

**IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT  
(a company limited by guarantee)**

**IMPROVEMENT AND DEVELOPMENT AGENCY  
FOR LOCAL GOVERNMENT**

**(a UK Registered company limited by guarantee)**

**Company Registration No. 3675577**

**Report and Financial Statements**

**for the Year ended 31 March 2018**

**IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT  
(a company limited by guarantee)**

<b>CONTENTS</b>	<b>Page</b>
<b>OFFICERS AND PROFESSIONAL ADVISORS</b>	<b>1</b>
<b>STATEMENT OF DIRECTORS' RESPONSIBILITIES</b>	<b>8</b>
<b>INDEPENDENT AUDITORS' REPORT</b>	<b>9</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>	<b>12</b>
<b>BALANCE SHEET</b>	<b>13</b>
<b>STATEMENT OF CHANGES IN EQUITY</b>	<b>14</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>15</b>
<b>NOTES TO THE ACCOUNTS</b>	<b>16</b>

**IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT  
(a company limited by guarantee)**

**OFFICERS AND PROFESSIONAL ADVISORS**

**DIRECTORS**

Cllr Paul Bettison OBE (Chairman)	(appointed 1 September 2017)
Lord Porter of Spalding CBE	
Cllr David Simmonds CBE	
Mayor Sir Stephen Bullock	
Cllr Howard Sykes MBE	(appointed 10 July 2017)
Cllr Marianne Overton MBE	
Richard Priestman	
Philip Sellwood	
Cllr David Hodge	(resigned 4 April 2017)
Cllr Gerald Vernon Jackson	(resigned 8 July 2017)
Cllr John Nunn	(resigned 29 August 2017)

**SECRETARY**

Dennis Skinner

**REGISTERED OFFICE**

Local Government House  
Smith Square  
London  
SW1P 3HZ

**BANKERS**

Barclays  
UK Banking  
1 Churchill Place  
London  
E14 5HP

**STATUTORY AUDITOR**

PKF Littlejohn LLP  
1 Westferry Circus  
Canary Wharf  
London  
E14

4HD

# **IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT (a company limited by guarantee)**

## **DIRECTORS' REPORT**

The Directors present their report and audited financial statements for the year ended 31 March 2018.

### **Principal activities**

The Improvement and Development Agency for Local Government (IDeA) supports improvement and innovation in local government, helping councils take responsibility for their own performance and improvement.

As local government's improvement agency, IDeA provides core services which focus on helping councils work with and learn from each other. The main ways we provide improvement support are through:

- a programme of peer challenges, ensuring we have high quality peers on board, particularly leaders and chief executives;
- support to individual councils and groups of councils, especially councils with the most severe performance challenges;
- leadership development programmes to councillors and managers;
- programmes which support councils in improving their productivity and efficiency; and
- web-based services so councils can learn from each other and share information on efficiency and innovation.

### **A year in focus**

Over the last few years, local government has had to deal with a greater reduction in funding than any other part of the public sector. Councils have worked hard to shield residents from the impact of funding cuts but efficiencies cannot be re-made.

Our improvement work has been widely used by councils, helping to share innovation and best practice across local government. The IDeA plays a critical role in ensuring the performance of councils, addressing those at risk of underperformance, driving improvement across the sector, supporting councils through significant changes, and supporting strong local leadership. This approach, helping to co-ordinate improvement work on behalf of councils, has enabled them to deliver millions of pounds of savings.

Our approach is based on four key principles:

- councils are responsible for their own performance;
- councils are primarily accountable to their local communities;
- stronger local accountability and increased transparency drive improvement; and
- councils have collective responsibility for the performance of local government as a whole.

The role of the IDeA is to maintain an overview of the performance of the sector and to provide tools and support to help councils.

Over the last year, the IDeA has supported local authorities by:

## **IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT (a company limited by guarantee)**

- delivering peer challenges in 113 local authorities plus the Broads authority national park and West Midlands CA, securing 2,300 days from member and officer peers working in councils to support the peer challenge process;

### **DIRECTORS' REPORT**

- providing leadership training for 798 councillors (in England);
- providing support to 25 councils with total projected savings/income generation of £39.9m through the Productivity Experts Programme;
- providing councils localised data through our LG Inform system, helping them to better understand their local communities and providing them with data to help better plan services. This year we launched LG Inform (VfM) to help users understand the costs of delivering local services, and to get an overview of comparative spend and performance over time and relative to others;
- supporting a further 110 councils to transform their workforces and modernise the way they are managed;
- delivering support to Health and Wellbeing Boards (HWBs) with a further eight bespoke projects delivered – 22 in total for 2017/18 and a programme of development and network events; and
- delivering nine integration workshops with the NHS Confederation to help areas assess their readiness for the integration of care and health services.

The Planning Advisory Service supported every council at risk of designation and those without local plans. We also promoted value for money and productive planning departments.

