

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

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

**Report and Financial Statements
for the Year ended 31 March 2015**

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

CONTENTS	Page
OFFICERS AND PROFESSIONAL ADVISORS	1
DIRECTORS' REPORT	2
STRATEGIC REPORT	4
STATEMENT OF DIRECTORS' RESPONSIBILITIES	8
INDEPENDENT AUDITORS' REPORT	9
INCOME AND EXPENDITURE ACCOUNT	11
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	11
BALANCE SHEET	12
CASHFLOW STATEMENT	13
NOTES TO THE ACCOUNTS	15

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

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

Cllr Peter Fleming (Chairman)
Sir Merrick Cockell (resigned 12 September 2014)
Richard Priestman
Philip Sellwood
Cllr Marianne Overton
Cllr Gary Porter
Cllr David Sparks
Cllr Gerald Vernon Jackson
Cllr James McMahon (appointed 11 September 2014)

SECRETARY

Carolyn Downs

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 2015.

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
- 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
- councils have collective responsibility for the performance of local government as a whole.

**IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
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DIRECTORS' REPORT

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

- delivering over 130 peer challenges
- launching a consultation paper 'Taking stock: where next with sector-led improvement'
- launching the Highlighting Leadership programme for both councillors and officers
- working with over 250 councils with to our various improvement support offers
- continuing to recruit graduates to the National Graduate Development Programme
- establishing the Local Government Public Services Network Programme Board, to enable different parts of government to share information securely.

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.

Councillor Peter Fleming

10 June 2015

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

STRATEGIC REPORT

Principal Activities

The IDeA is wholly owned 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.

In 2011 the LGA merged its operations with those of the Improvement and Development Agency (IDeA), along with its two property companies Local Government Management Board (LGMB) and LGA (Properties) Ltd, all three of which are subsidiaries of the LGA, and Local Government Information House (LGIH) which is a subsidiary of IDeA. As part of the process of streamlining its governance arrangements, on 1 April 2013 the operations of Local Government Employers (LGE) were merged with those of the IDeA.

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 2014-15. Our income from RSG top-slice and other income including grants has held steady in 2014-15 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 £75.35 million at 31 March 2015. In order to pay off the pension deficit and liabilities for past employees, we are currently making additional contributions of £2.4 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 2016 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 outsourced to Liberata and provided through a fixed price contract. During 2014-15 we took the decision to terminate the contract to take effect from January 2016. 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.

In December 2014 we carried out a survey of our members which gave us important information about customer satisfaction with 74 per cent of members indicating that they were satisfied with our services. We have set ourselves the target of increasing member satisfaction and also their perceptions of the value for money we offer and we will monitor our progress with this through annual surveys. We also regularly review employee satisfaction through an annual survey with 77 per cent of employees indicating that they are satisfied with their job – an increase on the previous year. We have taken action to improve employee satisfaction and engagement in the light of the feedback we received.

We review our financial sustainability by carefully controlling our staff costs. Following a reduction in our core grant funding, over the last two years employee numbers have fallen from 178 employees in the year ended March 2014 to 170 employees in the Year ended 31 March 2015. We continue to monitor employee absence, which has fallen from an average annual number of sick days per employee of 3.1 days in March 2014 to 2.6 days in March 2015.

We continue to pay close attention to the collection of outstanding debt. The percentage of debtors over 12 months was 3 per cent of total debtors at March 2015.

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 20-22.

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

As part of the process of streamlining its governance arrangements, the Directors of the IDeA have agreed to the transfer of the assets and liabilities of LGIH to the IDeA in 2015/16.

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
- 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.

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

STRATEGIC REPORT

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.

Councillor Peter Fleming

10 June 2015

**IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
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**STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS
Year ended 31 March 2015**

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 elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (UK 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 profit or loss of the Company for that period.

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

We have audited the Financial Statements of Improvement and Development Agency for Local Government Limited for the Year ended 31 March 2015 which comprise of the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of Directors and Auditor

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. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. In addition, we read all the financial and non-financial information in the Strategic report and the Directors report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2015 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.

