

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

**IMPROVEMENT AND DEVELOPMENT AGENCY
FOR LOCAL GOVERNMENT**

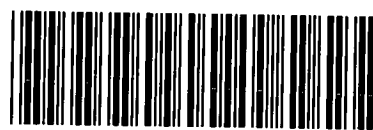
(a UK Registered company limited by guarantee)

Company Registration No. 3675577

Report and Financial Statements

for the Year ended 31 March 2021

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

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

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

Cllr Peter Fleming OBE (Chairman)
Cllr James Jamieson
Cllr Izzi Seccombe OBE
Cllr Michael Payne
Cllr Howard Sykes MBE
Cllr Marianne Overton MBE
Richard Priestman
Philip Sellwood CBE

SECRETARY

Dennis Skinner

REGISTERED OFFICE

18 Smith Square
London
SW1P 3HZ

BANKERS

Barclays
UK Banking
1 Churchill Place
London
E14 5HP

STATUTORY AUDITOR

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

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

STRATEGIC REPORT

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

Principal activities

The Improvement and Development Agency for Local Government (IDeA) supports improvement and innovation in local government, helping councils take responsibility for their own performance and improvement through the sector led programme. The programme approach is based on four key principles:

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

The role of the IDeA is to maintain an overview of the performance of the sector and to provide tools and support to help councils, as guided by these principles.

As local government's improvement agency, IDeA provides core services, through a wide range of improvement programmes, including (though not limited to) those captured in this document. The main ways we provide improvement support are through:

- Improvement support, including peer support¹, provided by experienced and high-quality peers (particularly leaders and chief executives)
- Support to individual councils and groups of councils, especially councils with the most severe performance and financial challenges
- Leadership development programmes for councillors and managers
- A workforce offer, including pay negotiations and workforce planning and capacity support
- Programmes that support councils in improving their productivity and efficiency, including our procurement and commissioning programme and transformation programmes
- Support councils to communicate more effectively with their residents
- Service specific support to enable councils to meet statutory duties and uphold further responsibilities as leaders of place
- Good practice sharing to provide all councils with access to universal learning opportunities across programme areas.

In 2020/21, the improvement programme also provided councils with a range of COVID-19 specific support to provided councils with a range of tools and resource to support their response to the pandemic.

A year in focus

The 2020/21 financial year presented the sector with various challenges relating to COVID-19. Following the onset of the outbreak in March, the IDeA's improvement programme was rapidly refocused to provided councils with dedicated ongoing regional support, peer support and

¹ A note on Peer Challenges: Following the implementation of COVID-19 measures in March 2020, the LGA suspended the physical delivery of its peer challenge work including its corporate peer challenge programme. Typically, Peer Challenges form a core part of the improvement offer.

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

STRATEGIC REPORT

intelligence gathering in relation to COVID-19 – delivered via principal advisors, regional teams and political group offices.

The IDeAs improvement programme, which grew in line with the initial COVID-19 response, was further developed to include a range of support relating to recovery and renewal – helping to ensure that councils remain well positioned to govern and provide vital services during years ahead.

The IDeA provided local authorities with support to respond to COVID-19 and associated challenges by:

- Delivering support to at least 235 councils through remote based peer programmes
- Launching a Test, Trace and Outbreak Management programme, including support with shielding and enforcement
- Providing 54 councils facing severe financial challenges with direct (FISA) support through our finance programme
- Providing Rough Sleeping Peer Support to 74% of councils in receipt of Next Steps Accommodation Programme funding (or other Rough Sleeping Funding)
- Developing a coaching offer for councillors in light of COVID-19 – 73 councillors received coaching through this programme.
- Launching an Economic Growth Advisors programme
- Creating a Remote Council Meetings Hub, viewed 56,725 views during 2020/21
- Resolving more than 2000 queries from near 600 organisations, 308 of which were local authorities via our coronavirus enquires service
- Sharing hundreds of examples of council led good practice relating to COVID-19 and other programme areas

Leadership programmes also provided 513 councillors with COVID-19 related development opportunities in 2020/21, with more than 50% of that total being female councillors.

