

**EMPLOYERS ORGANISATION FOR LOCAL
GOVERNMENT**

(a company limited by guarantee)

Report and Financial Statements

for the year ended 31 March 2013

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EMPLOYERS ORGANISATION FOR LOCAL GOVERNMENT
(a company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS 2013

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EMPLOYERS ORGANISATION FOR LOCAL GOVERNMENT
(a company limited by guarantee)

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

| | |
|---------------------|------------------------------|
| Sir Stephen Bullock | (Chairman) |
| Cllr Gordon Kemp | (resigned 1 September 2012) |
| Cllr Roger Phillips | |
| Cllr Norman Murphy | |
| Cllr Alun Thomas | (appointed 1 September 2012) |
| Cllr Stephen Knight | |

SECRETARY

| | |
|---------------|---------------------------|
| John Ransford | (resigned 23 April 2012) |
| Carolyn Downs | (appointed 23 April 2012) |

REGISTERED OFFICE

Local Government House
Smith Square
London
SW1P 3HZ

BANKERS

RBS
Holborn Circus
P O Box No 204
1 Hatton Garden
London
EC1P 1DU

AUDITORS

Littlejohn LLP
1 Westferry Circus
Canary Wharf
London
E14 4HD

EMPLOYERS ORGANISATION FOR LOCAL GOVERNMENT (a company limited by guarantee)

DIRECTORS' REPORT

Year ended 31 March 2013

The directors present their report and audited financial statements for the year ended 31 March 2013

Principal activities

Local Government Employers (LGE) is the business or trading name of the Employers' Organisation for Local Government (the Company), a company limited by guarantee and still registered as such in England and Wales

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

LGE works in partnership with local authorities, regional employers and other bodies to lead on and create solutions for pay, pensions and the employment contract. LGE offers advice on all employment issues and represents local government employer interests to central government, government agencies, trade unions and European institutions.

The LGA's Workforce Board provides the strategic and policy direction for LGE. It comprises fifteen elected members, fourteen of whom are nominated by the LGA and one by the Welsh Local Government Association.

The various negotiating bodies serviced by LGE conduct pay negotiations and the Local Government Pensions Committee represents employers on pension policy. The bodies comprise elected members and others nominated by the LGA and other appropriate constituent bodies.

LGE's main goals are to ensure

- national workforce agreements are seen as relevant and fit for purpose by councils
- a reformed pension scheme is delivered without further serious industrial disruption or significant opt out rates
- councils strengthen their approach to people management

The main ways LGE provides support are by

- supporting the employer's side of the national negotiating bodies
- providing advice and support for councils implementing national pay and conditions agreements
- offering technical advice, information and training and the Local Government Pensions Scheme and related matters
- offering advice and support on teachers' pensions
- delivering guidance and bespoke advice on a wide range of employment issues

Business review

LGE, its parent company the Local Government Association (LGA), and the other organisations associated with the LGA - the Improvement and Development Agency (IDeA), Local Authorities Co-ordinators of Regulatory Services (LACORS) and the Leadership Centre (LC) – have a shared ambition to make an outstanding contribution to the success of local government. In 2011 the operations of all these organisations were fully integrated to deliver a focused, effective offer for councils as set out in our combined business plan for the year. We work with and on behalf of member authorities to support, promote and improve local government.

EMPLOYERS ORGANISATION FOR LOCAL GOVERNMENT

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DIRECTORS' REPORT

This has been a successful year for LGE with significant progress on all the priorities agreed by the Board. These priorities were firmly based on the most important issues for our members. 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 issues that impact on local authorities.

We are at a pivotal moment for local government. As leaders of their local areas, councils have ever increasing responsibilities in these tough times. We have the opportunity to realise our ambition for councils to be truly at the heart of their local communities, commissioning better public services. This includes the responsibility, now more than ever, to ensure that our local economies grow. Our priorities for the year therefore included supporting councils in leading public service reform as well as promoting councils' leadership of economic development. We campaigned to ensure there is sustainable funding for local government going forward. We provided support to councils on efficiency and productivity to enable them dramatically to reduce costs in ways which minimise the impact on the quality of life for their residents. And we continued with our co-ordination of sector-led improvement, involving local politicians and senior managers.

