub	3,063,569
UK Electricification of Aircraft Propulsion Facility (UKEAPF)	3,724,344
Glossop Town Hall, Market Hall and Municipal Buildings	1,689,688
Transforming Nottingham's Southside	7,665,887
Turbine Innovation Centre	235,777
Smartparc Food Innovation	12,000,000
MRC Midlands, Derby	6,875,000
	<hr/>
	38,101,174
LEP Management	86,550
	<hr/>
	<b>38,187,724</b> <hr/> <hr/>

As well as capital growth activity, the D2N2 LEP has sought to increase the growth and competitiveness of businesses in the D2N2 area. This included the flagship D2N2 Growth Hub and enhanced local services, delivered by local authority partners.

**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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The D2N2 LEP has also continued to play an important leadership role in the skills system. The LEP was successful in funding to roll out our successful Careers Hub model from North Derbyshire to the whole region. We have also been successful in every round of bidding to the Department for Education's Skills Bootcamps process - further supporting career pathways for both adults and young people across the region.

The Local Authorities in the D2N2 area have made a successful bid to Government to develop a Mayoral County Combined Authority for the East Midlands. We are working through with them the potential impact on the LEP Board and executive. No decisions have yet been made and we continue to deliver out business as usual while discussions are ongoing.

**Principal risks and uncertainties**

The main risks facing the D2N2 LEP and area are our reliance on Government funding and former reliance on European Funding to deliver objectives, and a considerable uncertain local and national political environment.

The government has announced a review into the role of LEPs. This has meant we received no new capital funding in 2021/22, although we did convert £6.5m of our Growing Places Fund into capital for our successful Low Carbon Growth Fund to be spent from 2022/23. Our Local Authority partners are now the preferred route for capital funding for economic development, and our role has shifted from commissioning to supporting and advising our LA colleagues on their processes.

The ongoing effects of COVID-19 will be kept under review, as is the increasing impact of the inflationary pressures in the economy. Throughout 2020 and 2021, the LEP supported measures to mitigate the impact of the pandemic, and we are now responding to a request from our LA partners to develop a mechanism to track the impact of the cost of living crisis.

The D2N2 Growth Hub has provided transition support to businesses most affected by the decision to leave the EU and the LEP is increasingly providing advice and signposting on the emerging issues around cost of living, fuel and Ukraine. The LEP will continue to ensure where support gaps emerge, it will adapt to meet those needs.

**Key performance indicators**

The Getting Building Fund programme has delivered the following key outputs:

Jobs created	6
Construction jobs created	41
Commercial floor Space created	3,376m <sup>2</sup>
New or improved learning/training floor space	330m <sup>2</sup>
Number of businesses assisted	84
Number of new learners	840

The Local Growth Fund programme which was funded between 2015 and 2021 has delivered the following key outputs:

	Outputs to Date	Overall Target
Jobs	17,190	29,000
Homes	2,271	10,700
Learners	4,026	2,000

**STRATEGIC REPORT (CONTINUED)**  
***FOR THE YEAR ENDED 31 MARCH 2022***

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**Promoting the success of the company**

*Governance*

The D2N2 LEP has continued to strengthen its overall governance and remains committed to seeking opportunities for continuous improvement across all areas of our work.

The Board comprises six nominated representatives of the Local Authorities alongside up to 12 co-opted Directors from across the private sector which includes one representative each from higher and further education, and one representing inclusion and diversity.

They oversee the operation of the company in the delivery of activities to support economic growth, and the development of economic strategy focused themes: Place; Business Growth and Innovation, and People and Skills.

Each theme has an Advisory Board that reports to the main LEP board and advises on sector-specific strategies and opportunities for growth.

Our structures are continually reviewed to improve and optimise the delivery of our strategies and to ensure we meet all the requirements set out by government in their review of LEPs in 2018.

The Local Assurance Framework sets out how the D2N2 LEP will continue the process of ensuring value for money, prioritisation, appraisal, business case development and risk management for its Growth Deal programme. It identifies the roles to be taken by the D2N2 LEP and its constituent Boards, by the Accountable Body and by the promoters of projects. It also sets out the process to be followed in selecting priorities for further Growth Deals or other funding programmes if appropriate.

The company's principal sources of income are Government grants and grants from constituent local authorities.

*Current Economic Context*

D2N2 benefits from a highly functional economic geography that is advantageously located at the heart of the country. Our economy is the 4th largest outside London and the Southeast. It contributes £48.4bn in GVA to the UK economy; with 16% growth since 2012.

However, the growth has not benefited everyone; there are significant differences in the socio-economic conditions experienced across D2N2's communities and not all our people have the skills and qualifications to share in the benefits of growth. Consequently, our productivity rates continue to lag behind the national average.

The impact on the economy from COVID-19 has had a significant impact on our region, and we will need to adapt and deliver new opportunities to recover and restore economic growth across the whole of D2N2.

**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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*Strategy and Collaboration*

The D2N2 LEP works with government and local stakeholders to provide regional leadership on the economy. We continue to identify barriers and solutions to growth and work with our partners to improve the regions opportunities for prosperity.

In partnership with the Leicester and Leicestershire LEP (LLEP), the LEP led the successful East Midlands Freeport bid - the UK's only inland Freeport. Based around East Midlands Airport, the proposal has the potential to create 60,000 jobs and deliver over £2bn to the local economy.

In light of COVID-19 and EU Exit, we revised and consolidated our previous strategies into our Recovery and Growth Strategy (RGS), published in December 2020. The strategy has identified three guiding principles which support specific propositions, that embrace the challenges and opportunities of new technologies and global markets and addresses the issues impeding clean, productive, and inclusive growth across the D2N2 region.

The three key guiding principles are:

- 1. Clean Growth:** Lead the most ambitious carbon turn-around in the country.
- 2. Productivity:** Lead a bold new way of bringing together the education and skills, innovation, and business support systems to support our people and businesses to thrive.
- 3. Connectivity and Inclusion:** Deliver connectivity-led growth to and for all parts of the D2N2 region.

Given significant issues such as the war in Ukraine and the cost of living crisis, the strategy is again under review.

The D2N2 LEP, like all other LEPs, was subject to an Annual Performance Review with Government in January 2022 for the 2021/22 financial year across three themes, governance, delivery, and strategy. Government re- confirmed for a subsequent year that D2N2 had met all expected requirements across all three themes.

*Section 172(1) statement*

The Board continues to have regular engagement with stakeholders, both through representing D2N2 in external meetings and engagement and, for several members, as chairs of subgroups which draw members from businesses, public sector employers and the education sector in our region. All Board members have signed a code of conduct and, should any escalation be required, our nominations and appointment committee would be asked to review. No such action has been required.

In terms of principle decisions taken by the Board, we continue to be advised by our impartial Investment Board on any issues relating to capital investments. To date all Investment Board recommendations have been agreed by the main LEP Board.

The chair and vice chair have regular meetings (minimum fortnightly) with the Chief Executive and quarterly meetings with the senior leadership team to ensure they can gauge the mood and steer the culture of the organisation. They have taken a particular care this year to encourage all staff to consider their mental health. This has included authorising funding for all managers in the organisation to undertake mental health awareness training and for six members of staff to be trained as mental health first aiders.