**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 on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.

Paul Hopper
Senior Statutory Auditor

For and on behalf of
PKF Littlejohn LLP

PKF Littlejohn LLP
Statutory auditors
1 Westferry Circus
Canary Wharf
London
E14 4HD

Date:

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

INCOME AND EXPENDITURE ACCOUNT
Year ended 31 March 2015

	Note	2015 £000	2014 £000
Income	2	41,498	40,958
Administrative expenses		(36,458)	(38,647)
OPERATING SURPLUS	5	<u>5,040</u>	<u>2,311</u>
Share of joint venture's distribution to members	7	1,425	1,350
Interest receivable and similar income		78	69
Pension scheme - interest cost and expected return on assets		(469)	(857)
Pension scheme – past service costs and gains/losses on settlements and curtailments		-	(184)
SURPLUS OF INCOME OVER EXPENDITURE FOR THE YEAR BEFORE AND AFTER TAX	6,13	<u><u>6,074</u></u>	<u><u>2,689</u></u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 March 2015

	Note	2015 £000	2014 £000
Surplus for the year		6,074	2,689
Actuarial loss recognised in respect of the pension fund	14	<u>(19,174)</u>	<u>(20,242)</u>
TOTAL RECOGNISED LOSS IN THE YEAR		<u><u>(13,100)</u></u>	<u><u>(17,553)</u></u>

All amounts relate to continuing operations

The accounting policies and notes on pages 15 to 27 form part of these financial statements.

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

**BALANCE SHEET
As at 31 March 2015**

Company Registration No. 3675577

	Note	2015 £000	2014 £000
CURRENT ASSETS			
Debtors	8	6,673	2,811
Short term Investments	9	12,200	10,280
Cash at bank and in hand		1,843	2,217
		<u>20,716</u>	<u>15,308</u>
CREDITORS: amounts falling due within one year	10	(7,093)	(6,048)
		<u>13,623</u>	<u>9,260</u>
NET CURRENT ASSETS			9,260
TOTAL ASSETS LESS CURRENT LIABILITIES		13,623	9,260
CREDITORS: amounts falling due after more than one year	11	(44)	(46)
PROVISIONS FOR LIABILITIES			
Pension fund deficit	14	(75,356)	(58,178)
Restructuring Provision	12	(286)	-
		<u>(75,642)</u>	<u>(58,178)</u>
TOTAL NET LIABILITIES		(62,064)	(48,964)
ACCUMULATED FUNDS			
General Reserve	13	13,162	9,214
Pension deficit reserve			-
- Pensions Fund Assets		120,794	107,992
- less Defined Liabilities		(196,150)	(166,170)
		<u>(62,064)</u>	<u>(48,964)</u>

These financial statements were approved by the Board of Directors on 10 June 2015

Signed on behalf of the Board of Directors

Councillor Peter Fleming

The accounting policies and notes on pages 15 to 27 form part of these financial statements.

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

**CASHFLOW STATEMENT
Year ended 31 March 2015**

	Note	2015 £000	2014 £000
Net cash inflow from operating activities	i	43	2,131
Returns on investments and servicing of finance			
Interest received		78	69
Distribution from Joint Venture		1,425	1,350
Acquisitions and disposals			
Repayments of loan from Local Government Management Board		0	400
Management of liquid resources			
Increase in short term investments		(1,920)	(2,780)
		<hr/>	<hr/>
(Decrease)/ Increase in cash		(374)	1,170
Net funds at the start of the year		<hr/> 2,217	<hr/> 1,047
Net funds at the end of the year		<hr/> <hr/> 1,843	<hr/> <hr/> 2,217