A major expansion of the One Public Estate programme (OPE) programme has been undertaken bringing the total number of councils supported to 318.

### **Looking ahead**

Our improvement offer to councils will keep spreading good practice. We will continue to work with councils and Government to develop our offer and to secure the funding necessary to underpin our extensive programme of support to councils.

An increasing number of councils are looking for support around children's services and following intensive discussions the Department for Education (DfE) have announced £2 million funding to improve leadership in children's social care services.

The importance of cyber security was highlighted during the year by the increasing frequency and capability of cyber attacks. As part of our ongoing work with the Cabinet Office we have been awarded £1.5 million to help improve and enhance councils' cyber security systems.

Lord Porter of Spalding CBE

7 June 2018

# **IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT (a company limited by guarantee)**

## **STRATEGIC REPORT**

### **Principal Activities**

The IDeA is wholly controlled by the Local Government Association and was incorporated on 27 November 1998. The Company commenced trading on 1 April 1999, taking over some of the trading activities of the Local Government Management Board.

Since 2016/17 the LGA continued to streamline its merged operations with those of its associated organisations – the Improvement and Development Agency (IDeA), its two property companies Local Government Management Board (LGMB) and LGA (Properties) Ltd, all three of which are subsidiaries of the LGA.

The shared objective of the LGA, the IDeA and the LGA's other associated organisations is to make an outstanding contribution to the success of local government as the national voice of local government working with and on behalf of the LGA's member authorities to support, promote and improve local government.

### **In year performance**

This has been a successful year for the IDeA with significant progress on all the priorities agreed by the IDeA Board. These priorities were firmly based on the most important issues for local government. In deciding these, we looked at intelligence from councils, a great many of whom are actively involved in the LGA through representatives on our boards and panels, at issues emerging from government or already going through the legislative process, and at the economic and social challenges that impact on local authorities.

We have delivered a satisfactory financial outcome in 2017/18. From 1 April 2016, the Company became the recipient of Direct Government Grant from the Ministry for Housing, Communities and Local Government ("MHCLG Grant") to pay for improvement services to councils, replacing Revenue Support Grant. Our income from the MHCLG Grant and other income including grants has reduced by approx. 2% as compared with the previous year, and we kept costs down at the same time as continuing to deliver on our key priorities and deliver direct support to councils. The IDeA continued to make a significant payment towards its pension fund deficit.

### **Future Developments**

As with many other parts of the public sector, we face a number of financial challenges and are taking steps to ensure that we develop new sources of income as well as continuing to reduce our costs. Our future success will rely heavily on our delivering ever greater value to local government at a time when councils themselves are facing significant reductions in their own funding and are, more than ever, questioning the value of every item of expenditure.

### **Principal risks and uncertainties**

Our arrangements for risk management include the regular review of a strategic risk register with clear responsibilities assigned to named senior officers for the management of the principal risks. These included ensuring that we deliver on our objectives and have impact for councils, ensuring we have effective governance arrangements and financial sustainability, and ensuring we maintain employee capacity and capability. We have also put in place clear governance and project management arrangements for projects designated as being high risk from a financial or operational point view.

Our operations expose us to a variety of financial risks that include ensuring that the funds held by us are, first and foremost, secure; second, that adequate liquidity is maintained so that sufficient funds are always available to meet current liabilities; and third that the best return on investment is obtained subject to achievement of the first two objectives.

# IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT (a company limited by guarantee)

## STRATEGIC REPORT

The principal liability of the IDeA other than those arising in ordinary day to day business relates to the pension deficit. The valuation of the IDeA's pension deficit was £82.483 million at 31 March 2018, a decrease of £4.130 million from last year. In order to pay off the pension deficit and liabilities for past employees, we are currently making additional contributions of circa £2.5 million per annum (increasing yearly by 0.4%). Actuarial advice indicates that on reasonable long term assumptions, these contributions will be sufficient to eliminate the deficit over a period of 15 years. The LGA's Leadership Board has commissioned further work to investigate ways in which the management of the pension deficit including the IDeA's pension deficit can be improved and has agreed to the refurbishment of Layden House from 2017 as part of this strategy.

### *Price risk*

We have relatively low exposure to price risk. Our employee costs are controlled through formal annual negotiations with employee representatives. Our back office services are now mainly delivered in house, with ICT services delivered through jointly owned company with Brent Council, by Brent ICT team. Other services are procured from a range of external providers through competitive tendering arrangements in line with our formal procurement procedures.

### *Credit risk*

We have a debt management policy and clear credit control procedures which include regular review and follow-up of our trade debtors.

### *Liquidity risk*

Our agreed approach is to manage our revenue budget so as to deliver a balanced budget that does not require a net call on cash for the financial year as a whole. We maintain an adequate level of day to day liquid funds to pay liabilities promptly as they fall due.

### *Cash flow risk*

We have both interest-bearing assets and liabilities. Subject to our liquidity requirements, which are assessed on a weekly basis, surplus funds are deposited in accordance with the Approved Investment Strategy as agreed by the LGA's Leadership Board.