On behalf of the board

.....  
Ms E Fagan CBE  
**Director**

Date: .....

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 31 MARCH 2022***

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The directors present their annual report and financial statements for the year ended 31 March 2022.

#### **Principal activities**

The principal activity of the company continued to be that of a local enterprise partnership.

#### **Results and dividends**

The results for the year are set out on page 11.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J A Brand	
Ms C J James CBE	(Resigned 31 July 2022)
Mr G S Cartledge CBE	
Mr A Cropley	(Resigned 8 July 2022)
Cllr K L Cutts MBE	(Resigned 19 May 2021)
Ms E Fagan CBE	
Mr T C Freeman	
Cllr B Lewis	
Ms K J Mayled	(Resigned 7 July 2021)
Mr D Mellen	
Cllr C P Poulter	
Cllr S J Robinson	
Mr V G Russell	
Prof S C West CBE	(Resigned 31 July 2022)
Mr D H Williams	
Cllr A G Dale	(Resigned 7 July 2021)
Ms M L Farmer	(Resigned 30 June 2021)
Ms R L Rix	
Mr K F Girling	(Appointed 7 July 2021 and resigned 26 January 2022)
Cllr K Buttery	(Appointed 21 September 2021)
Mr M L Introna	(Appointed 26 January 2022 and resigned 1 June 2022)
Mr S Knowles	(Appointed 30 March 2022)
Mr E W Peck	(Appointed 1 August 2022)
Ms M J Stravino	(Appointed 12 August 2022)
Ms V N Johnson	(Appointed 12 September 2021)
Mr K F Girling	(Appointed 15 September 2022)

#### **Qualifying third party indemnity provisions**

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### **Post reporting date events**

Information relating to events since the end of the year is given in the notes to the financial statements.



**DIRECTORS' REPORT (CONTINUED)**  
***FOR THE YEAR ENDED 31 MARCH 2022***

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**Future developments**

In light of the COVID-19 pandemic, the D2N2 LEP will need to ensure we are working from a new baseline of economic performance and that we are able to address the new needs of the economy so that we can adapt, recover, and grow.

We will continue to work with partners across the area to find innovative solutions to these problems as part of our approach to delivering sustainable economic growth to the region. It is important we also provide greater clarity on where the D2N2 LEP will take a leading role and those areas in which we will support our local partners.

**Auditor**

In accordance with the company's articles, a resolution proposing that HSKS Greenhalgh be reappointed as auditor of the company will be put at a General Meeting.

**Corporate governance**

The D2N2 Board is committed to high standards of corporate governance and meets regularly. A number of matters are reserved for the Board's approval, including the overall strategy for the company, annual budgets and business plans, major items of expenditure on projects and funding requirements from key stakeholders.

The LEP Board has delegated responsibilities to the following sub-boards and committees, formally constituted with terms of reference:

**Investment Board**

The LEP Board has delegated its power to make financial decisions to the Investment Board. This includes decisions relating to the Local Growth Fund, Growing Places Fund, Enterprise Zone Business Rates and other appropriate LEP funding streams. The Board monitors the associated contracts of its investment decisions with a quarterly board update.

**Advisory Boards (Business Growth and Innovation, People and Skills, and Place)**

The Advisory Boards support the D2N2 LEP Board in their mission to better push forward on objectives to boost the LEP area's economic growth. Each Advisory Board provides regular progress updates to the main D2N2 LEP Board and develops a work programme to drive forward their areas of responsibility.

**D2N2 Growth Hub Executive Board (Sub Board to the Business and Innovation Board)**

The Executive Board steers the activities of the Growth Hub, ensuring it is fit for purpose and fulfilling its remit. The D2N2 Growth Hub offers support to start-ups, growing businesses, and companies who are ready to scale up their operations.

**ESIF Committee**

The ESIF Committee role is to prepare the local strategy for the investment of the D2N2 area's notional allocation of European Structural and Investment funds (ESIF) to ensure they are invested to maximum effect, and that delivery capability is in line with strategic priorities, and emerging risks are mitigated or referred to the LEP Board for resolution.

**Nominations and Remunerations Committee**

The Nominations Committee oversees the identification, recruitment, and recommendation of the new directors to the Board and oversees the effectiveness of the executive structure.

**Scrutiny and Audit Arrangements**

The D2N2 LEP utilises both Scrutiny and Audit committee arrangements within Derbyshire County Council; this will also be extended to the chairs of the scrutiny committees across D2N2 to take in the process. The D2N2 LEP's audit report is presented annually to the Investment Board.

The Scrutiny Committee will review the annual performance of the D2N2 LEP's governance and its funding streams. The D2N2 LEP also makes an open offer to attend other Local Authority Scrutiny Committees in their area and attend when requested.

**DIRECTORS' REPORT (CONTINUED)**  
***FOR THE YEAR ENDED 31 MARCH 2022***

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**Statement of directors' responsibilities**

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 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.

**Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

.....  
Ms E Fagan CBE  
**Director**

Date: .....

## D2N2 LOCAL ENTERPRISE PARTNERSHIP

### INDEPENDENT AUDITOR'S REPORT

#### TO THE MEMBERS OF D2N2 LOCAL ENTERPRISE PARTNERSHIP

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#### Opinion

We have audited the financial statements of D2N2 Local Enterprise Partnership (the 'company') for the year ended 31 March 2022 which comprise the income and expenditure account, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including 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 2022 and of its surplus 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 *Auditor's 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 UK, including the FRC'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's 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.

#### Opinions on other matters prescribed by the Companies Act 2006

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

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF D2N2 LOCAL ENTERPRISE PARTNERSHIP**

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**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.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (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.

We considered the nature of the Company's business and its control environment. We also enquired of management about their identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework in which the Company operates and identified key laws and regulations that:

- Had a direct effect on the determination of material amounts and disclosures in the financial statements, which included the Companies Act 2006, tax legislation and payroll legislation; and
- Did not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate.

We discussed among the audit engagement team the opportunities and incentives that may exist within the organisation for fraud and how / where fraud might occur in the financial statements.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF D2N2 LOCAL ENTERPRISE PARTNERSHIP**

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In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of accounting adjustments and journal entries, assessed whether accounting estimates were reasonable and accurate and reviewed the accounting records for any significant and unusual transactions. In addition, our procedures to respond to the risks identified included:

- Reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Performing analytical procedures to identify any unusual or unexpected variances that may indicate risks of material misstatement due to fraud;
- Enquiring of management about any instances of non-compliance with laws and regulations and any instances of known or suspected fraud.

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 FRC's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's 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 auditor's 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.

**For and on behalf of HSKS Greenhalgh**

Date: .....