**NOTES TO THE CASH FLOW STATEMENT
Year ended 31 March 2015**

i. RECONCILIATION OF OPERATING SURPLUS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2015 £000	2014 £000
Operating surplus	5,040	2,311
Pension costs – current service cost less contributions	(2,032)	(1,668)
Pension costs – contributions in respect of unfunded benefits	(433)	(411)
Decrease/(increase) in current assets;		
- stocks	-	20
- debtors	(3,862)	904
Decrease in current liabilities:		
- creditors	1,045	977
- provisions	287	-
Decrease in creditors due after one year	(2)	(2)
	<hr/>	<hr/>
Net cash outflow from operating activities	<hr/> <hr/> 43	<hr/> <hr/> 2,131

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

ii. Changes in Cash and Cash Equivalents

Analysis of movement in balances	2015	2014	Change in year
	£000	£000	£000
Cash at bank and in hand	1,843	2,217	(374)

iii. Analysis of Net Funds

	As at beginning of Year Restated £000	Cash flow £000	Other non cash changes £000	As at end of year £000
Cash at bank and in hand	2,217	(374)	-	1,843

The accounting policies and notes on pages 15 to 27 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 2015

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice). 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 two subsidiaries, Local Government Information House Ltd and 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, Smith Square, London SW1P 3HZ.

Going Concern

The Company has net liabilities, after accounting for the defined benefit pension scheme deficits, of £75.356 million as at 31 March 2015. This position includes an actuarial estimate of the pension liabilities at the balance sheet date. The Company pays amounts into the schemes, as prescribed by the actuaries (note 14), 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 14.

Under the arrangements agreed with the government following formal consultation, the Company became the sole specified body entitled to receive Revenue Support Grant (RSG) top-slice funding with effect from 1 April 2011. 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 2016. 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.

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.

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)
NOTES TO THE ACCOUNTS
Year ended 31 March 2015

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.

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 Revenue Support 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.

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 scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. 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.

Company Status

The Company is limited by guarantee and has no share capital. In the event of a winding up of the Company, each director'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 2015

2. INCOME

	2015 £000	2014 £000
Government grants	36,551	37,056
Subscriptions	1,038	882
Services recharged	2,917	2,320
Other income	992	700
	<u>41,498</u>	<u>40,958</u>

From 1 April 2011, the Company became the sole specified body entitled to receive Revenue Support Grant (RSG) from the Department for Communities and Local Government. This arrangement replaced earlier arrangements under which certain other bodies were also entitled to RSG in their own right. Of the £25.500 million RSG received in 2014-15 (£29.250 million 2013-14), £7.118 million (£6.666 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.

	2015 £000	2014 £000
Total emoluments	9	24
Emolument of the chairman and highest paid director	<u>-</u>	<u>3</u>

No director is an active member of the pension scheme (2014: nil), nor did any director receive assets or money under any long term incentive scheme.

Directors for all group companies have been included in the LGA payroll since 1 April 2013, the emoluments above relate to the ring-fenced Pensions activity.

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)
NOTES TO THE ACCOUNTS
Year ended 31 March 2015

4. STAFF INFORMATION

Staff information for the Company is as follows:

	2015	2014
	No.	No.
Average number of persons employed		
Administration	170	176
	<hr/>	<hr/>
	£000	£000
Staff costs during the year		
Wages and salaries	9,151	8,941
Social security costs	907	896
Pension costs – cash payable by employer	1,565	1,303
Pension deficit payments	2,871	2,487
Pension costs – current service costs less contributions	(2,465)	(2,077)
<u>Less</u> income from secondments	(530)	(628)
	<hr/>	<hr/>
	11,499	10,922
	<hr/>	<hr/>
Staff Related Costs		
Agency, freelance and secondment costs	722	472
Redundancy payments and provision	352	296
Travel, subsistence and staff expenses	696	722
Recruitment costs	64	59
Training costs	45	23
Other personnel costs	21	9
	<hr/>	<hr/>
	1,900	1,581
	<hr/>	<hr/>
Total	<hr/>	<hr/>
	13,399	12,503
	<hr/>	<hr/>

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)
NOTES TO THE ACCOUNTS
Year ended 31 March 2015

4. STAFF INFORMATION (CONTINUED)

Details of the remuneration of the Company's senior staff are given below.