Alongside this raft of new support, existing offers were migrated online to ensure that councils continued to benefit from support across core programme areas, including:

- The National Graduate Development Programme (NGDP), which added capacity to the sector through recruitment of a new cohort of NGDP graduates (the programme received a record breaking 7,400+ applications this year)
- Effective management of the national processes around pay negotiations, covering approx. 1.9 million local government employees
- The climate change support offer, which provided a new net zero innovation programme and carbon emissions accounting tool, which was downloaded by more than 180 councils

Our Children's Services Improvement programme, funded by DfE, also provided a range of support, including webinars and online action learning sets, accessed by over 2,500 officers. The grant continued to fund our network of Children's Improvement Advisors, support and training for lead members, regional lead member networks, support for DCS and leadership teams, delivery of remote peer challenges and a range of bespoke support. Much of this bespoke focussed on helping councils to deal with the pandemic and develop and embed new ways of working across children's services.

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STRATEGIC REPORT

Our Care and Health Improvement Programme (CHIP) continued to be funded by the Department of Health and Social Care (DHSC), providing support to local authorities with responsibilities for adult social care and public health. It supported all English councils in one or more of the following areas; care and health integration and hospital flow; social care commissioning and care markets; strategic workforce planning; mental health; safeguarding; public health and prevention and leadership.

Much of this work was bespoke and in 2020/21 the focus was dealing with the impact of the pandemic on adult social care and public health, including specialist support around testing, tracing and vaccinations. CHIP also delivered a range of other DHSC funded programmes, including accessing £2.5bn of Better Care Funding; Building the Right Support for people with learning disabilities and autism; Liberty Protection; Childhood Obesity, and Suicide Prevention. CHIP also works with a range of NHS organisations on programmes connected with the use of technology to support care and developing councillor and clinical leadership across integrated care systems.

The OPE programme administered a further £10M of OPE funding and £20M of Land Release funding to support a range of property projects, including delivery of local authority land for housing.

The Planning Advisory Service supported all local authorities to understand and respond to the Government's Planning White paper, continuing to support those at risk of designation for poor performance and those without local plans. It also promoted value for money and productive planning departments across the sector.

In response to the June 2020 National Cyber Security Centre threat report, the LGA Cyber Security Programme commenced the delivery of a security testing project with a 10% representative sample of local authorities. The key benefits of this approach will be a better understanding of common issues and current levels of risk and vulnerability in the sector. Alongside this, the programme has continued to support councils to improve their cyber security, particularly in the areas of leadership, governance and awareness.

The above underlines that the IDeA's improvement programme has continued to be widely used by councils throughout 2020/21; providing councils with key tools and support to meet residents' needs and respond to challenges, including the unprecedented challenges presented by the COVID-19 pandemic, and plan more effectively for recovery and renewal.

Looking ahead

The IDeA will continue to work with councils and Government to develop our offer and to secure the funding necessary to underpin our extensive programme of support to councils.

With the effects of COVID-19 likely to outlast the pandemic itself and other evolving challenges, councils' support needs will continue to evolve throughout coming years. The IDeA will continue to provide an improvement programme that is flexible and adaptive to ensure it remains well positioned to meet councils' improvement needs and support them to address challenges, present and emerging.

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STRATEGIC REPORT

Environment

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

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

By Order of the Board



Peter Fleming OBE

8 July 2021

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT

(a company limited by guarantee)

DIRECTORS' REPORT

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

Principal Activities

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

Since 2016/17 the LGA continued to streamline its merged operations with its subsidiaries – the Improvement and Development Agency for Local Government (IDeA), its property company Local Government Association (Properties) and its commercial company Local Government Association Commercial Services Limited.

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

In year performance

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

We have delivered a satisfactory financial outcome in 2020/21. From 1 April 2016, the Company became the recipient of Direct Government Grant from the Ministry for Housing, Communities and Local Government ("MHCLG Grant") to pay for improvement services to councils, replacing Revenue Support Grant. Our income from the MHCLG Grant and other income including grants has increased by approx. 6% as compared with the previous year, and we kept costs down at the same time as continuing to deliver on our key priorities and deliver direct support to councils. The IDeA continued to make a significant payment towards its pension fund deficit.

Future Developments

As with many other parts of the public sector, we face a number of financial challenges and are taking steps to maintain our "core funding" and ensure that we develop new sources of income including grants from other government departments 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.