**Chartered Accountants**  
**Statutory Auditor**

18 St Christopher's Way  
Pride Park  
Derby  
DE24 8JY

**INCOME STATEMENT**

**FOR THE YEAR ENDED 31 MARCH 2022**

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		<b>2022</b>	<b>2021</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>3</b>	47,127,478	68,432,338
Cost of sales		(45,571,737)	(68,186,168)
		<hr/>	<hr/>
<b>Gross surplus</b>		1,555,741	246,170
Administrative expenses		(1,353,167)	(1,310,200)
		<hr/>	<hr/>
<b>Operating surplus/(deficit)</b>	<b>4</b>	202,574	(1,064,030)
Interest receivable and similar income	<b>7</b>	79,356	70,164
Interest payable and similar expenses	<b>8</b>	55	(55)
		<hr/>	<hr/>
<b>Surplus/(deficit) before taxation</b>		281,985	(993,921)
Tax on surplus/(deficit)	<b>9</b>	(15,088)	(13,321)
		<hr/>	<hr/>
<b>Surplus/(deficit) for the financial year</b>		266,897	(1,007,242)
		<hr/> <hr/>	<hr/> <hr/>

The income and expenditure account has been prepared on the basis that all operations are continuing operations.

**STATEMENT OF COMPREHENSIVE INCOME**  
***FOR THE YEAR ENDED 31 MARCH 2022***

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	<b>2022</b> £	<b>2021</b> £
Surplus/(deficit) for the year	266,897	(1,007,242)
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<u>266,897</u>	<u>(1,007,242)</u>



**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2022**

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	Notes	2022 £	£	2021 £	£
<b>Current assets</b>					
Debtors	12	37,910,824		27,190,860	
Cash at bank and in hand		517,627		404,670	
		<u>38,428,451</u>		<u>27,595,530</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(12,270,928)</u>		<u>(1,704,904)</u>	
<b>Net current assets</b>			<u>26,157,523</u>		<u>25,890,626</u>
<b>Reserves</b>					
Income and expenditure account	16		<u>26,157,523</u>		<u>25,890,626</u>
			<u>26,157,523</u>		<u>25,890,626</u>

The financial statements were approved by the board of directors and authorised for issue on..... and are signed on its behalf by:

.....  
Ms E Fagan CBE  
**Director**

**Company Registration No. 11914012**

**STATEMENT OF CHANGES IN EQUITY**  
***FOR THE YEAR ENDED 31 MARCH 2022***

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	<b>Income and expenditure £</b>
<b>Balance at 1 April 2020</b>	26,897,868
<b>Year ended 31 March 2021:</b> Loss and total comprehensive income for the year	(1,007,242)
<b>Balance at 31 March 2021</b>	<u>25,890,626</u>
<b>Year ended 31 March 2022:</b> Profit and total comprehensive income for the year	266,897
<b>Balance at 31 March 2022</b>	<u><u>26,157,523</u></u>

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	22	46,922		274,048	
Interest paid		55		(55)	
Income taxes paid		(13,376)		(77,633)	
<b>Net cash inflow from operating activities</b>		<u>33,601</u>		<u>196,360</u>	
<b>Investing activities</b>					
Interest received		<u>79,356</u>		<u>70,164</u>	
<b>Net cash generated from investing activities</b>		79,356		70,164	
<b>Net increase in cash and cash equivalents</b>		<u>112,957</u>		<u>266,524</u>	
Cash and cash equivalents at beginning of year		404,670		138,146	
<b>Cash and cash equivalents at end of year</b>		<u><u>517,627</u></u>		<u><u>404,670</u></u>	

**NOTES TO THE FINANCIAL STATEMENTS**  
***FOR THE YEAR ENDED 31 MARCH 2022***

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**1 Accounting policies**

**Company information**

D2N2 Local Enterprise Partnership is a private company limited by guarantee incorporated in England and Wales. The registered office is 8 Experian Way, Ng2 Business Park, Nottingham, NG2 1EP.

**1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £ unless indicated otherwise.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

**1.2 Going concern**

The directors have assessed the balance sheet and likely future cash flows at the date of approving these financial statements.

The directors have a reasonable expectation that the LEP has adequate resources to continue in operational existence and to meet its financial obligations as they fall due for at least 12 months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Throughout the year under review, the COVID-19 pandemic has continued to be a significant emerging risk to the global economy. The directors continue to monitor the impact on the business on an ongoing basis.

At the time of approving these financial statements, the directors do not consider COVID-19 to impact the LEP's ability to continue as a going concern and consider the balance sheet to be appropriately valued.

**1.3 Turnover**

Turnover consists of grant project income for specific projects, which is then distributed by the company to third parties, and operational income to cover the day-to-day core funding requirements of the company, such as administration and staff costs.

Government grants for projects are accounted for under the performance model as permitted by Financial Reporting Standard 102. Government grants are recognised only 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.

**1.4 Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**1 Accounting policies**

**(Continued)**

**1.5 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

***Basic financial assets***

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

***Other financial assets***

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in surplus or deficit, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

***Impairment of financial assets***

Financial assets, other than those held at fair value through surplus and deficit, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in surplus or deficit.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in surplus or deficit.

***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**1 Accounting policies**

**(Continued)**

***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in surplus or deficit in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

**1.6 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**1 Accounting policies**

**(Continued)**

***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1.7 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.8 Retirement benefits**

The company contributes to a defined pension scheme. Contributions payable to the scheme are amounts recharged to the company by East Midlands Chamber of Commerce who operate the scheme and are charged to profit or loss in the period to which they relate.

**1.9 Interest income**

Interest income is recognised in the income statement on a cash basis when received.

**1.10 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 Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of 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. 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**3 Turnover and other revenue**

An analysis of the company's turnover is as follows:

	<b>2022</b>	<b>2021</b>
	£	£
<b>Turnover analysed by class of business</b>		
Grant project income	46,168,614	67,180,614
Operational income - external	759,168	895,342
Operational income - internal	199,696	356,382
	<u>47,127,478</u>	<u>68,432,338</u>

	<b>2022</b>	<b>2021</b>
	£	£
<b>Other revenue</b>		
Interest income	<u>79,356</u>	<u>70,164</u>

**4 Operating surplus/(deficit)**

	<b>2022</b>	<b>2021</b>
	£	£
Operating surplus/(deficit) for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	<u>6,120</u>	<u>6,000</u>

**5 Directors' remuneration**

No remuneration was paid to the directors.

**6 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

	<b>2022</b>	<b>2021</b>
	Number	Number
Directors	16	17
Delivery team	15	14
Careers team	6	4
	<u>37</u>	<u>35</u>



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

**6 Employees** **(Continued)**

Their aggregate remuneration comprised:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Wages and salaries	804,296	714,851
Social security costs	85,781	77,197
Pension costs	84,805	67,172
	<u>974,882</u>	<u>859,220</u>

The company does not directly employ any staff. Staff are employed by East Midlands Chamber of Commerce who recharge payroll costs to the company. Details included in these financial statements in respect of staff costs all relate to recharged values.