	2015		2014	
	Salary	Employer Pension Contribution	Salary	Employer Pension Contribution
Michael Coughlin - Executive Director	68,813	12,324	141,400	24,038
Andrew Webster – Associate Director of Health	142,178	25,165	136,044	23,127
Colin Hilton - Director of Children's Services – Self Improvement	-	-	41,498	-

Michael Coughlin served as Executive Director with effect from 1 May 2012 to 28 September 2014.

Colin Hilton served as Director of Children's Services – Self Improvement until 19 July 2013. This post was funded by government grant.

The above position titles are internal job titles. The individuals concerned are/were not directors of the Company within the meaning of the Companies Act 2006.

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

	2015	2015	2014	2014
	Salaries + Redundancy Costs	Salaries Only	Salaries + Redundancy Costs	Salaries Only
£50,000 - £54,999	5	4	10	10
£55,000 - £59,999	16	16	11	11
£60,000 - £64,999	24	24	14	13
£65,000 - £69,999	-	-	11	11
£70,000 - £74,999	13	13	9	8
£75,000 - £79,999	2	2	2	2
£80,000 - £84,999	2	2	3	3
£85,000 - £89,999	1	1	1	-
£90,000 - £94,999	1	1	4	4
£95,000 - £99,999	7	7	3	3
£100,000 - £104,999	1	1	-	-
£105,000 - £109,999	-	-	1	1
£110,000 - £114,999	1	1	-	-
£115,000 - £119,999	2	2	2	2
£125,000 - £129,999	1	1	-	-

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)
NOTES TO THE ACCOUNTS
Year ended 31 March 2015

5. OPERATING SURPLUS

	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Operating surplus/(deficit) is after charging:		
Auditors' remuneration		
- audit fee	22	22
	<hr/>	<hr/>

No fees were paid to the external auditors, PKF Littlejohn LLP, for non audit services in the year.

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

Local Government Information House

The Company owns two ordinary shares of £1 in its subsidiary the Local Government Information House Ltd (LGIH).

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 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 2015.

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)
NOTES TO THE ACCOUNTS
Year ended 31 March 2015

8. DEBTORS

	2015 £000	2014 £000
Trade debtors	4,756	1,181
Due from related entities	919	17
Loan to Local Government Management Board	-	300
Other debtors	200	124
Prepayments and accrued income	798	1,189
	<u>6,673</u>	<u>2,811</u>

On 28 April 2010 the Company made a loan of £1.900 million to Local Government Management Board, a related company. The loan is repayable in half-yearly instalments of £200,000, with a final repayment of £100,000 on 31 March 2015, and bears interest at the fixed rate of 4.5 per cent.

9. SHORT TERM INVESTMENTS

Surplus cash balances are lent to borrowers on the Local Government Association's approved list. The Company's investments are pooled with those of other entities that have adopted the Local Government Association Investment Strategy. Investments are typically for periods of up to six months and as such the loan amount is a reasonable assessment of fair value. The counterparty list is currently restricted to UK or Non UK counterparties within agreed credit ratings and subject to the cash limits (per counterparty) as shown in the Investment Strategy. The Investment Strategy strictly applies credit limits for all of the above financial institutions to ensure that deposits are spread across a number of its approved counterparties. No credit limits were exceeded during the year and the Company does not expect any losses on short term investments.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £000	2014 £000
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade creditors and accruals	1,771	1,373
Income received in advance	3,255	2,424
Other Creditors	601	464
Owed to related entities	1,466	1,787
	<u>7,047</u>	<u>6,048</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2015 £000	2014 £000
Deferred Income	<u>44</u>	<u>46</u>

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)
NOTES TO THE ACCOUNTS
Year ended 31 March 2015

12. PROVISIONS FOR LIABILITIES

	2015	2014
	£000	£000
Balance at 1 April	-	-
Arising during year	286	-
Utilised during year	-	-
	-	-
Balance at 31 March	<u>286</u>	<u>-</u>

The new provision for the year to 31 March 2015 relates entirely to redundancy costs. The LGA Group has undertaken a further major 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.