With regard to workforce issues, following detailed negotiations LGE has delivered a national pay freeze for local government for the fourth successive year, as requested by the vast majority of councils. We have negotiated an agreement with the Government and trade unions for a new Local Government Pension Scheme which will reduce costs for many employers and introduce more flexibility. We have also supported councils to address immediate and future workforce challenges in areas such as organisational restructuring, reward systems, social enterprises, employee engagement and the transfer of public health to local government.

Key Performance Indicators

The LGA and its related bodies, including the Company, review the impact of our work and the delivery of our priorities through robust performance management which has included regular reports to the Board. Key performance indicators are maintained for the LGA and its related bodies as a whole. These include the number of organisations in membership, which has been maintained at 422 in March 2013, the same number as were in membership in March 2012.

In November 2012 we carried out a survey of our members which gave us important information about customer satisfaction with 63 per cent of members indicating that they were satisfied with our services. We have set ourselves the target of increasing member satisfaction and also their perceptions of the value for money we offer and we will monitor our progress with this through annual surveys. We also regularly review employee satisfaction through an annual survey with 65 per cent of employees indicating that they are satisfied with their job. We have taken action to improve employee satisfaction and engagement in the light of the feedback we received.

We review our financial sustainability by carefully controlling our staff costs. Over the last two years employee numbers for the LGA and its related bodies have fallen from a baseline of 529 employees for the year ended March 2011 to 309 employees for the year ended March 2013. We continue to monitor employee absence, which has fallen from an average annual number of sick days per employee of 4.5 days in March 2012 to 3.2 days in March 2013.

We continue to pay close attention to the collection of outstanding debt. The percentage of debtors over 12 months for the LGA and its related bodies has reduced from 12 per cent of the total at March 2012, to 1 per cent of the corresponding figure at March 2013.

Future Developments

Building on the restructure that was completed in 2011-12 following a reduction of 38 per cent in the funding distributed through the RSG top-slice mechanism, preparations have been underway during 2012-13 for the transfer of the business of LGE to IDeA from 1 April 2013. This will enable us to operate with a company structure that better reflects the new integrated operations of the LGA group of companies and to streamline our administrative arrangements.

EMPLOYERS ORGANISATION FOR LOCAL GOVERNMENT

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DIRECTORS' REPORT

Principal risks and uncertainties

The LGA and its related bodies have reviewed our arrangements for risk management with the regular review of a strategic risk register and clear responsibilities assigned to named senior officers for the management of the principal risks. The principal risks identified include ensuring that we deliver on our objectives and have impact for our members, ensuring that LGA membership levels are maintained, ensuring financial sustainability, reducing our cost base and ensuring we maintain employee capacity and capability in spite of reductions in our core funding.

Financial Risk Management

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 LGE, other than those arising in ordinary day to day business, relates to the pension deficit. The valuation of LGE's pension deficit was £8 972 million at 31 March 2013. From 1 April 2013, as part of the transfer of the LGE's business to IDeA, all the pension fund assets and liabilities relating to LGE were transferred to IDeA.

Price risk

LGE has minimal exposure to price risk. Employee costs are controlled through formal annual negotiations with employee representatives. Back office services are outsourced to Liberata and provided through a fixed price contract which is due to run until 2018. During 2012-13 we successfully concluded negotiations that will result in a reduction in the price of the contract in 2013-14 following the recent reduction in the size of our operations. Other services are procured from a range of external providers through competitive tendering arrangements in line with our formal procurement procedures.

Credit risk

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

Liquidity risk

LGE's agreed approach is to manage the revenue budget so as deliver a balanced budget that does not require a net call on cash for the financial year as a whole, apart from expenditure relating to the Pensions Secretariat function where an overspend is agreed in advance of the financial year so that accumulated operating surpluses from previous years can be utilised. An adequate level of day to day liquid funds is maintained to pay liabilities promptly as they fall due.

Cash flow risk

LGE has both interest-bearing assets and liabilities. Subject to LGE's liquidity requirements, surplus funds are deposited in accordance with the Approved Investment Strategy as agreed by the LGA's Resources Panel.

Environment

We have agreed an environmental policy which includes the commitment to

- reduce carbon emissions by 16 per cent by 2014-15 in line with the intended UK carbon budget
- continually reduce waste and increase our recycling rate
- reduce paper use
- ensure that procurement of goods and services adheres to our green purchasing and procurement policy
- champion and mainstream consideration of environmental sustainability throughout our outward facing work programmes and services
- comply with all applicable legislation, regulation and with other relevant requirements relating to our environmental impacts

EMPLOYERS ORGANISATION FOR LOCAL GOVERNMENT
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DIRECTORS' REPORT

Employees

Details of the number of employees and related costs can be found in note 4 to the accounts on page 14

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.