Staff paid in excess of £58,200 for the year, or the pro-rata equivalent for their period of employment are as follows:

**Year Ended 31 March 2022**

	<b>Salary and other benefits</b>	<b>Pension contributions</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Chief Executive	83,558	17,987	<b>101,545</b>
Head of Strategy and Growth (April - August)	25,085	5,104	<b>30,189</b>
Head of Business Growth and Innovation	56,572	10,468	<b>67,040</b>
Head of Capital Programmes	56,588	4,130	<b>60,718</b>
	<u>          </u>	<u>          </u>	<u>          </u>

**Year Ended 31 March 2021**

	<b>Salary and other benefits</b>	<b>Pension contributions</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Chief Executive	90,533	11,306	<b>101,839</b>
Head of Strategy and Growth	55,226	10,490	<b>65,716</b>
Head of Business Growth and Innovation	56,971	8,104	<b>65,075</b>
Head of People and Skills	61,426	4,896	<b>66,322</b>
	<u>          </u>	<u>          </u>	<u>          </u>

**7 Interest receivable and similar income**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Interest on bank deposits	-	31
Other interest income	79,356	70,133
	<u>79,356</u>	<u>70,164</u>
<b>Total income</b>	<u>79,356</u>	<u>70,164</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

(Continued)

**7 Interest receivable and similar income**

Investment income includes the following:

Interest on financial assets not measured at fair value through surplus or deficit	29,001	18,001
	<u>          </u>	<u>          </u>

**8 Interest payable and similar expenses**

<b>2022</b>	<b>2021</b>
£	£

**Other finance costs:**

Other interest	(55)	55
	<u>          </u>	<u>          </u>

Corporation tax interest of £55 charged in the previous year is not being pursued by HM Revenue & Customs and has been reversed in the current year,

**9 Taxation**

<b>2022</b>	<b>2021</b>
£	£

**Current tax**

UK corporation tax on profits for the current period	15,088	13,321
	<u>          </u>	<u>          </u>

The actual charge for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	<b>2022</b>	<b>2021</b>
	£	£
Profit/(loss) before taxation	281,985	(993,921)
	<u>          </u>	<u>          </u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	53,577	(188,845)
Tax effect of expenses that are not deductible in determining taxable profit	8,915,698	13,204,310
Tax effect of income not taxable in determining taxable profit	(8,954,221)	(13,002,144)
	<u>          </u>	<u>          </u>
Taxation charge for the year	15,054	13,321
	<u>          </u>	<u>          </u>
Taxation charge in the financial statements	15,088	13,321
	<u>          </u>	<u>          </u>
<b>Reconciliation - the current year tax charge does not reconcile to the above analysis. Please review figures in the database.</b>	(34)	-
	<u>          </u>	<u>          </u>

UK corporation tax has been charged at 19% (2021: 19%) on net interest received only to a value of £79,411 (2021: £70,109).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

**10 Amounts committed to suppliers**

Amounts committed to suppliers for the purchase of goods, works and services during the year were as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Overhead expenditure (LEP running costs)	1,352,987	1,310,200
<b>Less:</b>		
Staff costs (including travel allowances)	(979,941)	(861,010)
Bad debts	-	(180,000)
LEP contribution to Freeport bid	-	(17,818)
	<u>373,046</u>	<u>251,372</u>
Local Growth Fund other costs - external	-	104,580
Getting Building Fund other costs - external	14,973	43,764
Other grant expenditure - external	2,188,978	3,787,777
	<u>2,576,997</u>	<u>4,187,493</u>

Further information is given in note 5 and on pages 32 and 33.

**11 Financial instruments**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Carrying amount of financial assets</b>		
Instruments measured at fair value through surplus or deficit	38,428,451	27,595,530
	<u>38,428,451</u>	<u>27,595,530</u>
<b>Carrying amount of financial liabilities</b>		
Measured at fair value through surplus or deficit		
- Other financial liabilities	(12,270,748)	(1,704,904)
	<u>(12,270,748)</u>	<u>(1,704,904)</u>

Financial assets measured at cost comprise debtors, loans advanced, cash held by Derbyshire County Council and cash at bank.

Financial liabilities measured at cost comprise taxation, other creditors and accrued expenses.

**12 Debtors**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Amounts owed by related parties	16,157,937	162,869
Growing Places Fund loans advanced	238,962	205,470
Other debtors	1,143,925	786,616
Cash held by Derbyshire County Council	18,500,000	21,000,000
	<u>36,040,824</u>	<u>22,154,955</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

12 Debtors	(Continued)	
	2022	2021
	£	£
<b>Amounts falling due after more than one year:</b>		
Amounts owed by related parties	-	2,818,122
Growth Places Fund loans advanced	1,870,000	2,217,783
	<u>1,870,000</u>	<u>5,035,905</u>
<b>Total debtors</b>	<u>37,910,824</u>	<u>27,190,860</u>
<b>13 Creditors: amounts falling due within one year</b>	<b>2022</b>	<b>2021</b>
	£	£
Amounts owed to related parties	10,954,878	603,635
Corporation tax	15,088	13,376
Other creditors	1,273,158	1,057,368
Accruals and deferred income	27,804	30,525
	<u>12,270,928</u>	<u>1,704,904</u>
<b>14 Retirement benefit schemes</b>	<b>2022</b>	<b>2021</b>
	£	£
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>84,805</u>	<u>67,172</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

**15 Members' liability**

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £1.

**16 Income and expenditure account**

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

**16 Income and expenditure account**

**(Continued)**

**Year Ended 31 March 2022**

	Balance at 1 April 2021	Net income/ (expenditure) in year	Inter-fund transfers	Balance at 31 March 2022
	£	£	£	£
<b>Revenue Projects</b>				
Careers and Enterprise	89,539	95,719	-	<b>185,258</b>
Resource Funding	113	-	-	<b>113</b>
Energy Strategy	13,287	(12,500)	-	<b>787</b>
Enterprise Zones.	394,873	280,358	-	<b>675,231</b>
Growing Places Fund	786,270	18,161	-	<b>804,431</b>
Growth Hub	(20,784)	(191)	-	<b>(20,975)</b>
HS2 Development Corporation	-	-	-	<b>-</b>
HS2 Growth Strategy	121,405	(13,076)	-	<b>108,329</b>
HS2 Toton Station	853,892	(78,079)	-	<b>775,813</b>
Key Management Account	(1,109)	3,532	-	<b>2,423</b>
Local Growth Fund	-	-	-	<b>-</b>
Skills Analysis Panel	3,882	(7,732)	3,850	<b>-</b>
TDE Programme	-	-	-	<b>-</b>
Getting Building Fund	9,817	-	-	<b>9,817</b>
	<u>2,251,185</u>	<u>286,192</u>	<u>3,850</u>	<u><b>2,541,227</b></u>
Core Funding	834,258	(119,685)	50,355	<b>764,928</b>
General Reserve	595,218	50,390	(54,205)	<b>591,403</b>
	<u>3,680,661</u>	<u>216,897</u>	<u>-</u>	<u><b>3,897,558</b></u>
<b>Capital Projects</b>				
Growing Places Fund	22,209,965	(5,000,000)	(8,846,550)	<b>8,363,415</b>
Getting Building Fund	-	5,050,000	2,346,550	<b>7,396,550</b>
Low Carbon Growth Fund	-	-	6,500,000	<b>6,500,000</b>
	<u>25,890,626</u>	<u>266,897</u>	<u>-</u>	<u>26,157,523</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

