

LOCAL GOVERNMENT ASSOCIATION

LOCAL GOVERNMENT ASSOCIATION
(a UK Registered unlimited company)

Company Registration No. 11177145

Report and Consolidated Financial Statements

for the year ended 31 March 2021



LOCAL GOVERNMENT ASSOCIATION

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COMPANY INFORMATION

DIRECTORS

The members of the LGA Board for the year were:

Conservative	James Jamieson [Chairman] Izzi Seccombe OBE [Deputy-chairman] John Fuller OBE [Deputy-chairman] Robert Alden [Deputy-chairman] Teresa O'Neill OBE [Deputy-chairman]
Labour	Nick Forbes [Senior Vice-chair] Michael Payne [Deputy-chair] Anntoinette Bramble [Deputy-chair] Tudor Evans OBE [Deputy-chair] Georgia Gould [Deputy-chair]
Liberal Democrat	Howard Sykes MBE [Vice-chair] Ruth Dombey OBE [Deputy-chair]
Independent	Marianne Overton MBE [Vice-chair] Clive Woodbridge [Deputy-chair]

COMPANY SECRETARY

Claire Holloway

REGISTERED OFFICE

18 Smith Square
London, SW1P 3HZ

BANKERS

Barclays
UK Banking
1 Churchill Place
London, E14 5HP

INDEPENDENT AUDITOR

PKF Littlejohn LLP
15 Westferry Circus
Canary Wharf
London, E14 4HD

COMPANY NUMBER

11177145

LOCAL GOVERNMENT ASSOCIATION

CHIEF EXECUTIVE'S REPORT Year ended 31 March 2021

The Local Government Association (LGA) is the national voice of local government, working with councils to support, promote and improve local government.

We are a politically-led, cross-party organisation that receives funding from our member councils to ensure local government has a strong, credible voice with national government.

We aim to influence and set the political agenda on issues that matter to councils so they are able to deliver local solutions to national problems. We support councils through increasingly challenging times and focus our efforts where we can have most impact for our members.

We support councils to improve and help them to provide the best possible services to the people they serve. We play a leading role in improvement and innovation so that councils can continue to make a difference in their local areas and to the lives of their residents.

We work with councils in every part of England and Wales - county and district councils, metropolitan and unitary councils, London boroughs and Welsh unitary councils. Through our associate scheme we provide services to other organisations including fire and rescue and national park authorities, police and crime commissioners and town and parish councils.

In 2020/21 we had 335 English member councils along with the 22 Welsh authorities, in corporate membership through the Welsh Local Government Association (WLGA).

Working with and on behalf of our membership we:

- influence critical legislative, financial and policy decisions and shape the policies that underpin councils' service delivery
- press for more powers to be devolved from Whitehall to local government
- shape emerging government thinking, ensuring councils' views are represented
- work with public, private, community and voluntary organisations to secure their support for local priorities
- campaign on behalf of our membership, promote local government and defend its reputation through the local, regional and national media
- ensure the voice of local government is heard in Parliament
- support councils to share best practice, drive innovation and improvement and to continue to deliver essential services
- negotiate, in our role as national employer, fair pay and pensions and provide support and advice on workforce issues
- coordinate collective legal action on behalf of member councils
- deliver broader services to local government via our wholly owned companies and our joint ventures such as Local Partnerships, Geoplace and Public Sector Audit Appointments.

The LGA Board closely monitors the LGA Group's financial performance against the agreed budget. The LGA's leadership undertook significant work to develop the medium-term financial strategy of the LGA and its associated organisations. This includes a commercial strategy, whose purpose is to diversify the LGA's sources of income, which is now being implemented.

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CHIEF EXECUTIVE'S REPORT

Year ended 31 March 2021

As an example, Layden House, Farringdon – the former headquarters of IDeA, owned by the LGA – has undergone an extensive refurbishment, completed in May 2021. The building has now been let on a 15 year commercial lease.

The LGA Board has also reviewed the strategy for managing the pension costs of the LGA and the IDeA, in view of the c.£3.5 million additional contributions to reduce deficits over the past few years, which has contributed towards a vastly improved position reported in the Triennial Valuation as at 31 March 2019, leading to reduced contributions of less than £0.5 million annually for the next three years.

Review of the year

The past year has been significant for councils and their teams as they continued to respond to the unprecedented challenges caused by the COVID-19 pandemic. The pandemic has demonstrated the value of local leadership, with councils delivering essential services that improve the lives of millions. Councils have supported the homeless into safe accommodation, coordinated the delivery of PPE into care homes, helped local businesses to access a range of emergency grants, supported the vaccine roll-out and continued to combat climate change.

Throughout this period, the LGA has supported local government in its response and continued to promote their significant work to Government and the public. We have refocussed our work to support councils in their role as part of the national effort to protect and support local communities. In all our discussions with Government, we have continued to highlight why councils are trusted by their local communities, making the case for them to be empowered to get on with their roles as local leaders, equipped with the right resources and funding to deliver.

Through our close working with Government, we have secured £4.6 billion of un-ringfenced COVID emergency funding for councils. We continue to make the case of why long-term investment in our local services will be vital for our national economic and social recovery, particularly a multi-year financial settlement that puts councils on a sustainable footing.

These financial statements relate to the year 2020/21 and highlight the valuable contributions the LGA has made over the past year. As we look forward towards recovery, we will continue to ensure that councils have the necessary powers and resources in order to improve lives, tackle deep set inequalities and build inclusive growth across the country.

Throughout 2020/21, the LGA continued to support and be an advocate for councils. Through our Re-thinking local campaign, we demonstrated how councils have been true leaders during the coronavirus pandemic, showing what is possible when leadership is rooted in local communities. But a response to a crisis cannot be the limit of our ambitions. Our campaign called for a stronger working relationship across Whitehall so that we can effectively engage all of government in a debate about how we build services for the future. With the right tools and resources councils can deliver on the ambitions we have for the diverse communities we represent.

The following sets out just some of the work we delivered over the last 12 months.

At a glance: A year in the LGA

Over the last 12 months, we continued to campaign on behalf of our membership, taking every opportunity to secure the funding and powers that councils need to best serve their local communities and improve residents' lives.

Through our work, including working with partners, our Vice-Presidents and others we secured a number of benefits for councils over the past year. Highlights include:

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CHIEF EXECUTIVE'S REPORT

Year ended 31 March 2021

APRIL 2020

- Our **sector led-improvement offer** was **rapidly refocused** to provide councils with vital support to respond to COVID-19 and surrounding challenges. This included a range of new remote support offers, ongoing regional support, peer support and intelligence gathering in relation to COVID-19.
- The Government announced councils would receive a further **£1.6 billion** to help them deal with the immediate impact of COVID-19.
- The Transport Secretary announced a funding boost of nearly **£400 million for bus services** in England to keep essential routes operating during the pandemic.
- LGA Chairman and Chief Executive gave evidence to the Housing, Communities and Local Government Select Committee to **discuss the impacts of COVID-19 on councils**.

MAY 2020

- The Transport Secretary announced **£1.7 billion of transport infrastructure** investment into repairing local roads to improve journeys for cyclists, pedestrians and drivers.
- The Government announced a new funding package of **£300 million** to support the new COVID-19 **test and trace** service.
- The **LGA's virtual events programme** was launched on 20 May with the first ever cross-party Vice Presidents' Virtual Briefing, followed by our first webinar on 21 May where over 380 people joined us to hear 'how to support the mental health and wellbeing of our communities during Covid-19'.

JUNE 2020

- The Government announces an extension to the **free school meals voucher scheme** to ensure that vulnerable children will not go hungry over the summer holidays.
- We published the latest results of our **resident satisfaction polling** showing satisfaction with local councils is at its best since we began this research.

JULY 2020

- The Chancellor of the Exchequer delivered his Summer Economic Update by announcing **investment in skills**, creating jobs, apprenticeships and opportunities for young people, **social housing decarbonisation** and a focus on **green jobs**.
- In response to the COVID-19 pandemic the 2020 LGA Annual Conference was transformed into a series of **13 free virtual events** held over a fortnight and attracting **more than 4,000 virtual visits** from local government colleagues and partners. The webinars provided the launch platform for our '**Re-thinking local**' report, calling for a reassessment of what we want from our local areas, public services, our communities and lives as we rebuild our economy, get people back to work and create new hope.
- The Housing, Communities and Local Government Secretary announced a further **£500 million** extra funding to help councils through the COVID-19 crisis.
- We published our annual report setting out what our **sector-led improvement** programme delivered in **2019/20**. Highlights from the report included the delivery of **129 peer challenges**, placing **149 National Graduate Development Program graduates** in councils across the country and receiving **5,000 applications**, and developing **958 councillors** through participation in leadership programmes.
- We published **seven key principles to underpin the reform of social care** and support, considering the lessons learned from the pandemic. We urged Government and other parties to begin cross-party talks on reform.

AUGUST 2020

- Publication of Institute for Fiscal Studies report which was co-funded by the LGA and Economic and Social Research Council. The report suggested **financial pressures on**

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CHIEF EXECUTIVE'S REPORT

Year ended 31 March 2021

councils as a result of the COVID-19 pandemic will continue into the next year 'and beyond'.

- Government announced **£588 million** funding for hospital discharge and to support people needing additional follow-on care after they have been discharged from hospital.
- After significant LGA lobbying, the Government announced a **further extension of the ban on evictions** from social and private rented accommodation.
- The Government announced that the **NHS Test and Trace programme would expand its support to councils**. The announcement which we had been calling for meant local areas would have dedicated ring-fenced teams from the national service to focus their work on specific local areas, alongside the relevant public health team.

SEPTEMBER 2020

- An LGA commissioned **report from the Institute for Fiscal Studies about the future outlook for council finances** estimated there could be a funding gap facing councils of £5.3 billion by 2023/24 just to maintain services at 2019/20 levels. The findings formed part of our **submission to the Comprehensive Spending Review**.
- Launched **Net Zero Innovation Programme** along with UCL. The Net Zero Innovation Programme brings together partnerships of researchers and climate change officers from councils across all the regions in England for an initial period of 12 months.
- Following lobbying from councils and care providers, **Government announced that the Infection Control Fund**, introduced in May 2020, **would be extended** to March 2021 and an extra £546 million would be made available to care providers.
- Launched **three Return to Work campaigns – focusing on ICT, planning and legal** – to identify and provide skilled professionals with free training or resources, to restart their highly-valued roles and support councils with their COVID-19 recovery strategies.

OCTOBER 2020

- **Set out our Comprehensive Spending Review submission** which called on the Government to provide sustainable and certain long-term funding to councils, bring power and resources closer to people and begin cross-party work to provide a sustainable, long-term funding solution for adult social care services.
- **Submitted our response** to Tranche Two of the Government's **Business Rates Review Call for Evidence**. We recommended that the Government explored in more detail Capital Values Tax and Land Value Tax and the response covered our views on maintaining the accuracy of rating lists, billing and alternatives to the current business rates system.
- Government announced **£6 million** to help councils prepare for a new duty on councils to **support victims of domestic abuse** as part of the introduction of the Domestic Abuse Bill.