The impact of COVID-19 and the UK exit from the European Union on the Company's business has been assessed and has been determined to not be material. The Company's core level of funding has been formally determined by MHCLG for the year to 31 March 2022. Funding for a number of the Company's principal funded programmes has also been agreed by the funders with the remaining programmes expected shortly.

Therefore, it is considered that the majority of the 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.

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DIRECTORS' REPORT

Principal risks and uncertainties

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

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

The principal liability of the IDeA other than those arising in ordinary day to day business relates to the pension deficit. The valuation of the IDeA's pension deficit was £63,949 million at 31 March 2021, an increase of £5.235 million from last year. In order to pay off the pension deficit and liabilities for past employees, we have been making additional contributions of circa £0.3 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 15 years.

Price risk

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

Credit risk

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

Liquidity risk

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

Cash flow risk

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

Key performance indicators

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

The LGA regularly surveys member authorities and has recently carried out an independent evaluation of the sector led improvement programme. This continues to show extremely high levels of satisfaction with 96% of leaders and 95% of chief executives saying the improvement support had a positive impact on their authority.

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT

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DIRECTORS' REPORT

We review our financial sustainability by carefully controlling our staff costs. Over the last two years employee numbers have decreased slightly from 217 employees in the year ended March 2019 to 212 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 less than 0.6 per cent of the total debtors at March 2021 (less than 0.5 per cent March 2020).

Employees

Details of the number of employees and related costs can be found in note 4 to the financial statements.

Consultation with employees and their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests. Communication with all employees continues through direct briefing and regular use of our intranet. Directors receive periodic updates on staff performance measures, and the results of biennial staff surveys.

Staff are provided with relevant information on the company's activities, and are encouraged to be involved in the company'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 and IDeA 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 IDeA 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 and IDeA 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 company. 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 IDeA 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.

Political and charitable contributions

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

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
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DIRECTORS' REPORT

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).

There were no other post balance sheet events.

Dividends

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

Directors

The names of the directors who served throughout the year and since the year end are set out on page 1.

Provision of Information to Auditors

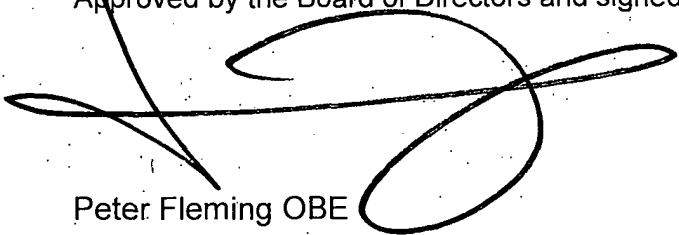
So far as each of the Directors is aware at the time this report is approved:

- 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.

Auditors

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

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



Peter Fleming OBE

Director
8 July 2021

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
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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 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps 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 Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

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

Opinion

We have audited the financial statements of the Improvement and Development Agency for Local Government (the 'company') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its 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.

Emphasis of matter

We draw attention to note 1 of the financial statements, which describes the company's assessment of the COVID-19 impact on its ability to continue as a going concern. The company has explained that the events arising from the COVID-19 outbreak do not impact its use of the going concern basis of preparation nor do they cast significant doubt about the company's ability to continue as a going concern for a period of at least 12 months from the date when the financial statements are authorised for issue.

Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

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Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
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Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's directors, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Alastair Duke (Senior Statutory Auditor)

For and on behalf of PKF Littlejohn LLP

Statutory Auditor

Date:

28 September 2021

15 Westferry Circus

Canary Wharf

London E14 4HD

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
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STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2021

	Note	2021 £000	2020 £000
Income	2	39,617	40,288
Administrative expenses		(42,451)	(45,252)
OPERATING (DEFICIT)	5	<u>(2,834)</u>	<u>(4,964)</u>
Share of joint ventures' distribution to members	7	3,250	1,750
Interest receivable and similar income		475	485
SURPLUS/(DEFICIT) FOR THE YEAR		<u>891</u>	<u>(2,729)</u>
Other Comprehensive Income			
Actuarial (loss)/gain recognised in respect of the pension fund		(4,377)	39,600
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	6	<u>(3,486)</u>	<u>36,871</u>

All amounts relate to continuing operations.