In 2012-13 this included consulting LGE employees on the TUPE transfer of their employment to IDEa, and this transfer took effect from 1 April 2013.

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

Political and charitable contributions

The Company did not make any political or charitable donations or incur any political expenditure during the year.

Dividends

The articles of the Company 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

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

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

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

Auditors

Littlejohn LLP has expressed its willingness to continue in office. A resolution proposing the reappointment of Littlejohn LLP will be proposed at the next Board Meeting.

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

Sir Stephen Bullock



18 June 2013

EMPLOYERS ORGANISATION FOR LOCAL GOVERNMENT
(a company limited by guarantee)

STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS
Year ended 31 March 2013

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**EMPLOYERS ORGANISATION FOR LOCAL GOVERNMENT
(a company limited by guarantee)**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF EMPLOYERS ORGANISATION FOR LOCAL GOVERNMENT
LIMITED**

Year ended 31 March 2013

We have audited the Financial Statements of Employers Organisation for Local Government Limited for the year ended 31 March 2013 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement on page 6, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

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

Opinion on Financial Statements

In our opinion the Financial Statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2013 and of its surplus for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

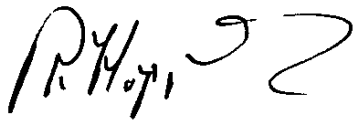
**EMPLOYERS ORGANISATION FOR LOCAL GOVERNMENT
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF EMPLOYERS ORGANISATION FOR LOCAL GOVERNMENT
LIMITED**

Matters on which we are required to report by exception

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

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



Paul Hopper
Senior Statutory Auditor

For and on behalf of
Littlejohn LLP

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

Date 18 June 2013

EMPLOYERS ORGANISATION FOR LOCAL GOVERNMENT
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INCOME AND EXPENDITURE ACCOUNT
Year ended 31 March 2013

| | Note | 2013 £000 | 2012 £000 |
|---|-------------|----------------------|----------------------|
| Income | 2 | 4,580 | 4,663 |
| Administrative expenses | | <u>(4,044)</u> | <u>(4,305)</u> |
| OPERATING SURPLUS | 5 | 536 | 358 |
| Interest receivable and similar income | | 13 | 15 |
| Pension scheme – interest cost and expected return on assets | 12 | (230) | (215) |
| Pension scheme – past service costs and gains/losses on settlements and curtailments | | - | (273) |
| SURPLUS/(DEFICIT) OF INCOME OVER EXPENDITURE FOR THE YEAR BEFORE AND AFTER TAX | 6,11 | <u>319</u> | <u>(115)</u> |

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 March 2013

| | Note | 2013 £000 | 2012 £000 |
|---|-------------|----------------------|----------------------|
| Surplus/(Deficit) for the year | | 319 | (115) |
| Actuarial (loss)/gain recognised in respect of the pension fund | 12 | <u>(1,068)</u> | <u>231</u> |
| Total recognised (loss)/gain relating to the year | | <u>(749)</u> | <u>116</u> |

All activities are discontinuing

The accounting policies and notes on pages 12 to 20 form part of these financial statements

EMPLOYERS ORGANISATION FOR LOCAL GOVERNMENT
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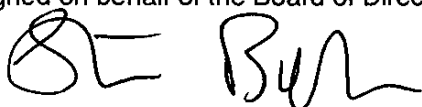
BALANCE SHEET
As at 31 March 2013

Company Registration No. 3676611

| | Note | 2013 £000 | 2012 £000 |
|--|-------------|----------------------|----------------------|
| CURRENT ASSETS | | | |
| Debtors | 7 | 1,001 | 478 |
| Short term investments | 8 | 800 | 1,500 |
| Cash at bank and in hand | | 176 | 431 |
| | | <u>1,977</u> | <u>2,409</u> |
| CREDITORS: amounts falling due within one year | 9 | (316) | (709) |
| NET CURRENT ASSETS | | <u>1,661</u> | <u>1,700</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>1,661</u> | <u>1,700</u> |
| CREDITORS: amounts falling due after more than one year | 10 | (48) | (50) |
| PROVISIONS FOR LIABILITIES | | | |
| Pension fund deficit | 12 | (8,972) | (8,260) |
| TOTAL NET LIABILITIES | | <u>(7,359)</u> | <u>(6,610)</u> |
| ACCUMULATED FUNDS | 11 | | |
| General Reserve | | 1,613 | 1,650 |
| Pensions deficit reserve | | | |
| - Pension Fund Assets | | 19,311 | 17,042 |
| - Less Defined liabilities | | (28,283) | (25,302) |
| | | <u>(7,359)</u> | <u>(6,610)</u> |