NOVEMBER 2020

- The **2020 Spending Review** announcement provided more certainty for councils for 2021/22. The funding package included provision for a potential increase of **4.5 per cent** in council core spending power to support vital local services, assuming a council tax rise of 5 per cent, compensation for **75 per cent** of irrecoverable council tax and business rates income, a cut in the Public Works Loan Board lending rate, funding for building safety remediation and **£7.1 billion** National Home Building Fund over the next four years to unlock up to **860,000 homes**.
- More than 626 posts from 260 contributors across Twitter, Facebook and Instagram reached **4.6 million people** and saw us **trending at number 1** on Twitter in the UK during the LGA-led **#CouncilsCan Day**, highlighting the critical role of local government during the pandemic.
- Our **National Children and Adult Services Conference 2020** was run as a series of **18 virtual events** held over three days. The event attracted over **700 delegates** from councils and partners and included a mix of keynote and ministerial addresses with participatory

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CHIEF EXECUTIVE'S REPORT Year ended 31 March 2021

workshop sessions, featuring experts from the adult, children and education sectors and people with lived experience.

DECEMBER 2020

- Beginning of **vaccination rollout**. The LGA called for councils' local knowledge of their communities to be utilised in encouraging priority groups to get vaccinated.
- Government acted on the strong concerns expressed by the LGA and councils about its **proposed update to the housing formula** and on 16 December, Housing Secretary Robert Jenrick set out revised plans to enable the delivery of new homes which included an updated formula to **prioritise the use of brownfield sites and urban areas**.

JANUARY 2021

- The **LGA Model Councillor Code of Conduct** was **unanimously approved** by the LGA Executive Advisory Board. We received 1,600 individual responses to the consultation on the Code from councillors, officers and on behalf of whole councils from all parts of local.
- After successful LGA lobbying, **directors of public health** were able to **access data on the number of vaccines administered**, including daily and cumulative total vaccination events by first and second doses and by the higher risk cohorts for local authority area.

FEBRUARY 2021

- After significant lobbying from the LGA the **vaccination data published by NHS England was updated to now include local authority level (district and single tier authorities)**, Parliamentary constituency, middle layer super output area and more.
- As at 1 February 2021, **LG Inform Plus** contained **1.2 billion values and 13,500 individual data items** taken from 240 different collections covering 46 separate data sources such as ONS, PHE and Government Departments.
- Housing Secretary, Robert Jenrick announced a package of measures to protect **leaseholders from the cost of removing unsafe ACM cladding from buildings**. The Government confirmed it would pay for the removal of unsafe cladding for leaseholders in all residential buildings 18 metres (six storeys and over) and higher in England. Non-interest loans will be offered to leaseholders in buildings between 11 and 18 metres (four to six storeys) with a guarantee that they will never pay more than £50 a month for cladding removal costs.

MARCH 2021

- Councils marked a year since the start of the pandemic.
- At our **Public Health Conference**, the Secretary of State for Health and Social Care, Matt Hancock announced the creation of a new Office for Health Promotion and the UK Health Security Agency. The **'Transforming the public health system' reform paper** also confirmed that responsibilities for public health will remain with councils.
- **Budget 2021** included a number of announcements to further mitigate the impact of the pandemic. Announcements included a mortgage guarantee scheme, boost to the Culture Recovery Fund, funding to increase traineeships and boost skills and **UK Infrastructure Bank**. The launch of the **£4.8 billion Levelling Up Fund** and Community Renewal Fund prospectuses are also an important way to help councils invest in their communities.
- The Government announced a package of **reforms to the Right to Buy scheme**, in what is a significant lobbying success for the LGA, **following years of campaigning**. The Government extended the timeframe councils have to spend receipts from three to five years and increase the percentage cost of a new home councils can fund using receipts from 30 to 40 per cent.

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CHIEF EXECUTIVE'S REPORT Year ended 31 March 2021

LGA in the media

Over the past year the LGA was featured **34,979** times in national, trade, regional, broadcast and online media, including **1,510** LGA mentions in national newspapers, broadcast and online articles – that's an average of **29** times a week. On average, we have secured **four** national media hits every single day.

As well as a number of front page stories in national newspapers, our lead political spokespeople have been interviewed **114** times on national broadcast media.

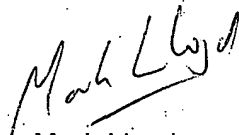
LGA in Parliament

We continue to deliver a full programme of parliamentary engagement, briefing for debates, influencing legislation and shaping parliamentary committee reports.

To help deliver this, we have briefed for **51** parliamentary debates and **25** debates on legislation, securing support from MPs and Peers for our campaigns and policy positions, gave oral evidence to parliamentary enquiries **39** times, produced **77** written submissions and influenced **36** reports and helped shape two pieces of primary legislation agreed by Parliament whilst also proactively supporting the bringing forward of new laws such as those to prevent domestic abuse and improve fire safety.

In the last financial year, the LGA has been quoted **96** times in the House of Commons, **19** in Westminster Hall debates, **4** times in written ministerial statements and **76** times in Commons written questions and answers. In the House of Lords, the LGA has been mentioned **242** times, **23** times in Grand Committee debates, and **41** times in Lords written questions and answers.

I am proud of the contribution the LGA has made to the promotion and success of local government in the past year. Looking ahead to the challenges in the coming year, I am confident we will continue to provide the support to our councils as and when they need us.



Mark Lloyd
Chief Executive

9 June 2021

LOCAL GOVERNMENT ASSOCIATION

STRATEGIC REPORT

Year ended 31 March 2021

The Directors present their strategic report on the Group for the year ended 31 March 2021.

Principal Activities

The Local Government Association (LGA) was incorporated on 30 January 2018. On 1 April 2019 the LGA took on the business, assets and liabilities of the unincorporated Local Government Association, which had been set up on 1 April 1997 following the merger of the three previous local authority associations covering England and Wales (the Association of County Councils, the Association of District Councils and the Association of Metropolitan Authorities), to provide a single national voice for local government.

On 1 December 2020, the LGA took on the business, assets and liabilities of its subsidiary The Local Government Management Board.

During 2020/21 the LGA continued to streamline its merged operations with its subsidiaries – the Improvement and Development Agency for Local Government (IDeA), its property company Local Government Association (Properties), and its commercial company LGA Commercial Services Limited.

The shared objective of the LGA and its subsidiaries is to make an outstanding contribution to the success of local government working with and on behalf of the LGA's member authorities to support, promote and improve local government.

Departure from United Kingdom Generally Accepted Accounting Principles (UKGAAP)

In line with prior years, the financial statements do not include a detailed note on the Association's defined benefit pension scheme, instead just showing the combined Group view.

The LGA Board do not believe that this exception results in the financial statements not showing a true and fair view.

Report of the business

In October 2020, the LGA Board agreed a new 3-year business plan, based on those issues of greatest importance to our member councils and rooted in the United Nations Sustainable Development Goals. The business plan was updated in October 2021, to reflect the changing situation and new emphasis arising from the Covid-19 pandemic.

Through the work of our Boards and Task and Finish Groups, made up of members from councils across England and Wales, the LGA has continued to make progress on delivering its priorities

Despite further pressure in our core funding, we have delivered a satisfactory financial outcome in 2020/21. From 1 April 2016, IDeA became the recipient of Direct Government Funding from the Ministry of Housing, Communities and Local Government (MHCLG) to pay for improvement services to councils, replacing Revenue Support Grant ("RSG top slice"). Our income from MHCLG Funding fell by £1.0 million in the year reflecting the change to remote working practices, and while other grants and service contracts were secured, overall income decreased by a total of 0.9 per cent in 2020/21 compared with the previous year. We continued to keep costs down and invested in reducing costs of back office services, at the same time as continuing to deliver on our key priorities and deliver direct support to councils. Both the LGA and the IDeA continued to make significant payments towards their pension fund deficit.

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STRATEGIC REPORT

Year ended 31 March 2021

As agreed by the LGA Board, the 2020/21 consolidated operating surplus (excluding pension scheme and investment property revaluation adjustments) has replenished the risk and contingency reserve in our balance sheet. This was created to be used to provide opportunities to invest to save costs or generate additional commercial income, and also to cover the potential risks to the 3 Year plan included in the LGA's Financial Strategy.

The LGA Board has overseen the LGA's approach to Treasury Management and concluded that the LGA should continue to be cautious in its investment strategy. Substantial use has been made of the Public Sector Deposit Fund, a qualifying money market fund operated by CCLA Investment Management Ltd. No losses arose on treasury activities.

Following a real terms reduction in subscription income of over 48 per cent in the seven years to 2019, the LGA Board agreed an inflationary 2% increase in membership subscriptions 2021/22.

Future Developments

In common with other parts of the public sector, we are taking steps to ensure 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.

During 2021/22 the LGA will continue to develop and manage its property assets to maximise their capital values to offset the liabilities arising from our pension funds and to reduce costs and deliver additional commercial income to maximise levels of support to our membership.

The impact of COVID-19 on the Group and Company's business has been assessed and has been determined to not be material. The IDeA receives grant funding from the Ministry for Housing, Communities and Local Government (MHCLG). This funding is received on behalf of the Local Government Association and its related bodies. The level of funding has been formally determined by MHCLG for the year to 31 March 2022. Funding for some of the Company's principal funded programmes has also been agreed by the funders, with the remainder expected shortly. The majority of Member subscription income has been received for the year.

For the investment property rental income streams, there has been, and is expected to be, no interruption for 18 Smith Square, while Layden House has secured tenants for the office floors on a long term lease, such that no material impact is expected to the Group. As agreed by both Boards of Directors, it is expected that the business, assets and liabilities for Local Government Association (Properties) will be transferred into Local Government Association via a transfer agreement during 2021/22.

Therefore, it is considered that the majority of the Group and Company's income for the foreseeable future is secure and the Directors have therefore adopted the going concern basis for the preparation of these accounts.

Our priorities

In October 2019, based on feedback from our member councils and agreed by our politicians, we launched a new three-year business plan that set out our priorities, which was reviewed and updated in October 2020 in the light of the pandemic:

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STRATEGIC REPORT

Year ended 31 March 2021

Funding for local government

Fair and sustainable funding enables councils to plan and deliver essential public services beyond the short term, to raise more funds locally and to promote greater collective working across local public services.

Adult social care, health and wellbeing

Sustainable funding and better integration with health services enable councils to continue to support people to live safe, healthy, active, independent lives and to promote wellbeing and resilience for all ages.

Narrowing inequalities and protecting communities

Councils lead and work with diverse communities and partners to address inequalities and build safe, cohesive and resilient communities.

Places to live and work

Councils lead the way in driving inclusive and sustainable economic recovery, building the homes that people need and creating places where they want to live.