The accounting policies and notes on pages 18 to 26 form part of these financial statements.

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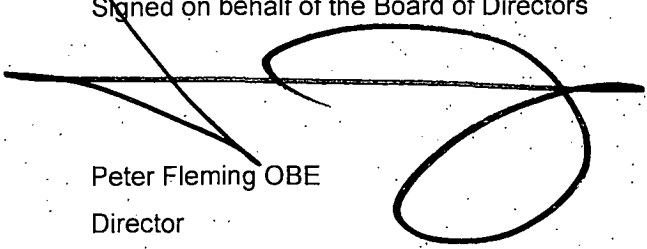
BALANCE SHEET
As at 31 March 2021

Company Registration No. 3675577

	Note	2021 £000	2020 £000
INTANGIBLE ASSETS			
Intellectual Copyright Assets		1	1
LONG TERM DEBTORS			
Loans to Group companies	9	16,000	16,000
CURRENT ASSETS			
Debtors	8	7,122	6,586
Short term Investments	10	3,634	1,082
Cash at bank and in hand	13	9	9
		<u>10,765</u>	<u>7,677</u>
CREDITORS: amounts falling due within one year	11	(6,287)	(5,832)
NET CURRENT ASSETS		<u>4,478</u>	<u>1,845</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>20,479</u>	<u>17,846</u>
CREDITORS: amounts falling due after more than one year	12	(70)	(74)
PROVISIONS FOR LIABILITIES			
Pension fund deficit	15	(64,837)	(58,714)
Restructuring Provision	14	(250)	(250)
		<u>(65,087)</u>	<u>(58,964)</u>
TOTAL NET LIABILITIES		<u>(44,678)</u>	<u>(41,192)</u>
ACCUMULATED FUNDS			
General Reserve		13,458	13,458
Risk and Contingency Reserve		6,701	4,064
Pension deficit Reserve			
- Pensions Fund Assets		191,720	147,796
- less Defined Liabilities		(256,557)	(206,510)
		<u>(44,678)</u>	<u>(41,192)</u>

These financial statements were approved by the Board of Directors on 8 July 2021

Signed on behalf of the Board of Directors


 Peter Fleming OBE
 Director

The accounting policies and notes on pages 18 to 26 form part of these financial statements.

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
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STATEMENT OF CHANGES IN EQUITY
Year ended 31 March 2021

	Risk & Contingency Reserve £000	Pensions Deficit Reserve £000	General Reserve £000	Total £000
Balance at 1 April 2019	5,010	(96,531)	13,458	(78,063)
Changes in equity for 2019/20				
Surplus for the year	-	-	(2,729)	(2,729)
Pensions Adjustments in Statement of Consolidated income	-	(1,783)	1,783	-
Actuarial gains/(loss) on defined benefit plans	-	39,600	-	39,600
Total comprehensive income for the year	-	37,817	(946)	36,871
Transfer to Risk and Contingency Reserve	(946)	-	946	-
Balance as at 31 March 2020	4,064	(58,714)	13,458	(41,192)
Balance at 1 April 2020	4,064	(58,714)	13,458	(41,192)
Changes in equity for 2020/21				
Deficit for the year	-	-	891	891
Pensions Adjustments in Statement of Consolidated income	-	(1,746)	1,746	-
Actuarial gains/(loss) on defined benefit plans	-	(4,377)	-	(4,377)
Total comprehensive income for the year	-	(6,123)	2,637	(3,486)
Transfer from Risk and Contingency Reserve	2,637	-	(2,637)	-
Balance as at 31 March 2021	6,701	(64,837)	13,458	(44,678)

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

STATEMENT OF CASH FLOWS
Year ended 31 March 2021

	Note	2021 £000	2020 £000
Net cash inflow from operating activities			
Deficit		891	(2,729)
Adjustments for:			
Investment and dividend income		(3,254)	(1,765)
FRS102 Pension Service Costs		1,746	1,783
(Decrease)/Increase in debtors		(536)	1,068
Decrease/(Increase) in long term debtors		0	-
(Decrease)/Increase in creditors		455	(72)
Increase/(Decrease) in provisions		0	-
Increase/(Decrease) in creditors due after one year		(4)	37
Net cash outflow from operating activities		<u>(702)</u>	<u>(1,678)</u>
Cash flow from investing activities			
Interest received		4	14
Distribution from Joint Venture		3,250	1,750
Net cash inflow from investing activities		<u>3,254</u>	<u>1,764</u>
Net Increase / (Decrease) in cash		2,552	86
Cash and cash equivalents at the start of the year		1,091	1,005
Cash and cash equivalents at the end of the year	13	<u>3,643</u>	<u>1,091</u>

The accounting policies and notes on pages 18 to 26 form part of these financial statements.