**16 Income and expenditure account** **(Continued)**

**Year Ended 31 March 2021**

	Balance at 1 April 2020	Net income/ (expenditure) in year	Inter-fund transfers	Balance at 31 March 2021
	£	£	£	£
<b>Revenue Projects</b>				
Careers and Enterprise	33,842	33,936	21,761	<b>89,539</b>
Resource Funding	113	-	-	<b>113</b>
Energy Strategy	13,287	-	-	<b>13,287</b>
Enterprise Zones.	220,509	174,364	-	<b>394,873</b>
Growing Places Fund	782,502	3,768	-	<b>786,270</b>
Growth Hub	(86,145)	(20,784)	86,145	<b>(20,784)</b>
HS2 Development Corporation	-	-	-	-
HS2 Growth Strategy	141,405	(20,000)	-	<b>121,405</b>
HS2 Toton Station	230,471	623,421	-	<b>853,892</b>
Key Management Account	(1,343)	(1,109)	1,343	<b>(1,109)</b>
Local Growth Fund	-	(1,779,008)	1,779,008	-
Skills Analysis Panel	19,285	(15,403)	-	<b>3,882</b>
TDE Programme	-	-	-	-
Getting Building Fund	-	9,817	-	<b>9,817</b>
	<u>1,353,926</u>	<u>(990,998)</u>	<u>1,888,257</u>	<u><b>2,251,185</b></u>
Core Funding	712,734	121,524	-	<b>834,258</b>
General Reserve	662,235	42,232	(109,249)	<b>595,218</b>
	<u>2,728,895</u>	<u>(827,242)</u>	<u>1,779,008</u>	<u><b>3,680,661</b></u>
<b>Capital Projects</b>				
Growing Places Fund	24,168,973	(180,000)	(1,779,008)	<b>22,209,965</b>
Getting Building Fund	-	-	-	-
	<u><b>26,897,868</b></u>	<u><b>(1,007,242)</b></u>	<u>-</u>	<u><b>25,890,626</b></u>

**17 Other financial commitments**

As at the balance sheet date the company had commitments to the following projects:

**To be paid from Getting Building Fund**

	2022	2021
	£	£
Glossop Town Hall, Market Hall and Municipal Buildings	-	1,689,688
Lindhurst	-	2,843,909
Transforming Nottingham's Southside	-	7,665,887
Turbine Innovation Centre	-	235,777
UK Electrification of Aircraft Propulsion Facility (UKEAPF)	-	3,724,344
Worksop Access to Skills Hub	-	2,563,569
Drakelow	7,650,000	-
	<u>7,650,000</u>	<u>18,723,174</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
***FOR THE YEAR ENDED 31 MARCH 2022***

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**17 Other financial commitments**

**(Continued)**

Payments will be made from current fund reserves of £7,396,550 and funds of £253,450 held by Derbyshire County Council as the accountable body.

As at the balance sheet date the company had committed funds of £nil (2020 - £2,181,878) from the Growing Places Fund (Capital Projects) to be advanced by way of grant to Nottingham City Council in respect of the Boots Enterprise Zone.

**18 Events after the reporting date**

Since the balance sheet date a combined authority agreement has been signed by the respective local authorities. As a result of this it is expected that the LEP will be integrated into this new authority at some point in 2024.

**19 Related party transactions**

D2N2 Local Enterprise Partnership is a strategic organisation which has a revenue budget that covers operating costs that is reflected in these accounts. The majority of the revenue is given by Government for this purpose via the accountable body.

The LEP also secures large amounts of capital funding from Government that is used to invest in transport schemes, infrastructure and to provide loans and grants to companies. The requirement of Government is to use accountable bodies to hold and manage these large amounts of public money. The LEP does not qualify as an accountable body and to date Derbyshire County Council have acted as this body on behalf of the LEP.

During the year the LEP received income from, made payments to and had amounts outstanding at the balance sheet date with partner councils and other related parties, by virtue of common directors, as follows:

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

19 Related party transactions	(Continued)			
Year ended 31 March 2022	Derby City Council	Derbyshire County Council	Nottingham City Council	Nottingham County Council
	£'000	£'000	£'000	£'000
<b>Income recognised during the year</b>				
Match funding	(63)	(63)	(63)	(63)
Enterprise Zone	(145)	-	-	-
Revenue Projects	(3)	(17)	-	-
Capital Projects	-	(15,988)	-	-
Interest on balances	-	(50)	-	-
<b>Total income</b>	<u>(211)</u>	<u>(16,118)</u>	<u>(63)</u>	<u>(63)</u>
<b>Expenditure recognised during the year</b>				
Capital Projects	18,875	-	12,666	3,083
Revenue Projects	21	13	117	-
HS2	-	-	-	78
Staffing	-	-	-	-
Service Level Agreement	-	107	-	-
<b>Total Expenditure</b>	<u>18,896</u>	<u>120</u>	<u>12,783</u>	<u>3,161</u>
<b>Net (income)/expenditure</b>	<u><u>18,685</u></u>	<u><u>(15,998)</u></u>	<u><u>12,720</u></u>	<u><u>3,098</u></u>
<b>Amounts owing as at 31 March 2022:</b>				
<b>Due from</b>	<u>145</u>	<u>15,988</u>	<u>-</u>	<u>-</u>
<b>Due to</b>	<u><u>(6,878)</u></u>	<u><u>(107)</u></u>	<u><u>(3,293)</u></u>	<u><u>(32)</u></u>



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

**19 Related party transactions**

(Continued)

	North East Derbyshire District Council	University of East Midlands Derby Chamber (Derbyshire, Nottinghamshire, Leicestershire )	
	£'000	£'000	£'000
<b>Income recognised during the year</b>			
Match funding	-	-	-
Enterprise Zone	-	-	-
Revenue Projects	(3)	(11)	-
Capital Projects	-	-	-
Interest on balances	-	-	-
<b>Total income</b>	<u>(3)</u>	<u>(11)</u>	<u>-</u>
<b>Expenditure recognised during the year</b>			
Capital Projects	-	-	-
Revenue Projects	-	-	1,164
HS2	-	-	-
Staffing	-	-	1,043
Service Level Agreement	-	-	-
<b>Total Expenditure</b>	<u>-</u>	<u>-</u>	<u>2,207</u>
<b>Net (income)/expenditure</b>	<u><u>(3)</u></u>	<u><u>(11)</u></u>	<u><u>2,207</u></u>
<b>Amounts owing as at 31 March 2022:</b>			
<b>Due from</b>	<u>-</u>	<u>25</u>	<u>-</u>
<b>Due to</b>	<u>-</u>	<u>-</u>	<u>(645)</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