Children, education and schools

Councils have the powers and resources they need to bring partners together to deliver inclusive and high-quality education, help children and young people to fulfil their potential and offer lifelong learning opportunities for all.

Strong local democracy

A refocus on local democratic leadership, and a shift in power post-Brexit from Whitehall to local communities, leads to greater diversity of elected representatives, high standards of conduct and strong, flexible local governance.

Sustainability and climate action

Councils take the lead in driving urgent actions in their local areas to combat climate change and its impacts and to deliver zero net carbon by 2030.

Supporting councils

We support councils continuously to improve and innovate through a programme of practical peer-based support underpinned by strong local leadership and through our service delivery partnerships.

Principal risks and uncertainties

Our arrangements for risk management include the regular review of the LGA's 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 our members, ensuring that membership levels are maintained, ensuring that we have effective governance arrangements and financial sustainability, and ensuring that 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 principal liabilities other than those arising in ordinary day to day business relate to our combined pension deficit and four main liabilities: structural interest free debt of £8.2 million due

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STRATEGIC REPORT

Year ended 31 March 2021

to the predecessor Local Authority Associations and related to the purchase of the Smith Square property; bank debt of £2.08 million on separate loans due to Barclays relating to the Smith Square property, which is currently being repaid at the rate of £0.52 million each year; £20.0 million from Westminster City Council which we are using to fund the development of our properties; and a liability until 2022 for funding the District Councils' Network (DCN), financed from cash received from the predecessor Local Authority Association.

The valuation of our combined pension deficit was £101.94 million at 31 March 2021 (£93.12 million deficit at 31 March 2020). In order to pay off the pension deficit and liabilities for past employees, we have been making additional contributions averaging over £4 million per annum. Following the Triennial Valuation as at 31 March 2019, these additional contributions have reduced to under £0.5 million per annum. Actuarial advice indicates that on reasonable long term assumptions, these contributions will be sufficient to eliminate the deficit over a period of 19 years for the LGA and 15 years for the IDeA. The LGA Board has commissioned further work to investigate ways in which the management of the pension deficit can be improved.

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 LGA Board. In addition we have reviewed our own efficiency and effectiveness through a number of key indicators. These include the number of organisations in membership, which has remained static in 2020/21, with only four councils out of membership at the year end (currently five councils are out of membership). The National Association of Local Councils has entered into a corporate membership with the LGA and requested that 22 Town/Parish councils had access to our associate membership scheme.

In 2019 we carried out a survey of our members which gave us important information about customer satisfaction with 78 per cent of members indicating that they were satisfied overall with the work of the LGA. 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 these through member surveys.

We review our financial sustainability by carefully controlling our staff costs. Currently we have 402 employees in the year ended 31 March 2021. We continue to monitor employee absence through the implementation of better recording methods (self-service) for staff and this has remained fairly stable from an average annual number of sick days per employee of 3.2 days in March 2020 to 2.0 days in March 2021 which is still well below national averages for sickness (8.0 days for public sector – Source: CIPD Health & Wellbeing at Work Survey 31 March 2020).

We continue to pay close attention to the collection of outstanding debt. The percentage of debtors over 12 months was 1 per cent of the total trade debtors at March 2021 (1 per cent 2020).

Market Value of Land and Buildings

The market value of 18 Smith Square (formerly known as Local Government House), which is owned by LGA (Properties), is considered at the latest valuation in March 2021 to be £47.50 million (2020 £50.75 million) with a net decrease of £3.25 million in the year reflecting rental market conditions in the Westminster area. In the Group accounts 34% (2020/21 34%) of the above market value is reflected as an investment in the Groups' balance sheet. The remainder held as an operational asset at the current net book value of £17.2 million.

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STRATEGIC REPORT **Year ended 31 March 2021**

Layden House, previously owned by The Local Government Management Board, is now owned by the LGA following the LGMB business transfer on 1 December 2020 is classified as an investment property and has a market value at 31 March 2021 of £63.0 million (2020 £64.4 million), a decrease of £1.4 million reflecting the reduced strength of the Farringdon rental market.

Environmental matters – minimising the impact of climate change

Through the General Assembly in July 2019, the LGA declared a climate emergency, and aligned its priorities to the United Nations Sustainable Development Goals.

The LGA is committed to minimising the environmental impacts of its activities, reducing pollution and CO2 emissions and contributing to a healthy future for all. The past year has demonstrated that working and attending remotely now provides a real alternative to travelling to 18 Smith Square, both for staff and for the elected members who are actively engaged in the work of the LGA.

Flexible working

Our interim flexible working policy allows office-based staff to work from home up to four days per week, subject to their role and to the needs of the business. For those who do not need to be based in 18 Smith Square, we offer home-based contracts. This means less journeys to work and a better work-life balance. Longer term it may enable us to further reduce the amount of office space that we occupy.

Our ICT is designed to support flexible working, enabling staff to log in from home or other venue with a secure wifi connection, or from public transport when they are on the move.

Head office - 18 Smith Square

All meeting rooms at 18 Smith Square are equipped with videoconferencing facilities, cameras and sound bars to support virtual or hybrid meetings and events.

Secure cycle facilities and showers are provided for those who prefer to cycle or run to work.

Following its refurbishment 18 Smith Square's EPC rating moved from F to B – a significant achievement for a heritage building in a conservation area. Lights are energy efficient LEDs, with motion sensors that switched off when not required. Windows that do not face the conservation area are triple glazed to reduce energy loss. Recycling bins are provided on every floor.

Travel

Where staff and members need to travel they are encouraged to use public transport wherever practicable to reduce the impact on the environment.

Procurement

The LGA has a robust procurement policy and process, which underpins the importance of all our contractors being able to demonstrate a commitment to sustainability and combatting climate change. Our procurement documentation states:

"In adhering to our commitments, the contractor should have systems in place to account for and minimise environmental impacts in all areas of contract delivery."

Community and social issues, respect for human rights

2020 marks the 75th anniversary of the liberation of Nazi concentration and extermination camps. At their meeting on 11 March 2020, the LGA Board agreed to adopt the International Holocaust Remembrance Alliance definition of antisemitism.

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STRATEGIC REPORT

Year ended 31 March 2021

The LGA's Public Duties and Volunteering policy makes provision for colleagues to take time off for approved public and community activities.

A significant strand of our policy work is targeted at improving social cohesion, adult and children's social care, and enhancing communities.

The LGA recognises that it has a responsibility to take a robust approach to modern slavery and human trafficking. The organisation supports the Modern Slavery Act 2015 and opposes modern slavery and human trafficking. It is committed to ensuring that such practices have no place within its supply chain or other activities.

In addition to the LGA's responsibility as an employer, it also acknowledges its duty to notify the Secretary of State of suspected victims of modern slavery or human trafficking as introduced by section 52 of the Modern Slavery Act 2015.

Anti-fraud, bribery and corruption matters

The LGA has an anti-fraud, bribery and corruption policy and response plan which is reviewed annually. The Audit Committee receives an annual report on any instances of fraud, bribery or corruption. No instances were reported in the past year.

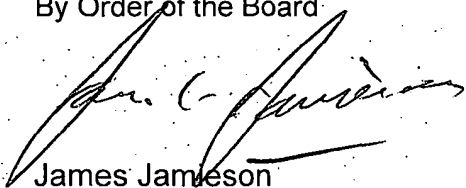
Section 172 statement

Section 172(1) of the Companies Act 2006 states that directors of a company must act in the way he/she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- The likely consequences of any decision in the long term
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and the environment
- The desirability of the company maintaining a reputation for high standards of business conduct, and
- The need to act fairly as between members of the company.

At the commencement of all Board meetings, Directors are reminded of their responsibilities in regard to this requirement, and agree to abide by it in their decision making.

By Order of the Board



James Jameson

LGA Chairman and Chairman of the LGA Board

9 June 2021

LOCAL GOVERNMENT ASSOCIATION

DIRECTORS' REPORT Year ended 31 March 2021

The Directors present their report and the audited financial statements of the Group and Company for the year ended 31 March 2021.

Future Developments

Future developments are set out in the Strategic Report.

Dividends

The LGA Constitution and the articles of the companies that the LGA controls directly do not permit the payment of dividends.

Directors

The Directors of the Company during the year ended 31 March 2021 were:

Conservative	James Jamieson [Chairman] Izzi Seccombe OBE [Deputy-chairman] John Fuller OBE [Deputy-chairman] Robert Alden [Deputy-chairman] Teresa O'Neill OBE [Deputy-chairman]
Labour	Nick Forbes [Senior Vice-chair] Michael Payne [Deputy-chair] Anntoinette Bramble [Deputy-chair] Tudor Evans OBE [Deputy-chair] Georgia Gould [Deputy-chair]
Liberal Democrat	Howard Sykes MBE [Vice-chair] Ruth Dombey OBE [Deputy-chair]
Independent	Marianne Overton MBE [Vice-chair] Clive Woodbridge [Deputy-chair]

Directors' Indemnity

The company has provided qualifying third-party indemnities for the benefit of its Directors. These were provided during the year and remain in force at the date of this report.

Financial Instruments

The Group operates a centralised treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the Group's activities.

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

LOCAL GOVERNMENT ASSOCIATION

DIRECTORS' REPORT

Year ended 31 March 2021

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.

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 a 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 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 Board.

Political and charitable contributions

Neither the LGA nor its subsidiaries made any charitable donations over £2,000 or any political donations or incurred any political expenditure during the year.

Branches outside the UK

The Group has a branch in Brussels.

Post Balance Sheet Events

The impact of COVID-19 on the Group's business interests are set out in the Strategic Report.

On 1 April 2021, the administration of the IDeA Local Government Pension Scheme (IDeA LGPS) was transferred from Camden Borough Council to the Merseyside Pension Fund (though the funds were not merged with the LGA LGPS).

The Directors are not aware of any other Post Balance sheet events.

Employees

Details of the number of employees and related costs can be found in Note 3 to the financial statements. In line with the LGA Pay Policy the LGA publishes the salaries of its Corporate Leadership Team on its website. These are updated annually to reflect the national pay award. Details of the statutory requirement to publish gender pay-gap remuneration statistics can also be found on the LGA website.

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

LOCAL GOVERNMENT ASSOCIATION

DIRECTORS' REPORT

Year ended 31 March 2021

their interests. Communication with all employees continues through direct briefing and regular use of our intranet. Directors receive periodic updates on staff performance measures, and the results of biennial staff surveys.

Staff are provided with relevant information on the LGA's activities, and are encouraged to be involved in the LGA's performance, by being invited to regular informal engagement opportunities such as the monthly All Staff webinar (which includes an annual update on financial performance), by sitting on panels such as the Commercial Ideas Lab and IT Strategy Board, as well as receiving updates through the intranet and associated bulletins. Managers are encouraged to have regular one-to-one updates with their direct reports. Our HR team meets with union representatives monthly.