These financial statements were approved by the Board of Directors on 18 June 2013

Signed on behalf of the Board of Directors



Sir Stephen Bullock (Chairman)

The accounting policies and notes on pages 12 to 20 form part of these financial statements

EMPLOYERS ORGANISATION FOR LOCAL GOVERNMENT
(a company limited by guarantee)

CASH FLOW STATEMENT

Year ended 31 March 2013

| | Note | 2013 £000 | 2012 £000 |
|--|------|--------------|--------------|
| Net cash outflow from operating activities | | (968) | (607) |
| Returns on investments and servicing of finance | | | |
| Interest Received | | 13 | 15 |
| Management of Liquid Resources | | | |
| Decrease in short term investments | | 700 | 600 |
| (Decrease)/Increase in cash | | (255) | 8 |
| Net funds at the start of the year | | 431 | 423 |
| Net funds at the end of the year | | 176 | 431 |

NOTES TO THE CASH FLOW STATEMENT

i. RECONCILIATION OF OPERATING SURPLUS/(DEFICIT) TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

| | 2013 £000 | 2012 £000 |
|---|--------------|--------------|
| Operating surplus | 536 | 358 |
| Pension costs – current service costs less contributions | (476) | (490) |
| Pension costs – contributions in respect of unfunded benefits | (110) | (110) |
| (Increase)/decrease in current assets | | |
| - stocks/work in progress | - | 2 |
| - debtors | (523) | (77) |
| (Decrease)/increase in current liabilities | | |
| - creditors | (393) | 3 |
| - Restructuring Provision | - | (291) |
| Decrease in creditors due after one year | (2) | (2) |
| Net cash (outflow) from operating activities | (968) | (607) |

ii. CHANGES IN CASH AND CASH EQUIVALENTS

| | 2013 £000 | 2012 £000 | Change in year £000 |
|----------------------------------|--------------|--------------|---------------------------|
| Analysis of movement in balances | | | |
| Cash at bank and in hand | 176 | 431 | (255) |

iii ANALYSIS OF NET FUNDS

| | As at beginning of Year £000 | Cash flow £000 | Other non cash changes £000 | As at end of year £000 |
|--------------------------|---------------------------------------|-------------------|--------------------------------------|------------------------------|
| Cash at bank and in hand | 431 | (255) | - | 176 |

The accounting policies and notes on pages 12 to 20 form part of these financial statements

EMPLOYERS ORGANISATION FOR LOCAL GOVERNMENT

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NOTES TO THE ACCOUNTS

Year Ended 31 March 2013

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going Concern

The Financial Statements have been prepared on the basis that the Company is not a going concern as a decision was made by the Directors to transfer the assets and liabilities of the Company to the Improvement and Development Agency. This transfer happened on 1 April 2013. It is the intention of the directors to undertake an orderly transfer of the entire business and assets of the Company.

Stock

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 on 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.

Investments

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

Income

Income represents the amount receivable as grants, subscriptions and for goods sold and services provided (excluding Value Added Tax). Note 2 gives further analysis of income which is all generated in the UK.

Debtors

The Company makes 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.

Government Grants

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

Pension costs

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

The pension cost attributable to the current service of employees is recognised as an administrative expense. The net impact of interest on the pension scheme deficit and the expected return on pension scheme assets is disclosed separately in the income and expenditure account. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet.

EMPLOYERS ORGANISATION FOR LOCAL GOVERNMENT
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NOTES TO THE ACCOUNTS
Year Ended 31 March 2013

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

Company Status

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

2. INCOME

| | 2013 £000 | 2012 £000 |
|---------------------------------|----------------------------|----------------------------|
| Government grants | 323 | 338 |
| Services recharged | 1,326 | 1,367 |
| Sales of books and publications | 274 | 263 |
| Other income | <u>2,657</u> | <u>2,695</u> |
| | <u>4,580</u> | <u>4,663</u> |

Income received from IDeA out of that company's Revenue Support Grant is now recorded as Other Income.