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)
NOTES TO THE ACCOUNTS
Year ended 31 March 2021

1. ACCOUNTING POLICIES

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

Accounting convention

The financial statements are prepared under the historical cost convention.

Subsidiary Undertaking

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

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

Going Concern

The Company has net liabilities, after accounting for the defined benefit pension scheme deficits of £44,678 million as at 31 March 2021. This position includes an actuarial estimate of the pension liabilities at the balance sheet date. The Company pays amounts into the scheme, as prescribed by the actuaries (note 15), in order to eliminate this deficit over a maximum of 15 years. The unfunded pension deficits are being repaid over the remaining lives of the pensioners concerned as detailed in note 15.

The impact of COVID-19 and the UK exit from the European Union on the Company's business has been assessed and has been determined to not be material. The Company 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 a number of the Company's principal funded programmes has also been agreed by the funders with the remaining programmes expected shortly.

Therefore, it is considered that the majority of the 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.

Investments

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

Revenue Recognition

Income

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

Government Grants

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

Debtors

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

Expenditure

All expenditure is accounted for on an accruals basis. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)
NOTES TO THE ACCOUNTS
Year ended 31 March 2021

1. ACCOUNTING POLICIES (CONTINUED)

Employee benefits

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

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

(ii) LGPS Pension costs:

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

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

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

Reserves

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

Company Status

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

2. INCOME

	2021 £000	2020 £000
Government grants	33,205	30,994
Subscriptions	1,434	1,385
Services recharged	4,237	7,462
Other income	741	447
	39,617	40,288

From 1 April 2016, the Company became the recipient of MHCLG (formerly DCLG) Grant income replacing Revenue Support Grant. Of the £19.200 million MHCLG Grant received in 2019/20 (£19.200 million 2019/20), £3.695 million (£3.685 million 2019/20) was paid to those other bodies under arrangements agreed as part of the Business Plan for the Local Government Association and its related bodies.

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
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NOTES TO THE ACCOUNTS
Year ended 31 March 2021

3. DIRECTORS' EMOLUMENTS

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

	2021 £000	2020 £000
Total emoluments	66	69
Emolument of the chairman and highest paid director	6	6

No director is an active member of the pension scheme (2020: nil), nor did any director receive assets or money under any long term incentive scheme.

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

4. STAFF INFORMATION

Staff information for the Company is as follows:

	2021 No.	2020 No.
Average number of persons employed		
Administration	202	192
Staff costs during the year	£000	£000
Wages and salaries	12,676	11,482
Social security costs	1,396	1,263
Pension costs – cash payable by employer	2,299	1,993
Pension deficit payments	777	2,349
Pension costs – current service costs less contributions	392	(533)
<u>Less income from secondments</u>	<u>(317)</u>	<u>(321)</u>
	17,223	16,233
Staff Related Costs		
Agency, freelance and secondment costs	579	748
Redundancy payments and provision	39	69
Travel, subsistence and staff expenses	10	953
Recruitment costs	18	18
Training costs	14	48
Other personnel costs	41	25
	701	1,861
Total	17,924	18,094

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
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NOTES TO THE ACCOUNTS
Year ended 31 March 2021

4. STAFF INFORMATION (CONTINUED)

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

	2021	2021	2020	2020
	Salaries + Redundancy Costs	Salaries Only	Salaries + Redundancy Costs	Salaries Only
£50,000 - £54,999	15	15	22	22
£55,000 - £59,999	7	7	6	6
£60,000 - £64,999	10	10	11	10
£65,000 - £69,999	21	21	13	13
£70,000 - £74,999	11	11	14	14
£75,000 - £79,999	21	21	19	19
£80,000 - £84,999	13	13	2	2
£85,000 - £89,999	2	2	5	5
£90,000 - £94,999	4	4	-	-
£95,000 - £99,999	-	-	1	1
£100,000 - £104,999	1	1	4	4
£105,000 - £109,999	4	4	2	2
£110,000 - £114,999	1	1	-	-
£115,000 - £119,999	3	3	1	1
£120,000 - £124,999	-	-	-	-
£125,000 - £129,999	1	1	1	1