In 2020 the LGA commissioned an external consultancy to conduct a review of its approach to Equality, Diversity and Inclusion (EDI). Following extensive consultation across the organisation, senior management agreed an EDI strategy and action plan and this has been adopted by the LGA Board. The LGA and its leadership are committed to listening and responding to staff concerns, to closely monitoring what our data tells us and to taking action as appropriate.

The LGA have set up an EDI Steering Group to oversee and drive delivery of the strategy and action plan which is chaired by senior management's EDI champion and includes representatives from all directorates, staff network groups and the Trade Union.

The strategy and action plan are focused on the work we are doing internally in the LGA. There is also work happening to improve the work we do with councils on improvement and policy and discussions with Members are getting underway with the newly appointed Equalities Advocates on our Boards.

The LGA offers apprenticeship and leadership development programme opportunities, and all staff have personal training and development plans with access to a variety of learning opportunities via the e-learning system.

Statement of engagement with suppliers, customers and others in a business relationship with the Company

The LGA Executive Advisory Board comprises representative Members to ensure its 'customers' are at the heart of its decision making on policy decision. Councillors' Forum and the General Assembly / Annual Conference also make sure that the customer views are regularly canvassed.

The LGA follows all public procurement rules (including OJEU where required) to ensure that suppliers and others in a business relationship are treated fairly and transparently. A list of the largest spend by supplier is available on the company website. The LGA expects its suppliers to pay their employees the London Living Wage, have in place a Modern Slavery policy, and to support the LGA in achieving the United Nations Strategic Development Goals.

The LGA voluntarily follows the Government Prompt Payment Policy, with the aim of ensuring that 100% of all undisputed and valid invoices are paid within 30 days, with the Strategic Management Team receiving quarterly Key Performance Indicators on adherence.

Statement of corporate governance arrangements

The LGA Board oversees management of the LGA's financial and other resources, and the financial and accommodation strategies for the wider group.

LOCAL GOVERNMENT ASSOCIATION

DIRECTORS' REPORT

Year ended 31 March 2021

The LGA Board has considered these accounts in the light of a report from the LGA Audit Committee, chaired by Cllr Daniel Humphreys, whose membership is independent of the LGA's other Boards and Panels.

Provision of Information to Auditors

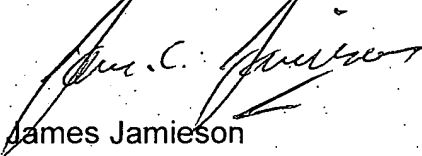
So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditor

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.

This report was approved by the Board on 9 June 2021 and signed on its behalf.



James Jamieson

LGA Chairman and Chairman of the LGA Board

LOCAL GOVERNMENT ASSOCIATION

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Year ended 31 March 2021

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- selected suitable Accounting Policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS102 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 Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

LOCAL GOVERNMENT ASSOCIATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LOCAL GOVERNMENT ASSOCIATION Year ended 31 March 2021

Opinion

We have audited the financial statements of the Local Government Association (the 'Association') and its subsidiaries (the 'Group') for the year ended 31 March 2021 which comprise the Consolidated and Association Statements of Comprehensive Income, the Consolidated and Association Balance Sheets, the Consolidated and Association Statements of Changes in Equity, the Consolidated 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 Group's and of the Association's affairs as at 31 March 2021 and of the Group's deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

LOCAL GOVERNMENT ASSOCIATION

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 strategic report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 group and the parent Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the group and parent Association 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 Group and parent Association financial statements, the directors are responsible for assessing the Group's and the parent Association'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 group or the parent Association to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the Group and parent Association and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this

LOCAL GOVERNMENT ASSOCIATION

regard through discussions with management, sector research and application of cumulative audit knowledge and experience.

- We determined the principal laws and regulations relevant to the company in this regard to be those arising from the Companies Act 2006, Financial Reporting Standard 102 and relevant employee legislation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to enquiries of management, review of minutes and review of legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was potential for management bias in the valuation of the investment properties. We addressed this through review of the valuation report prepared by management's expert, testing the reasonableness of inputs to their calculation, and challenging assumptions applied in the valuations for example by agreement to third party metrics.
- We also identified potential for management bias in the judgements made around recoverability of debtors. We addressed this through examination of post year end cash received, review of correspondence with debtors and discussion of recoverability with management.
- We also identified potential for management bias in the accounting for the defined benefit pension scheme liability. We addressed this through review of the actuary report prepared by management's expert, testing the reasonableness of inputs to their calculation, and challenging assumptions applied in the valuation.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included but were not limited to the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 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.

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

Date:

28 September 2021



15 Westferry Circus
Canary Wharf
London E14 4HD

LOCAL GOVERNMENT ASSOCIATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME Year ended 31 March 2021

	Note	2021 £000	2020 £000
Income: Group and share of joint ventures' income		63,450	64,045
Less share of joint ventures' income		(10,699)	(9,837)
Group Income	2	52,751	52,208
Administrative expenses		(55,910)	(62,298)
GROUP OPERATING DEFICIT BEFORE INTEREST AND TAX	4	(3,159)	(8,090)
Interest receivable and similar income		331	72
Interest payable		(803)	(550)
Share of operating surplus of joint ventures	9	3,486	2,968
Dividend and profits share from Joint Ventures		3,511	1,915
Finance discounts allowed	5	(604)	(604)
Share of joint ventures distribution to members		(3,250)	(1,750)
Unrealised loss on revaluation in respect of investment property	8	(2,795)	17,668
GROUP OPERATING (DEFICIT) / SURPLUS BEFORE TAX		(3,283)	11,629
Corporation Tax		-	-
GROUP OPERATING (DEFICIT) / SURPLUS FOR THE FINANCIAL YEAR		(3,283)	11,629
Other Comprehensive Income:			
Actuarial (loss)/gain recognised in respect of the pension fund		(5,540)	45,050
GROUP TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(8,823)	56,679

All amounts relate to continuing operations.

The accounting policies and notes in pages 31 to 53 form part of these financial statements.

LOCAL GOVERNMENT ASSOCIATION

ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2021

	Note	2021 £000	2020 £000
Income	2	20,984	24,229
Administrative expenses		(25,690)	(26,743)
Gain/(Loss) on revaluation of investment property		(1,690)	16,768
OPERATING (DEFICIT) / SURPLUS BEFORE INTEREST	4	(6,396)	14,254
Interest receivable and similar income		770	1,414
Interest payable		-	(650)
Finance discounts allowed	5	(604)	(604)
Dividend and profits share from Joint Ventures	9	261	165
OPERATING (DEFICIT) / SURPLUS FOR THE FINANCIAL YEAR		(5,969)	14,579
Other Comprehensive Income:			
Actuarial gain/(loss) recognised in respect of the pension fund		(2,051)	5,450
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(8,020)	20,029

All amounts relate to continuing operations.

The accounting policies and notes in pages 31 to 53 form part of these financial statements.

LOCAL GOVERNMENT ASSOCIATION

CONSOLIDATED BALANCE SHEET

As at 31 March 2021

	Note	2021 £000	2020 £000
FIXED ASSETS			
Tangible assets	7	17,842	18,690
Investment Properties	8	79,150	81,655
Intellectual Copyright Assets		1	1
Investments - MBA	9	4	4
Investments in Joint Ventures:			
Share of gross assets of joint ventures	9	9,338	7,786
Share of gross liabilities of joint ventures	9	(1,446)	(2,001)
		<u>104,889</u>	<u>106,135</u>
LONG TERM DEBTORS	10	150	150
CURRENT ASSETS			
Debtors	11	7,867	7,453
Short term Investments	12	3,560	1,479
Cash at bank and in hand		4,701	5,011
		<u>16,128</u>	<u>13,943</u>
CREDITORS: amounts falling due within one year	13	(9,553)	(9,693)
		<u>6,575</u>	<u>4,250</u>
NET CURRENT ASSETS			
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>111,614</u>	<u>110,535</u>
CREDITORS: amounts falling due after more than one year	13	(30,013)	(30,811)
PROVISIONS FOR LIABILITIES			
Provision for organisation restructuring	14	(250)	(250)
Pension Fund deficit	15	(101,943)	(93,115)
NET LIABILITIES		<u>(20,592)</u>	<u>(13,641)</u>
ACCUMULATED FUNDS			
General Reserve		19,060	19,060
Revaluation Reserve		57,619	60,414
Risk & Contingency Reserve		4,672	-
Pension Deficits Reserve			
- Pension Fund Assets		359,155	290,384
- less Defined Liabilities		(461,098)	(383,499)
		<u>(20,592)</u>	<u>(13,641)</u>

The accounting policies and notes in pages 31 to 53 form part of these financial statements.

These financial statements were approved by the LGA Board on 9 June 2021 and signed on their behalf by

James Jameson, LGA Chairman and Chairman of the LGA Board

LOCAL GOVERNMENT ASSOCIATION

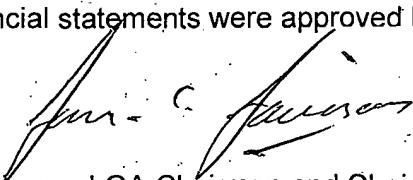
ASSOCIATION BALANCE SHEET

For the year ended 31 March 2021

	Note	2021 £000	2020 £000
FIXED ASSETS			
Tangible Assets	7	224	352
Investment Properties	8	63,000	64,400
Investments	9	804	804
LONG TERM DEBTORS	10	22,650	42,650
CURRENT ASSETS			
Debtors	11	2,510	5,814
Short term Investments	12	3,894	4,840
Cash at bank and in hand		42	39
		6,446	10,693
CREDITORS: amounts falling due within one year	13	(4,823)	(4,851)
NET CURRENT ASSETS		1,623	5,842
TOTAL ASSETS LESS CURRENT LIABILITIES		88,301	114,048
CREDITORS: amounts falling due after more than one year	13	(36,000)	(57,319)
PROVISIONS FOR LIABILITIES			
Provision for Organisation restructuring	14	-	-
Pension Fund deficit	15	(37,994)	(34,401)
NET ASSETS		14,307	22,328
ACCUMULATED FUNDS			
General Reserve		7,874	7,874
Risk & Contingency Reserve		664	3,402
Revaluation Reserve		43,763	45,453
Pension Deficits Reserve			
- Pension Fund Assets		161,992	142,588
- less Defined Liabilities		(199,986)	(176,989)
		14,307	22,328

The accounting policies and notes in pages 31 to 53 form part of these financial statements.