13. STATEMENT OF MOVEMENTS ON ACCUMULATED FUNDS

	2015	2014
	£000	£000
Balance as at 1 April	(48,964)	(31,411)
FRS 17 adjustment to surplus for the year	1,996	1,038
Surplus of income over expenditure for the year	4,078	1,651
Actuarial loss	(19,174)	(20,242)
Balance at 31 March	<u>(62,064)</u>	<u>(48,964)</u>

The accumulated funds are not distributable to the members by way of dividend.

Accumulated funds are allocated as follows:

	2015	2014
	£000	£000
Accumulated funds excluding pension liability	13,292	9,214
Pension liability	(75,356)	(58,178)
Accumulated funds including pension liability	<u>(62,064)</u>	<u>(48,964)</u>

14. 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 2013. 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 (HR) for the Camden funds are stated below. The next Triennial valuation as at 31 March 2016 will take place during the Financial Year 2016-17.

Financial Reporting Standard 17 'Retirement Benefits'

The projected unit method of valuation was used to calculate the service costs in accordance with FRS 17.

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)
NOTES TO THE ACCOUNTS
Year ended 31 March 2015

14. PENSION COMMITMENTS (CONTINUED)

Investment returns

The return on the Fund in market value terms for the year to 31 March 2015 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 2014 to 31 December 2014	4.3%
Estimated return for period from 1 April 2014 to 31 March 2015	10.0%

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

	At year end 31 March 2015	At year end 31 March 2014
	% p.a.	% p.a.
Equities	78%	78%
Bonds	12%	13%
Property	9%	8%
Cash	1%	1%

a) Actuarial assumptions

The assumptions used by the actuary were:

	At year end 31 March 2015	At year end 31 March 2014
	% p.a.	% p.a..
Inflation/pension increase rate	2.40%	2.80%
Salary increase rate	4.30%	4.60%
Discount rate	3.20%	4.30%
Expected return on assets	3.20%	6.10%
Mortality Rates*	Years	Years
Current Pensioners – Male	22.0	22.0
Current Pensioners – Female	24.4	24.4
Future Pensioners – Male	24.3	24.3
Future Pensioners – Female	26.8	26.8

*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.

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)
NOTES TO THE ACCOUNTS
Year ended 31 March 2015

14. PENSION COMMITMENTS (CONTINUED)

b) Scheme assets

The deficit in the scheme and the expected rate of return were:

	Expected rate of return on assets 2015	Fair value at year end 2015 (£000)	Expected rate of return on assets 2014	Fair value at year end 2014 (£000)
Fair value of employer assets				
Equities	5.80%	94,220	6.70%	84,234
Bonds	2.20%	14,495	3.80%	14,039
Property	3.90%	10,871	4.80%	8,639
Cash	2.60%	1,208	3.70%	1,080
Total Market Value of Assets		<u>120,794</u>		<u>107,992</u>

The above asset values as at 31 March 2015 are at bid value as required under FRS17.

Balance sheet	31 March 2015 £000	31 March 2014 £000
Fair value of employer assets	120,794	107,992
Present value of funded liabilities	<u>(188,302)</u>	<u>(159,025)</u>
Net underfunding in funded plans	(67,508)	(51,033)
Present value of unfunded liabilities	(7,848)	(7,145)
Unrecognised past service cost	-	-
Net liability	<u><u>(75,356)</u></u>	<u><u>(58,178)</u></u>

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)
NOTES TO THE ACCOUNTS
Year ended 31 March 2015