5. OPERATING SURPLUS

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Operating surplus is after charging:		
Auditors' remuneration		
- audit fee	15	15
- non audit services	3	3

6. TAXATION

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

7. INVESTMENTS

Geoplace LLP

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

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
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NOTES TO THE ACCOUNTS
Year ended 31 March 2021

7. INVESTMENTS (CONTINUED)

Association, for the formation of a new joint venture, the limited liability partnership Geoplace LLP. Ordnance Survey and IDeA each contributed £1 by way of equity capital. The distributable profits of Geoplace LLP are allocated 25% to IDeA and 75% to Ordnance Survey. Geoplace LLP commenced trading on 1 April 2011 and has traded profitably in the years to 31 March 2020. The company received a dividend of £3.250m in 2020/21 (£1.750m in 2019/20).

Public Sector Audit Appointments Ltd

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

- The LGA/IDeA do not control the entity - the IDeA appointed the first director, the rest have been down to the company itself.
- The Group is not able to share in assets or profits of the company, and surplus funds at the end of the arrangement with MHCLG must be returned to the clients, as outlined in the memorandum of understanding.
- To enable the LGA/IDeA statements to show a true and fair view, in particular adding an expected £30.5 million to both income and expenditure which would give the impression that the group and IDeA are much larger organisations than they really are.

8. DEBTORS

	2021 £000	2020 £000
Trade debtors	2,670	1,383
Due from related entities	2,034	1,510
Other debtors	11	611
Prepayments and accrued income	2,407	3,082
	<u>7,122</u>	<u>6,586</u>

9. LONG TERM DEBTORS

	2021 £000	2020 £000
Loan to related party – LGA	16,000	16,000
	<u>16,000</u>	<u>16,000</u>

On 1 January 2017, an unsecured loan of £11 million was issued to LGA bearing interest of 2.94% per annum. The Loan is repayable on 31 December 2038.

On 2 January 2019, an unsecured loan of £5 million was issued to LGA bearing interest of 2.94% per annum. The Loan is repayable on 31 December 2038.

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
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NOTES TO THE ACCOUNTS
Year ended 31 March 2021

10. SHORT TERM INVESTMENTS

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

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£000	£000
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade creditors and accruals	2,089	2,605
Income received in advance	3,501	2,621
Other Creditors	678	588
Owed to related entities	19	18
	6,287	5,832

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

	2021	2020
	£000	£000
Deferred Income	70	74

13. NOTES TO THE STATEMENTS OF CASH FLOWS

Cash and Cash equivalents

	2021	2020
	£000	£000
Cash at bank and in hand	9	9
Short Term Investments	3,634	1,082
	3,643	1,091

14. PROVISIONS FOR LIABILITIES

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

The provision as at 31 March 2021 relates entirely to redundancy costs. The LGA Group has undertaken further restructuring of its organisation in order to streamline its processes and deal with a significant reduction in funding. This provision has been set up to cover the further cost of voluntary redundancies which have been agreed with members of staff.

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
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NOTES TO THE ACCOUNTS
Year ended 31 March 2021

15. PENSION COMMITMENTS

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

The most recent formal actuarial reviews in relation to the funds were at 31 March 2021. The actuarial assumptions that have the most significant effect on the results of the valuation are those relating to the discount rate and the rate of return on investments and the rates of increase in salaries and pensions. The assumptions made by the actuaries, Hymans Robertson for the Camden funds are stated below. The next Triennial valuation as at 31 March 2022 will take place during the Financial Year 2022/23.

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

Investment returns

The return on the Fund in market value terms for the year to 31 March 2021 is estimated based on actual Fund returns as provided by the Administering Authority and index returns where necessary.