These financial statements were approved by the LGA Board on 9 June 2021 and signed on their behalf by


James Jameson, LGA Chairman and Chairman of the LGA Board

LOCAL GOVERNMENT ASSOCIATION

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

	Risk & Contingency Reserve	Investment Property Reserve	Pensions Deficit Reserve	Retained Earnings	Total
	£000	£000	£000	£000	£000
Balance at 1 April 2019	-	42,746	(133,848)	21,218	(69,884)
Changes in equity for 2019/20					
Income for the year	-	-	-	11,629	11,629
Pensions Adjustments in Statement of Consolidated income	-	-	(4,317)	4,317	-
Actuarial gains/(losses) on defined benefit plans	-	-	45,050	-	45,050
Unrealised gain on revaluation in respect of investment property	-	17,668	-	(17,668)	-
Total comprehensive income for the year	-	17,668	40,733	(1,722)	56,679
Movement on Joint Venture Reserves	-	-	-	(436)	(436)
Transfer to Risk and Contingency reserve (LGA and IDEA only)	-	-	-	-	-
Balance as at 31 March 2020	-	60,414	(93,115)	19,060	(13,641)
Balance at 1 April 2020	-	60,414	(93,115)	19,060	(13,641)
Changes in equity for 2020/21					
Income for the year	-	-	-	(3,282)	(3,282)
Pensions Adjustments in Statement of Consolidated income	-	-	(3,288)	3,288	-
Actuarial gains (losses) on defined benefit plans	-	-	(5,540)	-	(5,540)
Unrealised gain on revaluation in respect of investment property	-	(2,795)	-	2,795	-
Total comprehensive income for the year	-	(2,795)	(8,828)	2,801	(8,822)
Movement on Joint Venture Reserves	-	-	-	1,871	1,871
Transfer to Risk and Contingency reserve (LGA and IDEA only)	4,672	-	-	(4,672)	-
Balance as at 31 March 2021	4,672	57,619	(101,943)	19,060	(20,592)

LOCAL GOVERNMENT ASSOCIATION

ASSOCIATION STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

	Risk & Contingency Reserve	Investment Property Reserve	Pensions Deficit Reserve	Retained Earnings	Total
	£000	£000	£000	£000	£000
Balance at 1 April 2019	3,056	28,685	(37,317)	7,874	2,298
Changes in equity for 2019/20					
Operating Deficit for the year	-	-	-	(2,189)	(2,189)
Pension adjustment included in Operating Surplus / Deficit for the year	-	-	(2,534)	2,534	-
Actuarial gains/(losses) on defined benefit plans	-	-	5,450	-	5,450
Unrealised gain on revaluation in respect of investment property	-	16,768	-	-	16,768
Total comprehensive income for the year	-	16,768	2,916	345	20,029
Transfer to Risk and Contingency reserve	345	-	-	(345)	-
Balance as at 31 March 2020	3,402	45,453	(34,401)	7,874	22,328
Balance at 1 April 2020	3,402	45,453	(34,401)	7,874	23,328
Changes in equity for 2020/21					
Operating Deficit for the year	-	-	-	(4,279)	(4,279)
Pension adjustment included in Operating Surplus / Deficit for the year	-	-	(1,542)	1,542	-
Actuarial gains/(losses) on defined benefit plans	-	-	(2,051)	-	(2,051)
Unrealised loss on revaluation in respect of investment property	-	(1,690)	-	-	(1,690)
Total comprehensive income for the year	-	(1,690)	(3,593)	(2,737)	(8,020)
Transfer to Risk and Contingency reserve	(2,737)	-	-	2,737	-
Balance as at 31 March 2021	664	43,763	(37,994)	7,874	14,307

LOCAL GOVERNMENT ASSOCIATION

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Note	2021 £000	2020 £000
Net cash outflow from operating activities			
Surplus/(Deficit)		(3,283)	11,629
Adjustments for:			
FRS17 Pension adjustments		3,288	4,317
Investment and dividend Income		(3,842)	(1,987)
Revaluation gains on Investment Properties		2,795	(17,668)
Joint Venture Non-Cash Adjustments		(236)	(1,217)
Finance discounts for former members of AMA		604	604
Interest expense		803	550
Depreciation		694	602
Decrease/(increase) in debtors		(414)	748
(Decrease)/increase in creditors		(140)	721
(Decrease)/Increase in provisions		-	-
(Decrease)/Increase in creditors due after one year		(798)	(779)
Cash generated from operations		<u>(529)</u>	<u>(2,480)</u>
Interest paid		(803)	(550)
Net cash generated from operating activities		<u>(1,332)</u>	<u>(3,030)</u>
Cash flow from investing activities			
Interest received		331	72
Loan to UKMBA		-	(150)
Impairment of investment in the UKMBA		-	-
Investment in redevelopment of Property, Plant and Equipment		154	(366)
Investment in redevelopment of Investment Properties		(290)	(8,658)
Distribution from Joint Venture		3,511	1,915
		<u>3,706</u>	<u>(7,187)</u>
Cash flow from financing activities			
Finance discounts for former members of AMA		(603)	(603)
		<u>(603)</u>	<u>(603)</u>
Cash flow from Taxation activities			
Corporation Tax paid		-	-
		<u>-</u>	<u>-</u>
Net (Decrease)/ Increase in cash		1,771	(10,820)
Cash and cash equivalents at the start of the year		6,490	17,310
Cash and cash equivalents at the end of the year	16	<u><u>8,261</u></u>	<u><u>6,490</u></u>

The accounting policies and notes in pages 31 to 53 form part of these financial statements.

LOCAL GOVERNMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

1. ACCOUNTING POLICIES

On 1 December 2021 the assets, liabilities and business of The Local Government Management Board, an incorporated unlimited company with share capital, transferred to the Local Government Association, an incorporated unlimited company, via a business transfer agreement (see Note 19) and accounted for under Merger Accounting rules as permissible under FRS102.

The financial statements are prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410), with the exception of preparing a detailed note on the Association's defined benefit pension scheme. The LGA Board do not believe that this results in the financial statements not showing a true and fair view. The particular accounting policies adopted are described below.

The Association is considered to be a public benefit entity.

Going Concern

The financial statements have been prepared on the going concern basis. The Association and the entities under its control have net liabilities, after accounting for the defined benefit pension scheme deficits, of £20.6 million as at 31 March 2021. The valuation of net liabilities includes actuarial estimates of pension scheme liabilities at the balance sheet date. The Association and certain of its related entities pay amounts into the schemes, as prescribed by the actuaries, in order to eliminate this deficit over a period between 15 and 22 years, and unfunded pension liabilities are being cleared over the remaining lives of the pensioners concerned, as disclosed in Note 15. Payments to clear pension deficits are financed from the Association's and related entities' general income.

The impact of COVID-19 on the Group and Company's business has been assessed and has been determined to not be material. The IDeA receives grant funding from the Ministry for Housing, Communities and Local Government (MHCLG). This funding is received on behalf of the Local Government Association and its related bodies. The level of funding has been formally determined by MHCLG for the year to 31 March 2022. Funding for some of the Company's principal funded programmes has also been agreed by the funders, with the remainder expected shortly.

For the investment property rental income streams, there is expected to be no interruption for 18 Smith Square, while the delay in securing tenants for the retail units within Layden House may reduce income for the coming year, it is not expected to be material to that company or the Group.

Therefore it is considered that the majority of the Group and Company's income for the foreseeable future is secure and the Directors have therefore adopted the going concern basis for the preparation of these accounts.

However, in the event of dissolution, any excess of the Association's liabilities over its assets would be required, under the terms of its constitution, to be covered by its member authorities, including authorities that had left membership within the period of five years prior to dissolution.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the holding of investment properties at valuation in accordance with FRS 102.

LOCAL GOVERNMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

1. ACCOUNTING POLICIES (Continued)

Basis of consolidation

The group financial statements consolidate the financial statements of the Association and companies under its control for the year ended 31 March 2021. They also consolidate the group's share of the results and post-acquisition reserves of joint ventures under the gross equity accounting method. The profits and losses of group undertakings and joint ventures are consolidated from the date of acquisition to the date of disposal using the acquisition method of accounting. Uniform accounting policies are used for all group companies. Profits or losses on intragroup transactions are eliminated on consolidation.

Note 18 gives details of the companies under the control of the Association and the Association's other related entities.

The accounts for Public Sector Audit Appointments Limited (PSAA) are not consolidated into these statements because the LGA does not exercise or have the ability to exercise control over PSAA and the LGA is not in a position to benefit from its results and financial performance.

Tangible Fixed Assets and Depreciation

Tangible fixed assets are held at historical cost net of depreciation and provisions for impairment. Under FRS102 mixed use property must be separated between investment property and tangible fixed assets. In the Group Accounts for the Financial Year 2020/21 66% (2019/20 66%) of 18 Smith Square cost and depreciation will be accounted for as Tangible Fixed Assets to reflect the area of the building utilised by the group.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation of each asset, less any estimated residual value, evenly over its expected useful life. The expected useful lives of the principal categories are:

Freehold buildings	25 years
Fixtures, fittings and equipment	15 years
ICT and computer equipment	3 years

Assets in the course of construction are stated at cost. These assets are not depreciated until available for use.

Investment Property

The freehold land and buildings investment property, Layden House, has been valued by an independent, external valuer on an open market basis at the Balance Sheet date. In accordance with the FRS102:

- the investment property will be revalued annually with the surplus or deficit transferred to the revaluation reserve, unless the deficit is considered to be permanent; and
- no depreciation or amortisation is provided.

In the Group Accounts for the Financial Year 2020/21 34% (2019/20 34%) of 18 Smith Square valuation on the above basis will be accounted for as Investment Property Assets to reflect the area of the building available for occupation by 3rd parties.

Open market value is defined, in accordance with the RICS valuation standards, as: "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties each had acted knowledgeably, prudently and without compulsion".

Investments

For the Group, investments in Joint Ventures are the interests in Local Partnerships LLP, Geoplace LLP and LGA Digital Services Limited. Note 9 provides the details of their formations and results.

LOCAL GOVERNMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

1. ACCOUNTING POLICIES (Continued)

Note 9 provides details of the Association's investments in Local Partnerships LLP, UK Municipal Bonds Agency PLC and LGA Digital Services Limited.

Short Term investments are cash balances held by the Association and the companies it controls. These balances are pooled and deposited with financial institutions on the Association's approved counterparty list and in accordance with the Investment Strategy.

Financial Instruments – Loans, Swaps and hedging

External loans and swap liabilities are stated at fair value, with in year movements in value recognised in the Statement of Comprehensive Income.

Stocks and Work in Progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes costs incurred in bringing each product to its present location and condition and is calculated as cost of direct materials and labour plus attributable overheads based on normal levels of activity. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

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 Funding

Funding and grants are recognised in the Income and Expenditure accounts when the conditions for receipt have been met. Deferred grant income at the year end is included in creditors. Specific Grant income is recognised in the financial statements in the period the related activities occur.

Debtors

The policy of the Association and the companies it controls 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 subscription debt and debt due from related entities, where the policy is not to make provision. Old debt is periodically reviewed for write-off.

Provisions

Provisions when required are utilised to reflect restructuring costs of redundancies and contracts which have been agreed before the end of the financial year.