14. PENSION COMMITMENTS (CONTINUED)

Recognition in the profit or loss

	Year to 31 March 2015	Year to 31 March 2014
	£000	£000
Current service cost	1,943	1,446
Interest cost	7,129	6,043
Expected return on employer assets	(6,660)	(5,288)
Past service cost/(gain)	-	-
Losses/(gains) on curtailments and settlements	-	25
Total	2,412	2,226
Actual return on plan assets	10,889	13,230
	2015	2014
	£000	£000
Reconciliation of defined benefit obligation		
Opening defined benefit obligation	166,170	144,969
Current service cost	1,943	1,922
Interest cost	7,129	6,510
Contribution by members	811	591
Actuarial losses/(gains)	23,404	15,103
Past service cost/(gains)	-	28
Losses/(gains) on curtailments	-	156
Estimated unfunded benefits paid	(433)	(411)
Estimated benefits paid	(2,874)	(2,698)
Closing defined benefit obligation	196,150	166,170
	2015	2014
	£000	£000
Reconciliation of fair value of employer assets		
Opening fair value of employer assets	107,992	105,995
Expected return on assets	6,660	5,653
Contributions by members	811	591
Contributions by the employer	3,975	3,590
Contributions in respect of unfunded benefits	433	411
Actuarial gains/(losses)	(4,230)	(5,139)
Unfunded benefits paid	(433)	(411)
Benefits paid	(2,874)	(2,698)
Closing fair value of employer assets	120,794	107,992

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)
NOTES TO THE ACCOUNTS
Year ended 31 March 2015

14. PENSION COMMITMENTS (CONTINUED)

AMOUNTS FOR THE CURRENT AND PREVIOUS ACCOUNTING PERIODS

	Year to 31 March 2015 £000	Year to 31 March 2014 £000	Year to 31 March 2013 £000	Year to 31 March 2012 £000	Year to 31 March 2011 £000
Fair value of employer assets	120,794	107,992	105,995	92,789	90,674
Present value of defined benefit obligation	(196,150)	(166,170)	(144,969)	(126,976)	(124,299)
Surplus /(deficit)	(75,356)	(58,178)	(38,974)	(34,187)	(33,625)
Experience gains/(losses) on assets	4,230	7,925	(2,240)	(615)	20,067
Experience gains/(losses) on liabilities	1,451	140	5,816	13,469	582

Amount recognised in statement of total recognised gains and losses (STRGL)

	Year to 31 March 2015 £000	Year to 31 March 2014 £000
Actuarial gains/(losses) recognised in STRGL	(19,174)	(20,242)
Cumulative actuarial gains and losses	(72,895)	(53,721)

The estimated employer's contributions for the year to 31 March 2015 is £2.433 million.

15. CONTROLLING ENTITY

The controlling entity is the Local Government Association and the registered office is Local Government House, 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 2015

16. RELATED PARTIES

	Value of related party transactions in year 2015 exp / (inc) £000	Outstanding balance at 31 March 2015 dr / (cr) £000	Value of related party transactions in year 2014 exp / (inc) £000	Outstanding balance at 31 March 2014 dr / (cr) £000
Local Government Association (LGA)	10,400	(1,072)	11,481	(1,743)
Local Government Association Properties (LGAP)	1,278	373	-	-
Local Government Management Board (LGMB)	256	(73)	475	(16)
Local Partnerships	1,700	(142)	1,907	-
Public Sector Audit Appointments Limited (PSAA)	(366)	366	-	-
Geoplace LLP	(1,425)	-	(1,350)	-

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

17. POST BALANCE SHEET EVENTS

The Board are not aware of any post balance sheet events other than those already stated.

18. 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. The accounts for the Company show the whole of the £375,154 funds on deposit as an asset of the Company as at 31 March 2014 and 2015 but subject to a contingent liability in the event that it becomes necessary for a call on the guarantee to be made. There is no present indication that any such call will be made. We are currently discussing with Camden Pension Fund the option of the IDeA providing the pension fund guarantee without recourse to the escrow account. The balance of £375k would continue to be held as a provision on the IDeA balance sheet, but the cash balance would be freed up and incorporated into the IDeA's ordinary cash balances, earning interest as part of our broader treasury management arrangements.