

Note of last IDeA Company Board meeting

Title:	IDeA Company Board
Date:	Wednesday 2 March 2016
Venue:	Smith Square 1&2, Ground Floor, Local Government House, Smith Square, London, SW1P 3HZ

Attendance

An attendance list is attached as **Appendix A** to this note

Item	Decisions and actions	Action
1	Declarations of Interest No declarations were made.	
2	Budget 2016/17 Paul Brack (Strategic Finance Manager) introduced the Budget for 2016/17. He drew attention to the assumptions underpinning it, projections for future years, and noted that adjustments may be required to reflect the final grant notification from the Department for Communities and Local Government (DCLG). Forecast for the group indicated that there would be less grant available over the forthcoming years. Officers had estimated that it would reduce by £1.4m in 2017/18 and £1.4m in 2018/19. When the full detail of the level grant was known a more detailed plan would be produced. Members noted that as a result of the measures taken to secure organisational and overhead savings in 2015/16 the LGA Leadership Board agreed in January 2016 to use the savings to allocate to specific reserve to provide opportunities to invest or generate additional commercial income. This would also cover potential unforeseen contingencies, and the IDeA specifically would have £1.5m surplus for the next financial year. It was highlighted that the LGA and IDeA were operating with significant pension deficits, valued at £113m in the 2014/15 financial accounts. As a result the LGA was focussing on increasing the value of its property assets (Local Government House and Layden House) with a view to using the value of the properties to help offset the deficit and / or using the rental income to fund additional contributions. Members expressed concern regarding the ongoing pension deficit, and sought assurance that there was a provision in the budget to address this. It was explained that as a result of borrowing, which had been taken into account in the budget, investment in Layden House would turn it into an	

asset worth between £55m and £60m. Borrowing for Layden House would be undertaken by LGMB, although some money would be from LGA and IDeA reserves. Company Directors do have a responsibility to ensure that measures are in place to address the deficit and, at present, annual deficit payments which are budgeted for throughout the forthcoming period, fulfil this obligation. A number of options were currently under consideration to try and reduce the burden of deficit repayments. It was anticipated that a resolution would be considered at the LGA General Assembly to seek to ensure LGA underwriting of the IDeA pension fund deficit thereby protecting IDeA directors. This would be dealt with as part of general constitutional changes.

In response to a question it was confirmed that the value of Layden House would be greater than the triennial valuation of the fund based on adjusted figures, and the IDeA remained as a going concern for 2016/17. The LGA plan to take advice on company structures and how the LGA and its various companies worked together. Members commented that they were reassured that the LGA had planned to address the pension deficit and there was a clear plan in place, with a number of options currently under consideration by officers. Further detail on the options would be considered at a future meeting.

The Strategic Finance Manager circulated an extract from the LGA overall financial strategy which set out the potential options for management of pension liabilities. The Deputy Chief Executive and the Strategic Finance Manager offered to discuss the issue in more detail with individual members outside of the meeting if they wished to do so.

Decision

The IDeA Company Board **agreed** the 2016/17 budget for IDeA as set out in the overall budget for the LGA.

Action

Further detail on options to address the budget deficit to be considered by the Company Board at a future meeting.

3 IDeA's Grant 2016/17 Onwards

Dennis Skinner, Head of Improvement, provided an update on the key developments related to the receipt of Revenue Support Grant (RSG) from the government to provide support and services for local authorities.

Members noted that from 2016/17 support for improvement work would no longer be funded by a top slice, but from a government grant from DCLG. Discussions were ongoing with DCLG on the matter, and a prospectus for sector support had been submitted which set out the offer to government around support to be provided through the grant. A decision by DCLG on the final grant figure was expected within the next few days.

Decision

The IDeA Company Board **noted** the current position in seeking to secure funding for the IDeA to deliver its highly regarded improvement work for 2016/17 onwards.

4 Annual Accounts 2015-16 and FRS102 Update

Paul Brack, Strategic Finance Manager, introduced the item and highlighted that it presented draft revised accounting policies for review and approval by the LGA and Company Boards to comply with the new FRS102 reporting standards.

Approval was also sought for one change in accounting policy to present a true and fair view of the LGA's consolidated accounts. Public Sector Audit Appointments Ltd (PSAA) was owned by the IDeA, but it was recommended that it not be included in the consolidated accounts as it would add an extra £82m in income and expenditure which would give a false impression of the organisation as a whole. The LGA did not control PSAA, and PKF Littlejohn were also unable to audit the organisation, as they were a supplier to PSAA.

In response to a question it was confirmed that the internal auditors had concluded that PSAA was an independent organisation and acted independently of the LGA, therefore there was no subsidiary relationship and PSAA accounts should not be included in the LGA's consolidated accounts. PSAA had appointed their own Directors, and their Memorandum of Understanding set out how their money should be spent. The relationship would be reviewed each year to make sure no changes had taken place.

Decision

The IDeA Company Board **approved** the amended accounting policies for the Improvement and Development Agency.

Action

Strategic Finance Manager to reflect the revised accounting policies in producing the 2015/16 Statutory Accounts. (**Paul Brack**)

5 Performance Report: April to December 2016

Dennis Skinner, Head of Improvement, introduced the report which provided a summary of the performance against the Memorandum of Understanding between IDeA and DCLG about the use of RSG over the period from 1 April to 31 December 2015.

Members noted that overall performance was strong. Of the 26 targets 18 had been achieved and the remaining 8 were on course to be delivered. Key achievements were highlighted, including a record year for the number of councillors attending leadership programmes.

The Board thanked the Head of Improvement and his team for their hard work over the last financial year.

Decision

The IDeA Company Board **approved** the monitoring report.

6 Note of the Previous Meeting held on 10 December 2015

Decision

The IDeA Company Board **agreed** the minutes of the previous meeting held on 10 December 2015.

Appendix A -Attendance

Position/Role	Councillor	Authority
Chairman	Cllr David Simmonds CBE	Hillingdon London Borough Council
Members	Lord Gary Porter	South Holland District Council
	Cllr David Hodge	Surrey County Council
	Mayor Sir Steve Bullock	Lewisham London Borough Council
	Cllr Marianne Overton MBE	Lincolnshire County Council
	Cllr Gerald Vernon- Jackson	Portsmouth City Council
	Mr Richard Priestman	Local Government Improvement and Development
	Mr Philip Sellwood	Energy Saving Trust (EST)
In Attendance		
LGA Officers	Sarah Pickup	Deputy Chief Executive
	Paul Brack	Strategic Finance Manager
	Dennis Skinner	Head of Improvement
	Paul Goodchild	Assistant Member Services Manager