Employee benefits

The LGA provides a range of benefits to employees, including paid holiday arrangements and the Local Government Pension Scheme defined benefit plan, as follows:

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

New employees are entitled to membership of the Local Government Pension Scheme through either the Merseyside Pension Fund or the London Borough of Camden Pension Fund. From 1 April 2021, the administration of the IDeA LGPS has transferred from the London Borough of Camden to the Merseyside Pension Fund (though the funds have not merged). Existing staff may be members of either of these Funds.

LOCAL GOVERNMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

1. ACCOUNTING POLICIES (Continued)

The Local Government Pension Scheme is a defined benefit scheme and 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 Statement of Comprehensive Income. 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 Statement of Comprehensive Income 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 is 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 LGA medium term plan (such as increased pension deficit payments). Contributions to or from this reserve will be identified and set so that the LGA and IDeA budgets for each year of the plan are balanced.

2. INCOME

CONSOLIDATED	2021	2020
	£000	£000
Group		
Subscriptions	10,239	9,932
Conferences and seminars	248	2,180
Government Grants	33,516	31,132
Shared Services – external to group	165	895
Other income	8,583	10,069
	52,751	54,208
Joint Ventures	10,699	9,837
	63,450	64,045
ASSOCIATION	2021	2020
	£000	£000
Subscriptions	10,239	9,932
Conferences and seminars	65	1,765
Shared Services	4,407	6,265
Other income	6,273	6,267
	20,984	24,229

LOCAL GOVERNMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

3. EMPLOYEES AND DIRECTORS

Employees

The average monthly number of persons employed and staff costs employed during the year was:

	CONSOLIDATED		ASSOCIATION	
	2021	2020	2021	2020
Average number of persons employed	386	374	184	182
Staff costs	£000	£000	£000	£000
Wages and salaries	23,493	22,319	10,817	10,837
Social security costs	2,604	2,430	1,208	1,167
Pension costs – employer payments	3,427	3,005	1,128	1,012
Pension costs – employer deficit payments	778	3,547	1	1,198
Pension costs – current service costs less contributions	1127	(627)	735	(94)
<u>Less</u> income from secondments	(789)	(903)	(472)	(582)
	<u>30,640</u>	<u>29,771</u>	<u>13,417</u>	<u>13,538</u>
Staff related costs				
Agency, freelance and secondment costs	919	1,286	340	538
Redundancy costs & provision	67	137	28	8
Travel, subsistence and staff expenses	14	1,621	4	668
Recruitment costs	148	53	130	35
Training costs	142	151	128	103
Other personnel costs	79	65	38	40
	<u>1,369</u>	<u>3,313</u>	<u>668</u>	<u>1,392</u>
Total staff costs	<u>32,009</u>	<u>33,084</u>	<u>14,085</u>	<u>14,930</u>

LOCAL GOVERNMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

3. EMPLOYEES AND DIRECTORS (continued)

The numbers of other staff who received remuneration of £50,000 or more are stated in the table below. Remuneration excludes employer pension contributions but includes redundancy and all taxable benefits paid to or receivable by the employee. The 2020 figures include 5 staff (2019: 6 staff) seconded to other organisations, of which 4 were employed by the Association.

CONSOLIDATED	2021	2021	2020	2020
	Remuneration including redundancy	Remuneration excluding redundancy	Remuneration including redundancy	Remuneration excluding redundancy
£50,000 - £54,999	32	32	34	34
£55,000 - £59,999	8	8	11	11
£60,000 - £64,999	15	15	18	17
£65,000 - £69,999	28	28	18	18
£70,000 - £74,999	18	18	22	22
£75,000 - £79,999	38	38	25	25
£80,000 - £84,999	16	16	2	2
£85,000 - £89,999	2	2	9	9
£90,000 - £94,999	7	7	3	3
£95,000 - £99,999	1	1	2	2
£100,000 - £104,999	3	3	7	7
£105,000 - £109,999	8	8	3	3
£110,000 - £114,999	1	1	1	1
£115,000 - £119,999	4	4	1	1
£120,000 - £124,999	1	1	-	-
£125,000 - £129,999	3	3	3	3
£165,000 - £169,999	-	-	1	1
£170,000 - £174,999	1	1	-	-
£210,000 - £214,999	-	-	1	1
£215,000 - £219,999	1	1	-	-

ASSOCIATION	2021	2021	2020	2020
	Remuneration including redundancy	Remuneration excluding redundancy	Remuneration including redundancy	Remuneration excluding redundancy
£50,000 - £54,999	17	17	12	12
£55,000 - £59,999	1	1	5	5
£60,000 - £64,999	5	5	7	7
£65,000 - £69,999	7	7	5	5
£70,000 - £74,999	7	7	8	8
£75,000 - £79,999	17	17	15	15
£80,000 - £84,999	3	3	-	-
£85,000 - £89,999	-	-	4	4
£90,000 - £94,999	3	3	3	3
£95,000 - £99,999	1	1	1	1
£100,000 - £104,999	2	2	3	3
£105,000 - £109,999	4	4	1	1
£110,000 - £114,999	-	-	1	1
£115,000 - £119,999	1	1	-	-
£120,000 - £124,999	1	1	-	-
£125,000 - £129,999	2	2	2	2
£165,000 - £169,999	-	-	1	1
£170,000 - £174,999	1	1	-	-
£210,000 - £214,999	-	-	1	1
£215,000 - £219,999	1	1	-	-

LOCAL GOVERNMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

3. EMPLOYEES AND DIRECTORS (continued)

Directors

The directors received emoluments during the year in respect of their services was as follows:

	CONSOLIDATED		ASSOCIATION	
	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Total emoluments	1,652	1766	1,528	1697
Emolument of the chairman and highest paid director	69	60	69	60

Key Management Compensation

Key management includes the Directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	CONSOLIDATED		ASSOCIATION	
	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Salaries and other short-term benefits	900	876	652	634
Post-employment benefits	110	99	59	53
Total key management compensation	1,010	975	711	687

4. OPERATING DEFICIT

	CONSOLIDATED		ASSOCIATION	
	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Operating deficit is after charging:				
Depreciation and amortisation	694	602	128	32
Loss on disposal of fixed assets	-	-	-	-
Auditor's remuneration				
- audit fee	43	42	19	19
- non audit services	3	3	-	-

LOCAL GOVERNMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

5. FINANCE DISCOUNTS

Under an agreement dated 22 January 1998 made between Association of Metropolitan Authorities (Properties) Ltd, Local Government Association (Properties) Ltd and the Association, the AMA property company contributed the net sale proceeds of its former property in Great Smith Street to the purchase of 18 Smith Square by Local Government Association (Properties) Ltd. In recognition of this, authorities in membership of the LGA that were formerly members of the Association of Metropolitan Authorities receive a discount on their membership subscriptions.

The discount increases every five years in line with inflation. Originally at the rate of £6,000 per authority, the discount was increased to £7,965 with effect from 1 April 2012. The discount was increased to £9,156 with effect from 1 April 2019 for the 2018/19 membership subscriptions, with the next increase due to be recognised in the 2023/24 membership subscriptions.

6. TAXATION

The Association and the companies it controls (with the exception of LGA Commercial Services Ltd) are exempt from tax on their income and gains by virtue of their status as Local Authority Associations under Section 838(2) of the Income Tax Act 2007 and Section 984(2) of the Corporation Tax Act 2010. They are exempt from capital gains tax under Section 271(3) of the Taxation of Chargeable Gains Act 1992.

7. FIXED ASSETS

Group Assets

The property from which the Association operates, 18 Smith Square, London SW1 is owned by Local Government Association (Properties) Ltd a subsidiary company. The property underwent refurbishment during 2016/17 and 2017/18, but is now in occupation. The Association pays rent to that company for its accommodation. The other trading companies that the Association controls operate from the same property. In addition related parties and third parties occupy parts of the accommodation on formal commercial leases.

As a result of the application FRS 102 for the Financial Year 2019/20 66% (2018/19 66%) of 18 Smith Square cost and depreciation have been accounted for as Tangible Fixed Assets in the Group figures to reflect the area of the building utilised by the group.

LOCAL GOVERNMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

7. FIXED ASSETS (continued)

TANGIBLE FIXED ASSETS

CONSOLIDATED	Freehold land and buildings £000	Fixtures, fittings and equipment £000	Total £000
Cost			
At 1 April 2020	22,298	1138	23,436
Additions	(154)	-	(154)
Disposals	-	-	-
At 31 March 2021	22,144	1,138	23,282
Depreciation			
At 1 April 2020	4,563	183	4,746
Charge for year	516	178	694
Disposal in year	-	-	-
At 31 March 2021	5,079	361	5,440
Net book value			
At 31 March 2021	17,065	777	17,842
At 31 March 2020	17,735	955	18,690

ASSOCIATION	Fixtures, fittings and equipment £000	Total £000
Cost		
At 1 April 2020	384	384
Additions	-	-
At 31 March 2021	384	384
Depreciation		
At 1 April 2020	32	32
Charge for year	128	128
At 31 March 2021	160	160
Net book value		
At 31 March 2021	224	224
At 31 March 2020	352	352

LOCAL GOVERNMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

8. INVESTMENT PROPERTIES

CONSOLIDATED	2021 £000	2020 £000
Brought forward valuation	81,655	55,329
Capital Expenditure	290	8,658
Unrealised loss on revaluation	(2,795)	17,668
Carried forward valuation	79,150	81,655
ASSOCIATION	2021 £000	2020 £000
Brought forward valuation	64,400	38,975
Capital Expenditure	290	8,658
Unrealised loss on revaluation	(1,690)	16,767
Carried forward valuation	63,000	64,400

Until May 2011, the Improvement and Development Agency for Local Government operated from Layden House, Farringdon, London EC1, a building owned by The Local Government Management Board. Layden House was occupied during 2015/16 by unrelated third parties who were granted short term leases on normal commercial terms. These leases have now come to an end, with the property vacated to allow for the redevelopment during 2018/19 and 2019/20.

As a result of the requirements of FRS102, in the Group Accounts for the Financial Year 2020/21 34% (2019/20 34%) of 18 Smith Square House valuation have been accounted for as Investment Property Assets to reflect the area of the building available for occupation by 3rd parties.

The freehold land and buildings Layden House and 18 Smith Square, were valued at open market value on a commercial rental use basis. The valuations were performed as at 31 March 2021 by an independent professional valuer, Cushman & Wakefield Chartered Surveyors.

There was no additional commentary in the March 2021 Valuation report regarding COVID-19 – Material Valuation Uncertainty, which had appeared in the comparable 2020 Valuation report.