Actual return for period from 1 April 2020 to 31 December 2020	31.0%
Estimated return for period from 1 April 2021 to 31 March 2021	31.0%

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

	At year end 31 March 2021	At year end 31 March 2020
	% p.a.	% p.a.
Equities	80.0%	76%
Bonds	9.0%	11%
Property	8.0%	12%
Cash	3.0%	1%

a) Actuarial assumptions

The assumptions used by the actuary were:

	At year end 31 March 2021	At year end 31 March 2020
	% p.a.	% p.a.
Inflation/pension increase rate	2.9%	1.9%
Salary increase rate	3.3%	2.3%
Discount rate	2.1%	2.3%
Expected return on assets		
Mortality Rates*	Years	Years
Current Pensioners – Male	22	21.8
Current Pensioners – Female	24.3	23.9
Future Pensioners – Male	23.4	23.2
Future Pensioners – Female	26.1	25.9

* Figures assume members aged 45 as at the last formal valuation date.

Balance sheet	31 March 2021 £000	31 March 2020 £000
Fair value of employer assets	191,720	147,796
Present value of funded liabilities	(249,908)	(200,072)
Net underfunding in funded plans	(58,188)	(52,276)
Present value of unfunded liabilities	(6,649)	(6,438)
Net liability	(64,837)	(58,714)

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
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NOTES TO THE ACCOUNTS
Year ended 31 March 2021

15. PENSION COMMITMENTS (CONTINUED)

	31 March 2021	31 March 2020
	£000	£000
Recognition in the Statement of Comprehensive Income		
Current service cost	(3,611)	(4,478)
Interest income on plan assets	(4,732)	(6,171)
Interest cost on defined benefit obligation	3,378	3,855
Past service cost/(gain)	-	(43)
Total	(4,965)	(6,837)

	2021	2020
	£000	£000
Reconciliation of defined benefit obligation		
Opening defined benefit obligation	206,510	256,824
Current service cost	3,611	4,478
Interest cost	4,732	6,171
Contribution by members	1,012	923
Actuarial losses/(gains)	46,572	(55,988)
Past service cost/(gains)	-	43
Estimated unfunded benefits paid	(413)	(432)
Estimated benefits paid	(5,467)	(5,509)
Closing defined benefit obligation	256,557	206,510

	2021	2020
	£000	£000
Reconciliation of fair value of employer assets		
Opening fair value of employer assets	147,796	160,293
Expected return on assets	3,378	3,855
Contributions by members	1,012	923
Contributions by the employer	2,806	4,622
Contributions in respect of unfunded benefits	413	432
Actuarial gains/(losses)	42,195	(16,388)
Unfunded benefits paid	(413)	(432)
Benefits paid	(5,467)	(5,509)
Closing fair value of employer assets	191,720	147,796

AMOUNTS FOR THE CURRENT AND PREVIOUS ACCOUNTING PERIODS

	Year to 31 March 2021 £000	Year to 31 March 2020 £000	Year to 31 March 2019 £000	Year to 31 March 2018 £000	Year to 31 March 2017 £000
Fair value of employer assets	191,720	147,796	160,293	150,591	145,471
Present value of defined benefit obligation	(256,557)	(206,510)	(256,824)	(233,074)	(232,084)
Surplus /(deficit)	(64,837)	(58,714)	(96,531)	(82,483)	(86,613)

Experience gains/(losses) on assets 42,195 (16,388) 5,134 1,400 20,376
Experience gains/(losses) on liabilities - - - - -
The estimated employer's contributions for the year to 31 March 2021 is £2.641 million.

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).

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
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NOTES TO THE ACCOUNTS
Year ended 31 March 2021

16. CONTROLLING ENTITY

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

17. RELATED PARTIES

The Company had the following transactions with related parties:

	Value of related party transactions in year 2021 exp / (inc) £000	Outstanding balance at 31 March 2021 dr / (cr) £000	Value of related party transactions in year 2020 exp / (inc) £000	Outstanding balance at 31 March 2020 dr / (cr) £000
Local Government Association (LGA)	(3,853)	2,016	10,869	1,510
Local Government Association Properties (LGAP)	940	-	940	-
Local Partnerships LLP	867	(12)	859	(18)
Public Sector Audit Appointments Limited (PSAA)	(12)	12	-	-
Geoplace LLP	(3,250)	-	(1,750)	-

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

18. POST BALANCE SHEET EVENTS

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

19. CONTINGENT LIABILITIES

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