**19 Related party transactions**

**(Continued)**

Year ended 31 March 2021

	Derby City Council	Derbyshire County Council	Nottingham City Council	Nottingham County Council	High Peak Borough Council
	£'000	£'000	£'000	£'000	£'000
<b>Income recognised during the year</b>					
Match funding	(63)	(63)	(63)	(63)	-
Enterprise Zone	(157)	-	-	-	-
Revenue Projects	-	(25)	-	(12)	(3)
Capital Projects	-	-	-	-	-
Interest on balances	-	(52)	-	-	-
<b>Total income</b>	<b>(220)</b>	<b>(140)</b>	<b>(63)</b>	<b>(75)</b>	<b>(3)</b>
<b>Expenditure recognised during the year</b>					
Capital Projects	1,510	27,324	787	13,478	310
Revenue Projects	52	-	97	-	-
HS2	-	-	5	1,381	-
Staffing	-	-	-	-	-
Service Level Agreement	-	107	-	-	-
<b>Total Expenditure</b>	<b>1,562</b>	<b>27,431</b>	<b>889</b>	<b>14,859</b>	<b>310</b>
<b>Net (income)/expenditure</b>	<b>1,342</b>	<b>27,291</b>	<b>826</b>	<b>14,784</b>	<b>307</b>
<b>Amounts owing as at 31 March 2021:</b>					
<b>Due from</b>	<b>157</b>	<b>6</b>	<b>2,818</b>	<b>-</b>	<b>-</b>
<b>Due to</b>	<b>-</b>	<b>-</b>	<b>(25)</b>	<b>(579)</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

**19 Related party transactions**

(Continued)

	Rushcliffe Borough Council	West Notts College	University of Derby	East Midlands Chamber (Derbyshire, Nottinghamshire, Leicestershire )
	£'000	£'000	£'000	£'000
<b>Income recognised during the year</b>				
Match funding	-	-	-	-
Enterprise Zone	-	-	-	-
Revenue Projects	(12)	-	-	(6)
Capital Projects	-	-	-	-
Interest on balances	-	-	-	-
<b>Total income</b>	<b>(12)</b>	<b>-</b>	<b>-</b>	<b>(6)</b>
<b>Expenditure recognised during the year</b>				
Capital Projects	750	674	3,876	-
Revenue Projects	-	-	-	-
HS2	-	-	-	-
Staffing	-	-	-	-
Service Level Agreement	-	-	-	-
<b>Total Expenditure</b>	<b>750</b>	<b>674</b>	<b>3,876</b>	<b>-</b>
<b>Net (income)/expenditure</b>	<b>738</b>	<b>674</b>	<b>3,876</b>	<b>(6)</b>
<b>Amounts owing as at 31 March 2021:</b>				
<b>Due from</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Due to</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Amounts due from and to partner councils are included in debtors and creditors respectively.

During the year professional services to a value of £nil (2021 - £15,378) were received from East Midlands Business Limited which has one director in common with D2N2 Local Enterprise Partnership.

**20 Ultimate controlling party**

There is no one ultimate controlling party.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2022**

**21 Analysis of changes in net funds**

1 April 2021	Cash flows 31 March 2022	
£	£	£
Cash at bank and in hand	404,670	517,627
	<u>          </u>	<u>          </u>

**22 Cash generated from operations**

	2022	2021
	£	£
Surplus/(deficit) for the year after tax	266,897	(1,007,242)
<b>Adjustments for:</b>		
Taxation charged	15,088	13,321
Finance costs	(55)	55
Investment income	(79,356)	(70,164)
<b>Movements in working capital:</b>		
(Increase)/decrease in debtors	(10,719,964)	370,577
Increase in creditors	10,564,312	967,501
<b>Cash generated from operations</b>	<u>          </u>	<u>          </u>
	<u>46,922</u>	<u>274,048</u>

**D2N2 LOCAL ENTERPRISE PARTNERSHIP  
MANAGEMENT INFORMATION  
FOR THE YEAR ENDED 31 MARCH 2022**

**The following pages do not form part of the statutory  
financial statements**

**DETAILED TRADING AND PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2022**

	£	2022 £	£	2021 £
<b>Turnover</b>				
Grant project income		46,168,614		67,180,614
Operational income - external		759,168		895,342
Operational income - internal		199,696		356,382
		<u>47,127,478</u>		<u>68,432,338</u>
<b>Cost of sales</b>				
<i>Purchases and other direct costs</i>				
LGF grants awarded	-		41,693,357	
LGF other costs - internal	-		67,427	
LGF costs - external	-		104,580	
GBF grants awarded	38,101,175		22,200,000	
GBF other costs - internal	71,577		33,919	
GBF other costs - external	14,973		43,764	
Other grant costs - internal	128,120		255,344	
Other grant costs - external	2,188,978		3,787,777	
Other grants awarded	66,914		-	
GPF grants awarded	5,000,000		-	
		<u>45,571,737</u>	<u>68,186,168</u>	
Total purchases and other direct costs				
		<u>45,571,737</u>		<u>68,186,168</u>
Total cost of sales		(45,571,737)		(68,186,168)
<b>Gross surplus</b>	3.30%	1,555,741	0.36%	246,170
<b>Administrative expenses</b>				
Wages and salaries	804,296		714,851	
Social security costs	85,781		77,197	
Staff training	13,863		1,720	
Staff pension costs	84,805		67,172	
Rent and services	66,032		66,032	
Repairs and renewals	-		242	
Computer running costs and website	19,089		18,740	
LEP network	8,400		8,400	
Midlands Engine	24,000		24,000	
Other contributions	-		17,818	
Travelling expenses	1,361		2,090	
Legal and professional fees	182,034		85,308	
Non audit remuneration paid to auditors	3,060		3,000	
Audit fees	6,120		6,000	
Bank charges	182		425	
Bad and doubtful debts	-		180,000	
Insurance	7,935		4,032	
Printing and stationery	2,730		3,804	
Advertising	29,722		20,522	
Telephone	2,554		3,636	
Sundry expenses	10,577		5,211	
Room hire and catering	626		-	
		<u>(1,353,167)</u>		<u>(1,310,200)</u>

**D2N2 LOCAL ENTERPRISE PARTNERSHIP****DETAILED TRADING AND PROFIT AND LOSS ACCOUNT (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2022**

	£	2022 £	£	2021 £
<b>Operating surplus/(deficit)</b>		202,574		(1,064,030)
<b>Interest receivable and similar income</b>				
Bank interest received	-		31	
Interest received on deposits	50,355		52,163	
Loan interest received	29,001		17,970	
		79,356		70,164
Corporation tax interest		55		(55)
<b>Surplus/(deficit) before taxation</b>	0.60%	281,985	1.45%	(993,921)

## Document Activity Report

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<b>DATE:</b>	7 December 2022
<b>REPORT LEAD:</b>	Will Morlidge
<b>AGENDA ITEM:</b>	2.4

<b>TITLE:</b>	<b>Chief Executive Officer's Report</b>
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## **1. INTRODUCTION**