LOCAL GOVERNMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

9. INVESTMENTS IN JOINT VENTURES - GROUP

LOCAL PARTNERSHIPS LLP

Balance Sheet	31 March 2021 £000	31 March 2020 £000
Current Assets	7,649	5,359
Share of gross assets	7,649	5,359
Liabilities due within one year or less	(970)	(967)
Other	-	-
Loans and other Debts due to members	-	-
Share of gross liabilities	(970)	(967)
Share of net assets	6,679	4,392

The operating results for Local Partnerships LLP are shown below:

Profit and Loss Summary	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Revenue	9,848	10,530
Operating costs	(9,454)	(9,537)
Interest Receivable	15	34
Operating profit	409	1027
Share of operating profit	204	513

The Association formed a joint venture, Local Partnerships LLP, with Partnerships UK plc in July 2009. The joint venture took over part of the business of Public Private Partnerships Programme Ltd, then a related company of the Association. In November 2009 Partnerships UK transferred part of its own business to Local Partnerships LLP. The Association's investment in Local Partnerships LLP originally consisted of Equity of £500,000 and £500,000 of 6% Convertible Loan Stock, repayable at par on 31 March 2029. An identical investment was made by Partnerships UK plc.

In May 2010, the Association approved a further investment of £300,000 Equity and £300,000 of 6% Convertible Loan Stock repayable at par on 31 March 2029. This investment was drawn down in June 2010 with Partnerships UK plc again making an identical investment.

On 1 August 2010, Partnerships UK plc transferred the whole of its interest in Local Partnerships LLP to HM Treasury. In December 2010 the Association and HM Treasury approved additional investment of £375,000 each in the form of 6% Convertible Loan Stock.

In the Financial Year 2020/21 Local Partnerships LLP paid dividends to both parties of £261,000 in respect of the prior year's results (During 2019/20 £165,000 received in respect of 2018/19 results).

LOCAL GOVERNMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

9. INVESTMENTS IN JOINT VENTURES – GROUP (continued)

GEOPLACE LLP

Balance Sheet

	31 March 2021 £000	31 March 2020 £000
Fixed Assets	-	-
Intangible Assets	13	18
Current Assets	1,592	1,922
Share of gross assets	1,605	1,940
Liabilities due within one year or less	(392)	(547)
Share of gross liabilities	(392)	(547)
Share of net assets	1,214	1,393

The operating results for Geoplace LLP are shown below:

Profit and Loss Summary

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Revenue	20,753	15,593
Operating costs	(7,624)	(5,773)
Interest Receivable and Payable	-	-
Operating profit	13,129	9,820
Share of operating profit	3,282	2,455

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. The purpose of the LLP is to create, manage and, through separate licensing arrangements with Ordnance Survey, commercially exploit a single definitive National Address Gazetteer. Ordnance Survey and IDeA each contributed £1 by way of equity capital. Immediately prior to completion of the joint venture agreement, which took place on 31 March 2012, IDeA and Ordnance Survey made loans to Geoplace LLP of £1.500 million and £4.773 million respectively. These loans have now been repaid. 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 2021.

LOCAL GOVERNMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

9. INVESTMENTS IN JOINT VENTURES – GROUP (continued)

LGA DIGITAL SERVICES

Balance Sheet	31 March 2021 £000	31 March 2020 £000
Fixed Assets	-	-
Intangible Assets	30	95
Current Assets	54	392
Share of gross assets	84	487
Liabilities due within one year or less	(84)	(487)
Share of gross liabilities	(84)	(487)
Share of net assets	-	-

The operating results for LGA Digital Services are shown below:

Profit and Loss Summary	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Revenue	1,173	1,348
Operating costs	(1,173)	(1,348)
Operating profit	-	-
Share of operating profit	-	-

In July 2015 a new Joint Venture Company limited by guarantee with the London Borough of Brent was created to provide ICT Services to the LGA or the London Borough of Brent. The company has been set up to provide common services to both shareholders within the objective of minimising costs to the shareholders rather than marketing external activity and delivering commercial returns to either of the parties. The LGA service agreement was signed on 29 January 2019.

9. INVESTMENTS – ASSOCIATION

LGA

Investment in UK Municipal Bonds Agency PLC (MBA)	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Opening balance	4	4
Invested in year	-	-
Impairment in year	-	-
Closing Value	4	4

LOCAL GOVERNMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

9. INVESTMENTS – ASSOCIATION (Continued)

	Equity £000	Debt £000	Total £000
Investment in Local Partnerships LLP			
Year ended 31 March 2020			
Opening balance	800	-	800
Repaid in year	-	-	-
Closing value	800	-	800
Year ended 31 March 2021			
Opening balance	800	-	800
Repaid in year	-	-	-
Closing value	800	-	800

Investment in LGA Digital Services Limited

The LGA investment in LGA Digital Services Limited is a 50% shareholding reflecting a £1 ordinary shareholding matched by the London Borough of Brent.

10. LONG TERM DEBTORS

In 2020/21 there has been a reduction in loans. The value of the unsecured loans are now:

- £2.5 million loan (2019/20 £2.5 million) between the LGA and LGA Commercial Services Limited; and
- £20 million loan (2019/20 £20 million) between LGA and Local Government Association (Properties) to finance the refurbishment of the buildings.

These loans are due to mature on 31 December 2038 and interest is charged at 3.24% p.a.

The £20 million loan between the LGA and The Local Government Management Board was satisfied as part of the transfer agreement on 1 December 2020.

The £2.5 million loan capital and associated accrued interest between the LGA and LGA Commercial Services Ltd is fully provided for within the Association's results, but not at the Group level.

An unsecured Convertible Loan Facility of £150,000 was issued by the LGA to the UKMBA on 1 August 2019 (subsequently increased to a Facility of £400,000 on 1 November 2019), repayable on 18 January 2028 with interest charged at 3.24% p.a.. At the year end, £150,000 had been drawn down by the UKMBA in two tranches.

LOCAL GOVERNMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

11. DEBTORS

	CONSOLIDATED		ASSOCIATION	
	2021	2020	2021	2020
	£000	£000	£000	£000
Trade debtors	3,238	2,332	498	967
Due from related entities	15	16	62	3,288
Other debtors	(161)	1,069	18	1,100
Prepayments and accrued income	4,775	4,036	1,932	459
	<u>7,867</u>	<u>7,453</u>	<u>2,510</u>	<u>5,814</u>

12. SHORT TERM INVESTMENTS

Surplus cash balances held by the Association, the companies it controls and related parties are pooled and lent to financial institutions on the Association'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 Association's Investment Strategy. The Association'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 Association does not expect any losses on short term investments

13. CREDITORS

	CONSOLIDATED		ASSOCIATION	
	2021	2020	2021	2020
	£000	£000	£000	£000
Amounts falling due within one year				
Accounts payable and accruals	3,848	4,830	1,419	2,167
Income received in advance	3,835	3,131	160	363
Other creditors	1,870	1,732	987	835
Owed to related entities	-	-	2,192	1,486
	<u>9,553</u>	<u>9,693</u>	<u>4,758</u>	<u>4,851</u>
Amounts falling due beyond one year				
1 to 2 Years	585	121	65	121
2 to 5 years	1,040	1,560	-	-
More than 5 years	28,477	29,130	36,000	57,198
	<u>30,102</u>	<u>31,811</u>	<u>36,065</u>	<u>57,319</u>

LOCAL GOVERNMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

13. CREDITORS (continued)

In 2011/12 the Association received a distribution of £2,707,612 from the liquidation of A.D.C. Trustees Ltd, the company that had held the property and assets for the Association of District Councils. The Leadership Board of the Association has determined that funds from this distribution should be applied, to provide support of £217,945 p.a. for ten years to the District Councils Network, a special interest group of the Association; secondly to provide a new additional discount from 1 April 2013 at a rate of 1.5% on the subscriptions of non-metropolitan unitary authorities. In 2019, the rate of repayment to the District Councils Network was adjusted to spread the payments over a longer period of time. Creditors payable after more than one year includes an amount of £65,434 representing the final instalments of the support due for the District Councils Network.

Included within the consolidated amounts falling due beyond one year are the following loans to LGA Properties and a loan to LGA from Westminster City Council:

	2021	2020
	£000	£000
Bank loans	1,560	2,080
Loan from ACC (Properties) Limited	2,000	2,000
Loan from AMA (Properties) Limited	6,200	6,200
Barclays Swap Liability	277	410
Loan from Westminster City Council	20,000	20,000
	<u>30,037</u>	<u>30,690</u>

The loans from ACC (Properties) Ltd and AMA (Properties) Ltd are only repayable in the event of the sale of 18 Smith Square. There is no intention to dispose of the property in the foreseeable future. The loan from ACC (Properties) Ltd bears compound interest at 1.5% above the base rate with payment conditional upon the disposal of the property. The accumulated interest to date on the loan is £3.168 million.

The above Swap agreement liability is the value on the balance sheet as at 31 March 2021 that would be payable if the loan was repaid. The £133,000 loss as a result of this liability reducing has been credited to the Statement of Consolidated Income. The Bank Loans and the Barclays Swap Liability are secured against 18 Smith Square partly valued as a Property asset in note 7 at £17.1 million and partly as Investment Property Asset in note 8 at £16.1 million.

Under an agreement dated 22 January 1998 made between Association of Metropolitan Authorities (Properties) Ltd, Local Government Association (Properties) Ltd and the Association, the AMA property. The Company contributed the net sale proceeds of its former property in Great Smith Street to the purchase of 18 Smith Square by Local Government Association (Properties) Ltd. In recognition of this, authorities in membership of the Local Government Association that were formerly members of the Association of Metropolitan Authorities receive a discount on their membership subscriptions (See Note 5).

On 22 November 2018 the LGA received a loan from Westminster City Council for £20 million bearing an initial interest rate of 3.03% per annum. The loan capital is repayable at a rate of £1 million per year from October 2022, with the remainder due to be repaid in November 2033.

On 1 January 2018, an unsecured loan of £11m was issued from the IDeA bearing interest of 2.94% per annum. This value was increased to £16m on 2 January 2019 where a further unsecured loan of £5m was issued from the IDeA bearing interest of 2.94% per annum. Both loans are repayable on 31 December 2038.

LOCAL GOVERNMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

14. PROVISION FOR ORGANISATION RESTRUCTURING

	CONSOLIDATED		ASSOCIATION	
	2021	2020	2021	2020
	£000	£000	£000	£000
Balance at 1 April	250	250	-	-
Arising during year	-	-	-	-
Utilised during year	-	-	-	-
Balance at 31 March	250	250	-	-

The provision for the year to 31 March 2021 relates to potential redundancy costs. There is no LGA provision for 2020/21 or 2019/20.

15. PENSION COMMITMENTS

The Local Government Association and companies under the Association's control are admitted bodies to two local government pension funds: the Merseyside Pension Fund, administered by Wirral Metropolitan Borough Council; and the London Borough of Camden Pension Fund. These funds are administered in accordance with the Local Government Pension Scheme Regulations 1997. Details of the calculation of the deficit relating to each fund are given below.