## **Key performance indicators**

We have reviewed the impact of our work and the delivery of our priorities through robust performance management which has included regular reports to the IDeA Board. In addition we have reviewed our own efficiency and effectiveness through a number of key indicators.

The LGA regularly surveys member authorities. As part of the 2017/18 perceptions survey respondents were asked about our improvement support. 96% of leaders and 95% of chief executives responding to the survey said the improvement support had a positive impact on their authority.

We review our financial sustainability by carefully controlling our staff costs. Over the last two years employee numbers have risen from 157 employees in the year ended March 2017 to 163 employees in the year ended 31 March 2018. The small increase is in support of our improvement offer to Local Government. We continue to monitor employee absence through implementation of better recording methods (self-service) for staff and although this has risen from an average annual number of sick days per employee of 2.1 days in March 2017 to 3.3 days in March 2018 but still well below national averages for sickness.

We continue to pay close attention to the collection of outstanding debt. The percentage of debtors over 12 months was 7 per cent of the total debtors at March 2018 (4 per cent March 2017).

# **IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT (a company limited by guarantee)**

## **STRATEGIC REPORT**

### **Environment**

We have agreed an environmental policy which includes the commitment to:

- continually reduce waste and increase our recycling rate
- reduce paper use
- ensure that procurement of goods and services adheres to our green purchasing and procurement policy
- champion and mainstream consideration of environmental sustainability throughout our outward facing work programmes and services
- comply with all applicable legislation, regulation and with other relevant requirements relating to our environmental impacts

### **Employees**

Details of the number of employees and related costs can be found in note 4 to the financial statements on page 19-20.

Consultation with employees and their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests. Communication with all employees continues through direct briefing and regular use of our intranet.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with us continues and that appropriate support and training is arranged. It is our policy that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not have a disability.

### **Political and charitable contributions**

The IDeA has not made any charitable donations over £2,000 or any political donations or incurred any political expenditure during the year.

### **Post Balance Sheet Events**

There were no post balance sheet events.

### **Dividends**

The articles of the IDeA do not permit the payment of a dividend.

### **Directors**

The names of the directors who served throughout the year and since the year end are set out on page 2.

### **Provision of Information to Auditors**

In the case of each of the persons who are directors at the time when the directors' report is approved, the following applies:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and

## **STRATEGIC REPORT**



**IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT  
(a company limited by guarantee)**

- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that they Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

**Auditors**

A tendering process is in progress in relation to the appointment of the role of Statutory Auditor. A resolution for the appointment of the auditors of the Company is to be proposed at a forthcoming Board Meeting.

Approved by the Board of Directors and signed on behalf of the Board.

Lord Porter of Spalding CBE

Director  
7

June

2018

**IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT  
(a company limited by guarantee)**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES  
IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS  
Year ended 31 March 2018**

The directors are responsible for preparing the Strategic report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (FRS 102).

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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; and
- 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 its 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 to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT  
(a company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF THE IMPROVEMENT AND DEVELOPMENT AGENCY FOR  
LOCAL GOVERNMENT**

**Opinion**

We have audited the financial statements of the Improvement and Development Agency for Local Government Limited (the 'company') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT (a company limited by guarantee)**

### **Other information**

The other information comprises the information included in the Directors' Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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.

**IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT  
(a company limited by guarantee)**

**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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor’s report.

**Use of our report**

This report is made solely to the company’s directors, 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.

**Alastair Duke (Senior Statutory Auditor)**  
**For and on behalf of PKF Littlejohn LLP**  
**Statutory Auditor**

1 Westferry Circus  
Canary Wharf  
London E14 4HD

Date:

**IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT  
(a company limited by guarantee)**

**STATEMENT OF COMPREHENSIVE INCOME  
Year ended 31 March 2018**

	Note	2018 £000	2017 £000
Income	2	36,836	34,610
Administrative expenses		(37,608)	(33,167)
<b>OPERATING (DEFICIT) / SURPLUS</b>	5	<u>(772)</u>	<u>1,443</u>
Share of joint ventures' distribution to members	7	1,625	1,375
Interest receivable and similar income		348	175
<b>SURPLUS FOR THE YEAR</b>		<u><b>1,201</b></u>	<u><b>2,993</b></u>
<b>Other Comprehensive Income</b>			
Actuarial gain/(loss) recognised in respect of the pension fund		5,496	(27,375)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	6	<u><u><b>6,697</b></u></u>	<u><u><b>(24,382)</b></u></u>

All amounts relate to continuing operations.

The accounting policies and notes on pages 16 to 26 form part of these financial statements.

**IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT  
(a company limited by guarantee)**

**BALANCE SHEET  
As at 31 March 2018**

**Company Registration No. 3675577**

	Note	2018 £000	2017 £000
<b>INTANGIBLE ASSETS</b>			
Intellectual Copyright Assets		1	1
<b>LONG TERM DEBTORS</b>			
Loans to Group companies	9	11,000	11,000
<b>CURRENT ASSETS</b>			
Debtors	8	5,696	4,230
Short term Investments	10	9,221	7,925
Cash at bank and in hand	13	10	10
		<u>14,927</u>	<u>12,165</u>
<b>CREDITORS: amounts falling due within one year</b>	11	(5,871)	(5,736)
<b>NET CURRENT ASSETS</b>		<u>9,056</u>	<u>6,429</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>20,057</b></u>	<u><b>17,430</b></u>
<b>CREDITORS: amounts falling due after more than one year</b>			
<b>PROVISIONS FOR LIABILITIES</b>	12	(101)	(102)
Pension fund deficit	15	(82,483)	(86,613)
Restructuring Provision	14	(283)	(222)
		<u>(82,766)</u>	<u>(86,835)</u>
<b>TOTAL NET LIABILITIES</b>		<u><b>(62,810)</b></u>	<u><b>(69,507)</b></u>
<b>ACCUMULATED FUNDS</b>			
General Reserve		13,458	13,458
Risk and Contingency Reserve		6,215	3,648
Pension deficit Reserve			
- Pensions Fund Assets		150,591	145,471
- less Defined Liabilities		(233,074)	(232,084)
		<u><b>(62,810)</b></u>	<u><b>(69,507)</b></u>

These financial statements were approved by the Board of Directors on 07 June 2018

Signed on behalf of the Board of Directors

Lord Porter of Spalding CBE

Director

The accounting policies and notes on pages 16 to 26 form part of these financial statements.

**IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT**  
**(a company limited by guarantee)**

**STATEMENT OF CHANGES IN EQUITY**  
**Year ended 31 March 2018**

	<b>Risk &amp; Contingency Reserve £000</b>	<b>Pensions Deficit Reserve £000</b>	<b>General Reserve £000</b>	<b>Total £000</b>
<b>Balance at 1 April 2016</b>	1,126	(59,709)	13,458	(45,125)
<b>Changes in equity for 2016/17</b>				
Surplus for the year	-	-	2,993	2,993
Pensions Adjustments in Statement of Consolidated income	-	471	(471)	-
Actuarial gains/loss on defined benefit plans	-	(27,375)	-	(27,375)
Total comprehensive income for the year	-	(26,904)	2,522	(24,382)
Transfer to Risk and Contingency Reserve	2,522	-	(2,522)	-
<b>Balance as at 31 March 2017</b>	<b>3,648</b>	<b>(86,613)</b>	<b>13,458</b>	<b>(69,507)</b>
<hr/>				
<b>Balance at 1 April 2017</b>	3,648	(86,613)	13,458	(69,507)
<b>Changes in equity for 2017/18</b>				
Surplus for the year	-	-	1,201	1,201
Pensions Adjustments in Statement of Consolidated income	-	(1,366)	1,366	-
Actuarial gains/loss on defined benefit plans	-	5,496	-	5,496
Total comprehensive income for the year	-	4,130	2,567	6,697
Transfer to Risk and Contingency Reserve	2,567	-	(2,567)	-
<b>Balance as at 31 March 2018</b>	<b>6,215</b>	<b>(82,483)</b>	<b>13,458</b>	<b>(62,810)</b>



**IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT  
(a company limited by guarantee)**

**STATEMENT OF CASH FLOWS  
Year ended 31 March 2018**

	<b>Note</b>	<b>2018 £000</b>	<b>2017 £000</b>
<b>Net cash inflow from operating activities</b>			
Surplus		1,201	2,993
Adjustments for:			
Investment and dividend income		(1,649)	(1,471)
FRS102 Pension Service Costs		1,366	(471)
Increase in debtors		(1,466)	(559)
Decrease/(Increase) in long term debtors		-	(11,000)
Increase/(Decrease) in creditors		135	(1,245)
Increase/(Decrease) in provisions		61	(224)
Decrease in creditors due after one year		(2)	60
Net cash generated from operating activities		<u>(354)</u>	<u>(11,917)</u>
<b>Cash flow from investing activities</b>			
Interest received		24	96
Distribution from Joint Venture		1,625	1,375
		<u>1,649</u>	<u>1,471</u>
Net Increase / (Decrease) in cash		1,296	(10,446)
<b>Cash and cash equivalents at the start of the year</b>		<u>7,935</u>	<u>18,381</u>
<b>Cash and cash equivalents at the end of the year</b>		<u><u>9,231</u></u>	<u><u>7,935</u></u>

The accounting policies and notes on pages 16 to 26 form part of these financial statements.

# **IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT (a company limited by guarantee)**

## **NOTES TO THE ACCOUNTS Year ended 31 March 2018**

### **1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards, specifically Financial Reporting Standard (FRS102). The particular accounting policies adopted are described below.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **Subsidiary Undertaking**

The Company has one subsidiary, Public Sector Audit Appointments Ltd. Consolidated accounts are not prepared as the Company is itself a subsidiary of the Local Government Association, for which consolidated accounts are prepared. The Company's place of business is Local Government House, 18 Smith Square, London SW1P 3HZ.

