LGA Group Financial Statements for the Year to 31 March 2019

Purpose of report

For decision.

Summary

The LGA’s consolidated financial statements for the year ended 31 March 2019 are included in the attached LGA Annual Report. They were reviewed by the Audit Committee on 3 June 2019 and approved by the LGA Leadership Board on 5 June 2019. They have received an unqualified (clean) audit opinion from the external auditors PKF Littlejohn LLP.

The core financial results for the LGA remain in line with our long-term financial strategy and we continue to deliver excellent outcomes for the sector. Our investment in property assets are still on track to deliver the dual benefit of additional income streams and higher capital asset values, from 2021 onwards, once development work is complete and tenants secured.

We continue to have healthy cash reserves. The approved budget for 2018/19 expected a draw-down from Reserves for our business-as-usual activities, as we continued to invest in our buildings and new ventures such as the LG Mutual, in advance of these generating positive income streams. In the current year, book valuations under the accounting disclosure rules have worsened for both the two Pension Scheme deficits and the net building asset values. As a result, the consolidated financial statements show an operating loss of £8.311 million (2017/18 £14.498 million surplus).

The next Pension Scheme Triennial Valuations (as at 31 March 2019) are due in September 2019, which are calculated under different assumptions to the annual revaluations, and which should show a more sustainable long term position and lead to lower additional pension deficit contributions from 2020/21 onwards.

We are at a ‘heads of agreement’ stage of negotiations with a tenant for the 3rd floor of 18 Smith Square, and are in discussions with other parties regarding the remaining unlet 2nd floor. Following the marketing campaign for ‘The Stills’ (formerly known as Layden House), there remains keen interest from several prospective tenants and we anticipate the building being fully let on completion of the redevelopment.

Recommendation

That the General Assembly receives the LGA Group financial statements for the year to 31 March 2019.

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