In addition, the Association and its predecessor bodies have incurred pension liabilities that are outside the funded benefits provided by the relevant pension schemes. These other unfunded liabilities were estimated by an actuary at 31 March 2021 as £1.946 million (2020 £1.224 million). The unfunded liabilities are being paid annually over the remaining lives of the pensioners concerned.

The most recent formal actuarial reviews in relation to the funds were at 31 March 2021. 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 (Mercer Ltd (M) for the Merseyside fund and Hymans Robertson (HR) for the Camden funds) are stated below.

Investment returns

The investment returns on the funds used in calculating the year end assets were in the range: 17.36% to 34.7% (2019/20, -2.55% to -6.8%).

LOCAL GOVERNMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS As at 31 March 2021

15. PENSION COMMITMENTS (continued)

Major categories of plan assets as a percentage of total plan assets were in the ranges

	31 March 2021	31 March 2020
Equities	52.1% to 801.0%	51.8% to 76.0%
Bonds (HR)	9.0%	11.0%
Government Bonds (M)	1.2%	8.4%
Other Bonds (M)	11.5%	5.2%
Property	8.0% to 8.9%	9.4% to 12.0%
Cash	2.4% to 3.0%	1.0% to 1.9%
Other (M)	23.9%	23.3%

a) Actuarial assumptions

Full actuarial valuations were carried out at 31 March 2019 and updated to 31 March 2021 by qualified independent actuaries. The next Triennial valuation will be as at 31 March 2022.

The range of assumptions used by the actuaries was:

	31 March 2021 % per annum	31 March 2020 % per annum
Pension increase rate	2.8% to 2.9%	1.9% to 2.2%
Salary increase rate	3.2% to 4.2%	2.3% to 3.6%
Discount rate	2.0% to 2.1%	2.2% to 2.4%
Inflation assumption	2.7%	2.1%

Mortality Rates*	31 March 2021 Years	31 March 2020 Years
Current Pensioners – Male	22.0 to 22.6	21.8 to 22.5
Current Pensioners – Female	24.3 to 26.0	23.9 to 25.9
Future Pensioners – Male	21.0 to 23.4	20.9 to 23.2
Future Pensioners – Female	24.1 to 26.1	24 to 25.9

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

LOCAL GOVERNMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

15. PENSION COMMITMENTS (continued)

b) Scheme assets

Balance sheet	31 March 2021 £000	31 March 2020 £000
Fair value of employer assets	359,155	290,384
Present value of funded liabilities	(448,969)	(372,341)
Net underfunding in funded plans	(89,814)	(81,957)
Present value of unfunded liabilities	(12,129)	(11,158)
Net liability	(101,943)	(93,115)

Recognition in the statement of Comprehensive Income	Year to 31 March 2021 £000	Year to 31 March 2020 £000
Current service cost	(1,353)	(1,944)
Interest cost	(562)	(1,761)
Expected return on employer assets	15	325
Losses on curtailments and settlements	-	1,705
Total	(1,900)	(1,675)
Actual return on plan assets	24,335	(3,751)

Reconciliation of defined benefit obligation	2021 £000	2020 £000
Opening defined benefit obligation	383,499	441,337
Current service cost	5,869	7,012
Interest cost	8,902	10,581
Contribution by members	1,745	1,644
Actuarial (gains)/losses	74,150	(68,126)
Past service costs	-	-
Losses on curtailments	-	1,791
Estimated unfunded benefits paid	(555)	(582)
Estimated benefits paid	(12,512)	(10,158)
Closing defined benefit obligation	461,098	383,499

LOCAL GOVERNMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

15. PENSION COMMITMENTS (continued)

Reconciliation of fair value of employer assets	2021 £000	2020 £000
Opening fair value of employer assets	290,384	307,489
Expected return on assets	6,741	7,385
Contributions by members	1,745	1,644
Contributions by the employer	4,232	7,144
Contributions in respect of unfunded benefits	555	582
Administrative Expenses	(45)	(44)
Actuarial (losses)/gains	68,610	(23,076)
Unfunded Benefits paid	(413)	(432)
Benefits paid	(12,654)	(10,308)
Closing fair value of employer assets	359,155	290,384

Amounts for the current and previous accounting periods

	2021 £000	2020 £000	2019 £000	2018 £000	2017 £000
Fair value of employer assets	359,155	290,384	307,489	290,931	283,283
Present value of defined benefit obligation	(461,098)	(383,499)	(441,337)	(406,431)	(408,274)
Deficit	(101,943)	(93,115)	(133,848)	(115,500)	(124,991)
Experience gains/(losses) on assets	68,610	(23,076)	(54,797)	(8102)	6,224
Experience gains/(losses) on liabilities	-	-	-	-	1,451

The total of employer pension contributions estimated to be payable in 2020/21 is £4.203 million (£1.562 million of which relates to the Association).

16. CASHFLOW: RECONCILIATION OF CASH AND CASH EQUIVALENTS

Reconciliation of cash and cash equivalents	2021 £000	2020 £000
Short Term Investments	3,560	1,479
Cash at bank and in hand	4,701	5,011
Cash and cash equivalents	8,261	6,490

LOCAL GOVERNMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

17. CONTINGENT LIABILITIES

LGA Properties has a loan from ACC (Properties) Ltd that bears compound interest at 1.5% above the base rate, with payment conditional on the disposal of the property. The accumulated interest to date on the loan is £3.168 million.

On 18 January 2018, the LGA issued a letter of comfort to the UK Municipal Bonds Agency Plc (UKMBA), effective for 10 years, confirming that the LGA will stand behind the Agency in meeting its commitments and its non-financing related liabilities going forward to ensure that the UKMBA has adequate support to ensure its business continuity.

18. RELATED ENTITIES

The Association exercises control of the following entities, all companies limited by guarantee (except where noted below), by virtue of rights to appoint members of the company and all or a majority of the Board of Directors of the company:

- Improvement and Development Agency for Local Government (IDeA)
- Local Government Association (Properties) – unlimited with share capital
- LGA Commercial Services Ltd – limited by shares

The IDeA has a provision in its Memorandum of Association stating that, in the event of dissolution of the company, any surplus of assets over liabilities is to be transferred to the Local Government Association or some other local authority association having similar objects. The provisions relating to Local Government Association (Properties) are that any surplus arising on winding up is to be distributed to local authorities in equal shares. The provisions relating to LGA Commercial Services Ltd are that any surplus arising on winding up is to be transferred to the Local Government Association.

The Association is a 50% owner (£1 ordinary share) of LGA Digital Services Ltd.

The Association is a member of Local Partnerships LLP, a limited liability partnership, owning 50%. The other members of Local Partnerships LLP are HM Treasury (45%) and the Welsh Local Government Association (5%). The members share profits and losses proportionally.

The Association is a member of The Joint Contracts Tribunal Limited, a company limited by guarantee. There are six other members. In the event of a wind up, the liability is limited to £100 for each member.

Improvement and Development Agency for Local Government is a member of Geoplace LLP, a limited liability partnership. The other member of Geoplace LLP is Ordnance Survey. Both members have equal rights as regards the operation of the LLP and appointments to its Board of Directors, but Improvement & Development Agency for Local Government takes a 25% share of profits and losses, with the balance going to Ordnance Survey.

LGA Commercial Services Ltd is a member of LG Mutual Management Services Limited, a company limited by share, owning 49%. The other member is Regis Mutual Management Ltd. The members share profits and losses proportionally.

19. EXCEPTIONAL ITEM

During 2020/21 there were no exceptional items to report.

20. POST BALANCE SHEET EVENTS

On 1 April 2021, the administration of the IDeA Local Government Pension Scheme (IDeA LGPS) was transferred from Camden Borough Council to the Merseyside Pension Fund (though the funds were not merged with the LGA LGPS).

LOCAL GOVERNMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

The Board is not aware of any other material post balance sheet events.

21. CONTROLLING ENTITY

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

22. MERGER ACCOUNTING – COMPARATIVES

On 1 December 2020 the business, assets and liabilities of The Local Government Management Board (LGMB) were transferred into the Local Government Association (LGA) via a transfer agreement and accounted for using merger accounting. Under FRS102 the comparative numbers for the Local Government Association presented in the Association only pages of the financial statements are therefore those of the combined entity. The following tables set out the comparative figures for the individual entities:

ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2021 – Comparative figures by original entity

	LGA 2020 £000	LGMB 2020 £000	Consol- idation adj's £000	LGA Revised 2020 £000
Income	24,229	-	-	24,229
Administrative expenses	(26,875)	132	-	(26,743)
OPERATING (DEFICIT) / SURPLUS BEFORE INTEREST	(2,646)	132	-	(2,514)
Interest receivable and similar income	1,364	50	(650)	764
Interest payable	-	(650)	650	-
Finance discounts allowed	(604)	-	-	(604)
Dividend and profits share from Joint Ventures	165	-	-	165
OPERATING (DEFICIT) / SURPLUS FOR THE FINANCIAL YEAR	(1,721)	(468)	-	(2,189)
Other Comprehensive Income:				
Actuarial gain/(loss) recognised in respect of the pension fund	5,450	5,450	-	5,450
Gain/(Loss) on revaluation of investment property	-	16,768	-	16,768
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	3,729	16,300	-	20,029

LOCAL GOVERNMENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2021

22. MERGER ACCOUNTING – COMPARATIVES (Continued)

ASSOCIATION BALANCE SHEET

For the year ended 31 March 2021 – Comparative figures by original entity

	LGA 2020 £000	LGMB 2020 £000	Consol- idation Adj's £000	LGA Revised2 020 £000
FIXED ASSETS				
Tangible Assets	352	-	-	352
Investment Properties	-	64,400	-	64,400
Investments	804	-	-	804
LONG TERM DEBTORS	42,650	-	(20,000)	22,650
CURRENT ASSETS				
Debtors	5,815	-	(1,198)	4,617
Short term Investments	1,231	3,609	-	4,840
Cash at bank and in hand	29	10	-	39
	7,074	3,619	(1,198)	9,495
CREDITORS: amounts falling due within one year	(3,798)	(1,053)	-	(4,851)
NET CURRENT ASSETS	3,276	2,566	(1,198)	4,644
TOTAL ASSETS LESS CURRENT LIABILITIES	47,082	66,966	(21,198)	92,850
CREDITORS: amounts falling due after more than one year	(36,121)	(21,198)	21,198	(36,121)
PROVISIONS FOR LIABILITIES				
Provision for Organisation restructuring	-	-	-	-
Pension Fund deficit	(34,401)	-	-	(34,401)
NET LIABILITIES	(23,440)	45,768	-	22,328
ACCUMULATED FUNDS				
General Reserve	7,091	315	468	7,874
Risk & Contingency Reserve	3,870	-	(468)	3,402
Revaluation Reserve	-	45,453	-	45,453
Pension Deficits Reserve				
- Pension Fund Assets	142,588	-	-	142,588
- less Defined Liabilities	(176,989)	-	-	(176,989)
	(23,440)	45,768	-	23,328