1.1 This report provides key operational updates to the Board.

## **2. RECOMMENDATION**

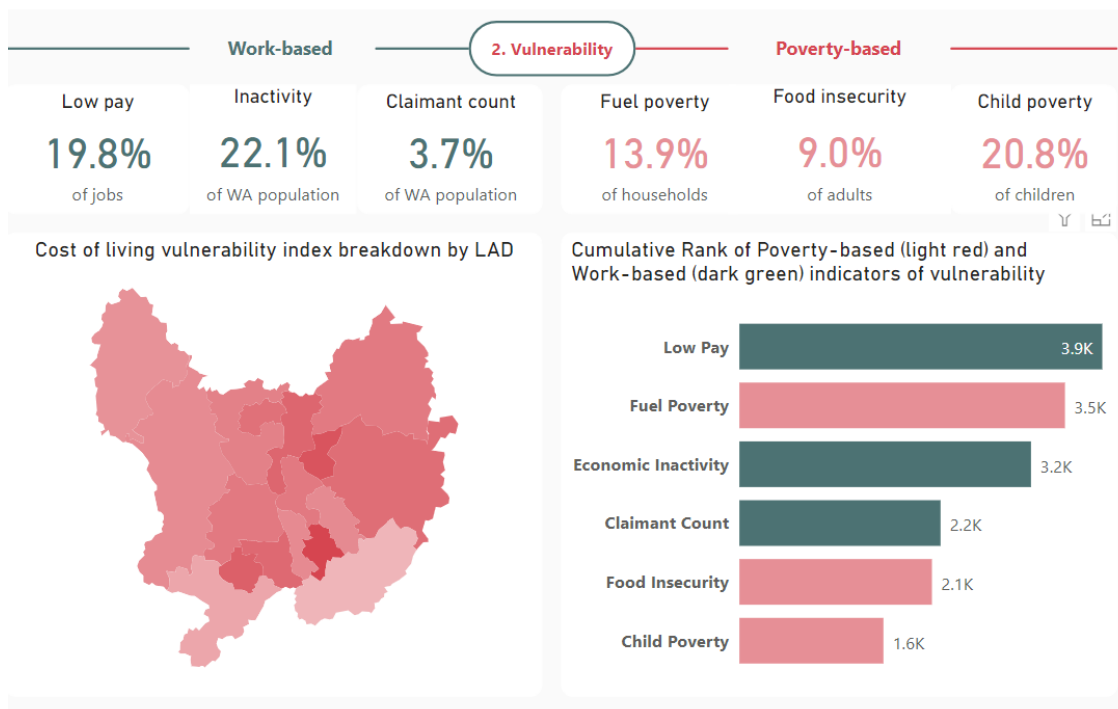
2.1 Board is asked to **NOTE** the report.

## **3. KEY HIGHLIGHTS**

- Cost of living crisis impacting the whole region, but not evenly
- Connected Futures Project underway
- Growth Hub on track but end of ERDF poses key risks

## **4. COST OF LIVING CRISIS**

4.1 We were asked to provide some data to help LAs' analysis of the cost of living crisis. This is contained in the Economic Update Report that was included in these papers. However, I believe it is worth bringing out here some important, if familiar, headlines:



4.2 As with Covid-19 the impact is not likely to be felt evenly across the region, with every district, borough and city experiencing an adverse impact on one or more of the five key metrics we looked at. For example, while Derbyshire Dales has very low claimant counts, it has worryingly high levels of economic inactivity. Only South Derbyshire and Rushcliffe are showing up in the data as relatively robust against these indicators, and that no doubt hides some smaller pockets of vulnerability.

4.3 As Elizabeth mentioned, we are reviewing our strategy, and a renewed focus on this data as part of our approach to levelling up will be central.

4.4 The live data can be seen at:

<https://app.powerbi.com/view?r=eyJrIjoiaZWl4YzQxMjAtYWU0My00MzY2LWJhM2EtYTM0NDlmYmQ2ZDgyliwidCI6ImFmMzZlZDZkLWlxZmMtNGEyMC1iNzgzLWEwMjk5YTE0OGZiZCJ9>

## **5. SKILLS UPDATE**

### **D2N2 Connected Futures Project**

- 5.1 The first Board and Stakeholder meetings for the Connected Futures project have now taken place. This project aims to better understand the barriers to sustained employment for people with disabilities. I will be chairing this first phase, which focuses on discovery. The emphasis is on bringing in young people to lead the work to help service commissioners and providers to develop a better understanding of why we continue to struggle to get more people with additional needs into employment and keep them there. A briefing paper is in development for all Board members and Local Authorities because this is quite an unusual project in which the main funding partner, the Youth Futures Foundation, has given us 18 months to build up our knowledge base rather than put any new systems or processes in place. This is a welcome approach, but one that many of us may need time to adjust to.

### **Skills Bootcamps**

- 5.2 Applications have opened for Wave 4 of the Skills Bootcamps programme, with submissions due by 30th November. This round of funding would take delivery through to March 2024. To enable effective contract management of our growing number of providers we have recruited two dedicated Project Support Officers, Bose John-Otukpe and Sophie Wesson.

### **Health and Care Skills Group**

- 5.3 The first output of the Health and Care Group is a proposed N2 Health Careers Event which will take place in March 2023 at two venues. This builds on the best practice from similar events which have already taken place in Derbyshire.

### **Apprenticeship Strategy**

- 5.4 Consultation is taking place with employers, providers and young people to identify the key barriers to apprenticeship uptake in D2N2. This will culminate in a workshop to be delivered at Nottingham College on 9th December with the draft strategy available in the New Year.

### **Careers Hub**

- 5.5 This year, and thanks in large part to Viv, D2N2 Careers Hub is collaborating with one of our newest Cornerstones 'Minerals Matter – from the Chartered Institute of Quarrying' to deliver Workpays 'The Big Assembly'. 'The Big Assembly' is a live assembly broadcast, shown to over 100,000 people across the UK. This event will provide an opportunity for all stakeholders to get to know apprenticeships from a variety of angles, including former and current apprentices, employers, parents and education providers. The Big Assembly is free and can be watched online at school, home or work. Many D2N2 wide Cornerstone apprentice videos will be shared on the day. Although it is a virtual assembly, the opportunity will actually be hosted at The National Stone

Centre in Wirksworth and schools within Derbyshire will be invited to come along in-person and share the experience with the students.