The accounts for Public Sector Audit Appointments Limited (PSAA) are not consolidated into these statements or the LGA Consolidated Accounts because neither entity exercises or has the ability to exercise control over PSAA and are not in a position to benefit from its results and financial performance.

#### **Going Concern**

The Company has net liabilities, after accounting for the defined benefit pension scheme deficits of £82.483 million as at 31 March 2018. This position includes an actuarial estimate of the pension liabilities at the balance sheet date. The Company pays amounts into the scheme, as prescribed by the actuaries (note 15), in order to eliminate this deficit over a maximum of 15 years. The unfunded pension deficits are being repaid over the remaining lives of the pensioners concerned as detailed in note 15.

The Company receives grant funding from the Ministry for Housing, Communities and Local Government (MHCLG) (replacing Revenue Support Grant (RSG) top-slice funding with effect from 1 April 2016). This funding is received on behalf of the Local Government Association and its related bodies. The level of funding has been formally determined by parliament for the year to 31 March 2018. Funding for the Company's principal grant-funded programmes has also been agreed by the funders. This secures the majority of the Company's income for the foreseeable future and the Directors have therefore adopted the going concern basis for the preparation of these accounts.

#### **Investments**

Investments are recognised at the lower of cost and net realisable value.

#### **Revenue Recognition**

##### **Income**

Income represents the amount receivable as grants, subscriptions and for goods sold and services provided (excluding Value Added Tax). Income from dividends due from Joint Ventures is identified separately within the Income and Expenditure account. Note 2 gives further analysis of income which is all generated in the UK.

##### **Government Grants**

Grants are recognised in the Income and Expenditure account when the conditions for receipt have been complied with. Deferred grant income at the year end is included in creditors. The Company receives MHCLG Grant which is recognised in the Income and Expenditure account on receipt and Specific Grant which is recognised in the accounts in the period the related activities occur.

# **IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT (a company limited by guarantee)**

## **NOTES TO THE ACCOUNTS Year ended 31 March 2018**

### **1. ACCOUNTING POLICIES (CONTINUED)**

#### **Debtors**

The policy of the Company is to make partial provision for debts that are over one year old and full provision for debts that are over two years old, subject to exceptions for debt due from related entities, where the policy is not to make provision. Old debt is periodically reviewed for write-off.

#### **Employee benefits**

The IDEA provides a range of benefits to employees, including paid holiday arrangements and the Local Government Pension Scheme defined benefit plan.

- (i) Holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.
- (ii) LGPS Pension costs:

New employees are entitled to membership of the London Borough of Camden Council defined benefit pension scheme. Under the defined benefit plan, pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of liabilities within the defined benefit pension schemes expected to arise from employee service in the period are charged to the income and expenditure account.

The expected return on the schemes' assets and the increase during the period in the present value of the schemes' liabilities arising from the passage of time and actuarial gains and losses are recognised in the statement of other comprehensive income as remeasurement of defined benefits pension scheme obligations. Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet.

The amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments (included in staff costs). Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs.

#### **Reserves**

The Risk and Contingency Reserve has been created to provide cash resources to fund developments that provide opportunities to save costs or generate additional commercial income, fund external loan repayments, and also to cover the potential risks to the IDeA's medium term plans (such as increased pension deficit payments). Contributions to or from this reserve will be identified so that the IDeA budget for each year of the plan is balanced.

#### **Company Status**

The Company is limited by guarantee and has no share capital. In the event of a winding up of the Company, each member's contribution towards the liabilities is limited to £1.

**IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT**  
**(a company limited by guarantee)**

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 2018**

**2. INCOME**

	<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b>
Government grants	31,696	30,237
Subscriptions	1,224	1,270
Services recharged	3,312	2,384
Other income	604	719
	<u>36,836</u>	<u>34,610</u>

From 1 April 2016, the Company became the recipient of MHCLG (formerly DCLG) Grant income replacing Revenue Support Grant. Of the £21.000 million MHCLG Grant received in 2017/18 (£21.400 million 2016/17), £3.167 million (£3.350 million) was paid to those other bodies under arrangements agreed as part of the Business Plan for the Local Government Association and its related bodies.

**3. DIRECTORS' EMOLUMENTS**

The directors received emoluments during the year in respect of their services to the Company as follows.

	<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b>
Total emoluments	100	98
Emolument of the chairman and highest paid director	<u>8</u>	<u>7</u>

No director is an active member of the pension scheme (2017: nil), nor did any director receive assets or money under any long term incentive scheme.

All directors have been transferred to the LGA payroll since 2013. The balance is recharged from LGA and is in relation to the ring-fenced pensions activity - advice and conferences on pensions that is allocated to the relevant cost centres and Negotiations as this is where the budget sits to pay for these costs.

**IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT  
(a company limited by guarantee)**

**NOTES TO THE ACCOUNTS  
Year ended 31 March 2018**

**4. STAFF INFORMATION**

Staff information for the Company is as follows:

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
<b>Average number of persons employed</b>		
Administration	163	157
	<hr/>	<hr/>
	<b>£000</b>	<b>£000</b>
<b>Staff costs during the year</b>		
Wages and salaries	8,991	8,574
Social security costs	1,041	1,009
Pension costs – cash payable by employer	1,664	1,465
Pension deficit payments	2,430	3,076
Pension costs – current service costs less contributions	(875)	(2,548)
<u>Less</u> income from secondments	<u>(375)</u>	<u>(441)</u>
	<hr/> <hr/>	<hr/> <hr/>
	12,876	11,135
<b>Staff Related Costs</b>		
Agency, freelance and secondment costs	794	704
Redundancy payments and provision	153	(35)
Travel, subsistence and staff expenses	734	739
Recruitment costs	54	86
Training costs	19	23
Other personnel costs	<u>25</u>	<u>15</u>
	<hr/> <hr/>	<hr/> <hr/>
	1,779	1,532
<b>Total</b>	<hr/> <hr/> <b>14,655</b>	<hr/> <hr/> <b>12,667</b>

**IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT  
(a company limited by guarantee)**

**NOTES TO THE ACCOUNTS**

**Year ended 31 March 2018**

**STAFF INFORMATION (CONTINUED)**

The numbers of the Company's other staff receiving remuneration of £50,000 or more were as follows:

	2018	2018	2017	2017
	Salaries + Redundancy Costs	Salaries Only	Salaries + Redundancy Costs	Salaries Only
£50,000 - £54,999	4	4	3	3
£55,000 - £59,999	5	5	7	7
£60,000 - £64,999	9	9	14	13
£65,000 - £69,999	10	10	13	13
£70,000 - £74,999	26	26	17	17
£75,000 - £79,999	4	4	5	5
£80,000 - £84,999	2	2	1	1
£85,000 - £89,999	-	-	-	-
£90,000 - £94,999	-	-	-	-
£95,000 - £99,999	3	3	5	5
£100,000 - £104,999	4	4	4	4
£105,000 - £109,999	2	2	1	1
£110,000 - £114,999	-	-	-	-
£115,000 - £119,999	-	-	-	-
£120,000 - £124,999	2	2	-	-

**5. OPERATING SURPLUS**

	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
<b>Operating surplus is after charging:</b>		
Auditors' remuneration		
- audit fee	15	15
- non audit services	3	3

**6. TAXATION**

The Improvement and Development Agency for Local Government is exempt from tax on its income and gains by virtue of its status as a Local Authority Association under Section 519(3) of the Taxes Act 1988. It is exempt from capital gains tax under Section 271(3) of the Taxation of Chargeable Gains Act 1992.

**7. INVESTMENTS**

**Geoplace LLP**

Under an agreement dated 17 November 2010, the Secretary of State for Communities & Local Government, acting through Ordnance Survey, entered into an agreement (the LLP Members' Agreement) with Improvement and Development Agency for Local Government (IDeA) and the Local Government

**IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT  
(a company limited by guarantee)**

**NOTES TO THE ACCOUNTS  
Year ended 31 March 2018**

**7. INVESTMENTS (CONTINUED)**

Association, for the formation of a new joint venture, the limited liability partnership GeoPlace LLP. Ordnance Survey and IDeA each contributed £1 by way of equity capital. The distributable profits of GeoPlace LLP are allocated 25% to IDeA and 75% to Ordnance Survey. GeoPlace LLP commenced trading on 1 April 2011 and has traded profitably in the years to 31 March 2018. The company received a dividend of £1,625m in 2017/18 (£1,375m in 2016/17).

**Public Sector Audit Appointments Ltd**

The company is a wholly owned subsidiary and in normal circumstances would be consolidated. The board has approved that IDeA does not consolidate PSAA's numbers into its accounts for the following reasons:

- The LGA/IDeA do not control the entity - the IDeA appointed the first director, the rest have been down to the company itself.
- The Group is not able to share in assets or profits of the company, and surplus funds at the end of the arrangement with MHCLG must be returned to the clients, as outlined in the memorandum of understanding.
- To enable the LGA/IDeA statements to show a true and fair view, in particular adding an expected £54.5 million to both income and expenditure which would give the impression that the group and IDeA are much larger organisations than they really are.

**8. DEBTORS**

	<b>2018 £000</b>	<b>2017 £000</b>
Trade debtors	4,275	2,906
Due from related entities	414	388
Other debtors	257	176
Prepayments and accrued income	750	760
	<u>5,696</u>	<u>4,230</u>

**9. LONG TERM DEBTORS**

	<b>2018 £000</b>	<b>2017 £000</b>
Loan to related party - LGA	11,000	11,000
	<u>11,000</u>	<u>11,000</u>

On 1 January 2017, a loan of £11m was issued to LGA bearing interest of 2.94% per annum. The Loan is repayable on 31 December 2036.

**IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT  
(a company limited by guarantee)**

**NOTES TO THE ACCOUNTS  
Year ended 31 March 2018**

**10. SHORT TERM INVESTMENTS**

Surplus cash balances held by the Company, the companies it controls and related parties are pooled and lent to financial institutions on the Company's approved counterparty list. Investments are typically for periods not exceeding twelve months and as such the loan amount is a reasonable assessment of fair value. The counterparty list is currently restricted to financial institutions that meet agreed credit ratings criteria and subject to the cash limits (per counterparty) as shown in the Company's Investment Strategy. The Company's Investment Strategy strictly applies credit limits for all financial institutions on the approved counterparty list to ensure that investments are diversified. No credit limits were exceeded during the year and the Company does not expect any losses on short term investments.

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2018 £000</b>	<b>2017 £000</b>
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Trade creditors and accruals	2,501	2,200
Income received in advance	2,490	3,028
Other Creditors	516	473
Owed to related entities	364	35
	<u>5,871</u>	<u>5,736</u>

**12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2018 £000</b>	<b>2017 £000</b>
Deferred Income	101	102
	<u>101</u>	<u>102</u>

**13. NOTES TO THE STATEMENTS OF CASH FLOWS**

**Cash and Cash equivalents**

	<b>2018 £000</b>	<b>2017 £000</b>
Cash at bank and in hand	10	10
Short Term Investments	9,221	7,925
	<u>9,231</u>	<u>7,935</u>

**14. PROVISIONS FOR LIABILITIES**

	<b>2018 £000</b>	<b>2017 £000</b>
Balance at 1 April	222	446
Arising during year	283	222
Utilised during year	(222)	(446)
	<u>283</u>	<u>222</u>
Balance at 31 March	<u>283</u>	<u>222</u>



# IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT (a company limited by guarantee)

## NOTES TO THE ACCOUNTS Year ended 31 March 2018

### 14. PROVISIONS FOR LIABILITIES (CONTINUED)

The provision as at 31 March 2018 relates entirely to redundancy costs and pensions settlement. The LGA Group has undertaken further restructuring of its organisation in order to streamline its processes and deal with a significant reduction in funding. This provision has been set up to cover the further cost of voluntary redundancies which have been agreed with members of staff.

### 15. PENSION COMMITMENTS

Employees of the Improvement and Development Agency for Local Government may participate in the London Borough of Camden Pension fund, part of the Local Government Pension Scheme, a defined benefit statutory scheme. The fund is administered by the Borough Council in accordance with the Local Government Pension Scheme Regulations 1997.

The most recent formal actuarial reviews in relation to the funds were at 31 March 2018. The actuarial assumptions that have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. The assumptions made by the actuaries, Hymans Robertson for the Camden funds are stated below. The next Triennial valuation as at 31 March 2019 will take place during the Financial Year 2019-20.

The projected unit method of valuation was used to calculate the service costs in accordance with FRS 102.

#### Investment returns

The return on the Fund in market value terms for the year to 31 March 2018 is estimated based on actual Fund returns as provided by the Administering Authority and index returns where necessary.

Actual return for period from 1 April 2016 to 31 December 2017	7.5%
Estimated return for period from 1 April 2016 to 31 March 2018	3.6%

#### Major categories of plan assets as a percentage of total plan assets

	At year end 31 March 2018	At year end 31 March 2017
	% p.a.	% p.a.
Equities	78%	78%
Bonds	11%	11%
Property	10%	9%
Cash	1%	2%

**IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT  
(a company limited by guarantee)**

**NOTES TO THE ACCOUNTS  
Year ended 31 March 2018**

**15. PENSION COMMITMENTS (CONTINUED)**

**a) Actuarial assumptions**

The assumptions used by the actuary were:

	At year end 31 March 2018	At year end 31 March 2017
	% p.a.	% p.a.
Inflation/pension increase rate	2.4%	2.4%
Salary increase rate	3.0%	3.0%
Discount rate	2.7%	2.6%
Expected return on assets		
Mortality Rates*	Years	Years
Current Pensioners – Male	22.0	22.0
Current Pensioners – Female	24.1	24.1
Future Pensioners – Male	23.9	23.9
Future Pensioners – Female	26.1	26.1

\*Mortality rate is the assumption for the life expectancy of a current pensioner aged 65 or for a future pensioner (now aged 45) in 20 years time.