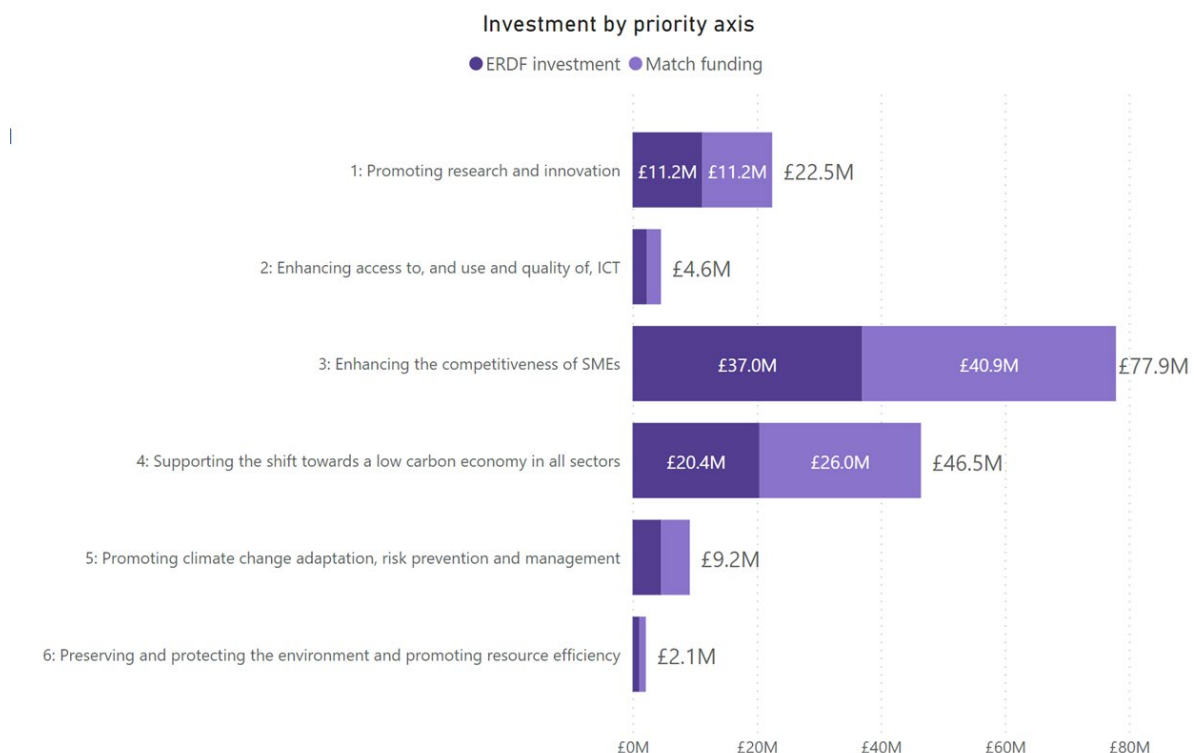
## 6. BUSINESS AND INNOVATION UPDATE

### Impact of ERDF closure

6,1 The chart below shows the value of EDRF and match funding invested in projects that will come to an end in 2023. We have yet to fully map which, if any, will be sustained through other funding, but are not aware of plans for large scale activity across the region an any single category. Some LAs are planning to use UKSPF to fund business support service, but the picture remains patchy. We are working with partners to identify the most impactful projects and programmes and to try to identify potential sources of funding to retain best practice in the region, but the likelihood is that we will see a significant reduction in public sector investment in innovation in our region in the short term.

### D2N2 ERDF projects ending in 2022-23

<b>25</b>	<b>£76.64M</b>	<b>£86.15M</b>	<b>£162.78M</b>	<b>7,045</b>
projects	ERDF investment	Match funding	Total project cost	Businesses supported



## **Growth Hub**

6.2 Outputs remain on track to deliver to contract by the end of the ERDF project in June 2023 whilst the flagship Business Investment Fund is now fully committed with a reserve list of 15-20 projects in the pipeline should any slippage occur. A key feature of the Growth Hub has been the highly popular events programme which has now been re-tendered in advance of a new programme being rolled out. A key focus remains on further developing the bespoke service offer to each local authority to provide business support through UKSPF. Negotiations continue with each council for delivery during year 2 of funding with the objective of maintaining the D2N2 wide Growth Hub core service whilst meeting local needs and priorities.

## **Innovation**

6.3 Following discussion at Advisory Board, the previous Innovation Theme Group has now been replaced with a more funding focused Innovation Programmes Steering Group. The new group will focus on developing place-based innovation propositions in response to key investment opportunities being rolled out through UKRI and Innovate UK. This will help shape a cohesive framework to develop the innovation ecosystem following devolution. The group includes our three Universities, key sector groups and Innovate UK and will initially focus on three specific opportunities: Launchpad programme, Local Policy Innovation Partnerships and the Place Based Impact Acceleration Accounts. D2N2 have submitted an Expression of Interest to Innovate UK as part of the latest Launchpad call. Our bid will focus on developing cluster activity around our world leading Health, Life Sciences and Medtech sectors.

## **Manufacturing**

6.4 Excellent work continues to be spearheaded by the D2N2 Manufacturing Advisory Panel in its key role of championing and bringing together representatives from the broad manufacturing sector, existing networks, and key innovation partners to focus on accelerating the adoption of industrial digital technologies (IDTs).

6.5 A central objective over the last 12 months is to deliver the roll out of the national Made Smarter programme across the East Midlands, working in collaboration with Greater Lincolnshire and Leicester & Leicestershire LEPs and their equivalent manufacturing groups. Made Smarter aims to engage and support manufacturing SMEs in adopting and implementing IDTs to transform the sector and boosting productivity. The business case for regional roll-out was approved by BEIS in May 2022 with £3m awarded for delivery until April 2025. As a result, procurement of services to be delivered through the programme has now completed and Lincolnshire County Council (accountable body) await the final ministerial approval letter which has been delayed due to the recent political situation at Westminster. We hope to commence delivery by early December.

## **Early Stage Angel Investment Fund (ESAIF)**

6.6 In October, the Investment Board considered a report outlining the development of the ESAIF, a new equity programme utilising £4m GPF reserve previously approved by Board in November 2021. The Investment Board approved the

establishment of a limited partnership and the procurement of a co-investment fund manager to deliver the fund. Following procurement, it is planned for the Fund to open for business next Spring.

## **7. PLACE AND LOW CARBON**

7.1 In addition to the Low Carbon Growth Group, our Hydrogen Task Force continues to meet monthly. A continuing challenge remains around linking with other H2 activity across the Midlands. This in large part because of commercial sensitivities from some of our private sector providers. However, we are now working with Cadent and Shell on a potential event in the Spring to get real life opportunities in front of investors. We are working with the Energy Research Accelerator, Midlands Net Zero Hub and Midlands Engine to ensure that this is D2N2-led but presented as part of a wider, joined-up approach across the Midlands.

7.2 In addition to the innovation funding mentioned above, there is, in parallel and not obviously joined up by Government, a competition called Net Zero Pioneer Places. I am supporting work being led by Kath Marriott, CEO of Rushcliffe Borough Council, which is bidding for the funding needed to gather the evidence that would underpin a Local Area Energy Plan (LAEP). A LAEP identifies the current and future energy needs of an area and how, down to very local level, those needs can best be met through low carbon sources. This aids planning and takes cost out of the system for investors. Although a handful of LAEPs do exist, a D2N2-wide plan would be by far the largest in England, and a potential flagship project for the LEP and/or EMMCCA.

7.3 I have been invited to represent the private sector on the HyDEX group. This is a Midlands-wide project charged with increasing the rate at which low carbon R&D is turned into real projects and processes. After one meeting, I think it is clear that more expertise from the private sector is needed and I will work with our partners to identify anyone who has the capacity to support.

## **8. MARKETING AND COMMUNICATIONS**

8.1 Our updated website has been launched. You will not notice a huge difference in the style. You may notice, however, that we have taken down and archived a large amount of content that was no longer being viewed and simplified the navigation a little. We have also been experiencing a number of broken links, caused by technical errors on the part of our service providers and I have been clear with them that we expect the new site to be more effectively supported in the future. For obvious reasons, we did not think this was the right time for go for a larger change or to move service providers.

8.2 Our annual review is also complete and will be shared at the AGM.

## **9. OTHER CORPORATE ISSUES**

9.1 Both Frank Horsley and Martin Venning will be leaving D2N2 shortly to pursue other ventures. We wish them both all the best for the future. Recruitment is underway for a post refocused on low carbon, innovation and data to replace Frank, and for a new Head of External Affairs to replace Martin.

9.2 In addition to her work on GDPR, Maureen Vieyra will be leading a full review of our corporate processes including knowledge and records management to ensure we are in good shape for our next governance review with Government.

**Will Morlidge**

**7 December, 2022**