<b>Balance sheet</b>	<b>31 March 2018</b>	<b>31 March 2017</b>
	<b>£000</b>	<b>£000</b>
Fair value of employer assets	150,591	145,471
Present value of funded liabilities	<u>(225,863)</u>	<u>(224,444)</u>
Net underfunding in funded plans	(75,272)	(78,973)
Present value of unfunded liabilities	<u>(7,211)</u>	<u>(7,640)</u>
<b>Net liability</b>	<u><b>(82,483)</b></u>	<u><b>(86,613)</b></u>

**Recognition in the Statement of Comprehensive Income**

	Year to 31 March 2018	Year to 31 March 2017
	£000	£000
Current service cost	(3,375)	(2,006)
Interest income on plan assets	3,779	4,228
Interest cost on defined benefit obligation	(6,018)	(6,273)
Past service cost/(gain)	<u>(2)</u>	<u>(32)</u>
<b>Total</b>	<u><b>(5,616)</b></u>	<u><b>(4,083)</b></u>

	2018	2017
	£000	£000
<b>Reconciliation of defined benefit obligation</b>		
Opening defined benefit obligation	232,084	180,627
Current service cost	3,375	2,006
Interest cost	6,018	6,273
Contribution by members	786	737
Actuarial losses/(gains)	(4,096)	47,751
Past service cost/(gains)	2	32
Estimated unfunded benefits paid	(420)	(440)
Estimated benefits paid	<u>(4,675)</u>	<u>(4,902)</u>

**IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT  
(a company limited by guarantee)**

Closing defined benefit obligation	<u>233,074</u>	<u>232,084</u>
------------------------------------	----------------	----------------

**NOTES TO THE ACCOUNTS  
Year ended 31 March 2018**

**15. PENSION COMMITMENTS (CONTINUED)**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>Reconciliation of fair value of employer assets</b>		
Opening fair value of employer assets	145,471	120,918
Expected return on assets	3,779	4,228
Contributions by members	786	737
Contributions by the employer	3,830	4,114
Contributions in respect of unfunded benefits	420	440
Actuarial gains/(losses)	1,400	20,376
Unfunded benefits paid	(420)	(440)
Benefits paid	<u>(4,675)</u>	<u>(4,902)</u>
<b>Closing fair value of employer assets</b>	<b><u>150,591</u></b>	<b><u>145,471</u></b>

**AMOUNTS FOR THE CURRENT AND PREVIOUS ACCOUNTING PERIODS**

	<b>Year to 31 March 2018 £000</b>	<b>Year to 31 March 2017 £000</b>	<b>Year to 31 March 2016 £000</b>	<b>Year to 31 March 2015 £000</b>	<b>Year to 31 March 2014 £000</b>
Fair value of employer assets	150,591	145,471	120,918	120,794	107,992
Present value of defined benefit obligation	<u>(233,074)</u>	<u>(232,084)</u>	<u>(180,627)</u>	<u>(196,150)</u>	<u>(166,170)</u>
<b>Surplus /(deficit)</b>	<b><u>(82,483)</u></b>	<b><u>(86,613)</u></b>	<b><u>(59,709)</u></b>	<b><u>(75,356)</u></b>	<b><u>(58,178)</u></b>
Experience gains/(losses) on assets	1,400	20,375	(5,399)	4,230	7,925
Experience gains/(losses) on liabilities	-	-	-	1,451	140

The estimated employer's contributions for the year to 31 March 2019 is £3.891 million.

**16. CONTROLLING ENTITY**

The controlling entity is the Local Government Association and the registered office is 18 Smith Square, London, SW1P 3HZ.

**IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT  
(a company limited by guarantee)**

**NOTES TO THE ACCOUNTS  
Year ended 31 March 2018**

**17. RELATED PARTIES**

The Company had the following transactions with related parties:

	Value of related party transactions in year 2018 exp / (inc) £000	Outstanding balance at 31 March 2018 dr / (cr) £000	Value of related party transactions in year 2017 exp / (inc) £000	Outstanding balance at 31 March 2017 dr / (cr) £000
Local Government Association (LGA)	5,249	11,172	(5,869)	11,374
Local Government Association Properties (LGAP)	419	-	240	-
Local Government Management Board (LGMB)	394	(134)	234	(27)
Local Partnerships	1,113	11	1,292	5
Public Sector Audit Appointments Limited (PSAA)	-	-	-	-
Geoplace LLP	(1,625)	-	(1,375)	-

All companies are controlled by the LGA entity. The transactions between these companies are a result of the shared service costs, property rental charges, MHCLG Grant shared funding transfers and other day to day activity recharges.

**18. POST BALANCE SHEET EVENTS**

The Board are not aware of any post balance sheet events.

**19. CONTINGENT LIABILITIES**

In 2006, the Company placed funds on deposit in an Escrow account to provide security for the performance by C-NLIS of its obligations to the London Borough of Camden pension scheme as an admitted body. We have agreed with Camden Pension Fund the option of the IDeA providing the pension fund guarantee without recourse to the escrow account. The accounts for the Company now include £375,154 funds that were on deposit as an asset of the Company within the Cash and Investment assets of the Company. This is subject to a contingent liability in the event that it becomes necessary for a call on the guarantee to be made.