3. DIRECTORS' EMOLUMENTS

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

| | 2013 £000 | 2012 £000 |
|---|----------------------------|----------------------------|
| Total emoluments | <u>173</u> | <u>187</u> |
| Emolument of the chairman and highest paid director | <u>16</u> | <u>13</u> |

No director is a member of the pension scheme (2012: nil), nor did any director receive assets or money under any long term incentive scheme.

EMPLOYERS ORGANISATION FOR LOCAL GOVERNMENT
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NOTES TO THE ACCOUNTS
Year Ended 31 March 2013

4. STAFF INFORMATION

Staff information for the Company is as follows

| | 2013 No. | 2012 No. |
|--|---------------------|---------------------|
| Average number of persons employed | | |
| Administration | 27 | 33 |
| | £000 | £000 |
| Staff Costs | | |
| Wages and salaries | 1,336 | 1,606 |
| Social security costs | 132 | 160 |
| Pension costs – cash payable by employer | 216 | 253 |
| Pension deficit payments | 519 | 513 |
| Pension costs – current service costs less contributions | (586) | (600) |
| Less, income from secondments | - | (5) |
| | 1,617 | 1,927 |
| Staff Related Costs | | |
| Agency, freelance and secondment costs | 106 | 7 |
| Redundancy costs and provision | 130 | 8 |
| Travel, subsistence and staff expenses | 80 | 93 |
| Recruitment costs | - | 2 |
| Training costs | 11 | 54 |
| Other personnel costs | - | 1 |
| | 327 | 165 |
| Total | 1,944 | 2,092 |

Details of the remuneration of the Company's senior staff are given below No bonuses were paid to senior staff

| | 2013 | | 2012 | |
|----------------------------------|-----------------------------------|-------------------------------------|-------------|-------------------------------------|
| | Salary Including redundancy | Employer pension contribution | Salary | Employer pension contribution |
| | £ | £ | £ | £ |
| Jan Parkinson, Managing Director | 192,428 | 14,672 | 152,418 | 27,130 |

The above is an internal job title and the individual named is not a director within the meaning of the Companies Act 2006 Jan Parkinson served as Managing Director until 12 September 2012 The salary figure for 2013 includes redundancy payment and pay in lieu of notice payments of £123,840

EMPLOYERS ORGANISATION FOR LOCAL GOVERNMENT
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NOTES TO THE ACCOUNTS
Year Ended 31 March 2013

4. STAFF INFORMATION (CONTINUED)

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

| | 2013 | | 2012 | |
|---------------------|-----------------------------------|------------------|-----------------------------------|------------------|
| | Salaries + Redundancy Costs | Salaries Only | Salaries + Redundancy Costs | Salaries Only |
| £50,000 - £54,999 | 5 | 5 | 5 | 5 |
| £55,000 - £59,999 | 4 | 4 | 5 | 5 |
| £60,000 - £64,999 | 1 | 1 | 1 | - |
| £65,000 - £69,999 | 1 | 1 | 1 | 1 |
| £70,000 - £74,999 | 1 | 1 | 1 | 1 |
| £90,000 - £95,999 | - | - | 1 | 1 |
| £95,000 - £99,999 | - | - | 1 | - |
| £100,000 - £104,999 | 1 | 1 | - | - |

5. OPERATING surplus

| | Year ended 31 March 2013 £000 | Year ended 31 March 2012 £000 |
|--------------------------------------|-------------------------------------|-------------------------------------|
| Operating surplus is after charging. | | |
| Auditors' remuneration | | |
| - audit fee | 5 | 5 |

6. TAXATION

The Company 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. DEBTORS

| | 2013 £000 | 2012 £000 |
|--------------------------------|--------------|--------------|
| Trade debtors | 205 | 406 |
| Due from related companies | 690 | 19 |
| Other debtors | 69 | 23 |
| Prepayments and accrued income | 37 | 30 |
| | 1,001 | 478 |

8. SHORT TERM INVESTMENTS

Surplus cash balances are lent to borrowers on the LGA's approved list. The Company's investments are pooled with those of other entities that have adopted the LGA Investment Strategy. Investments are typically for periods of up to twelve months and as such the loan amount is a reasonable assessment of fair value. The counterparty list is currently restricted to major UK financial institutions, the larger UK building societies, and AAA-rated money market funds. The LGA Investment Strategy strictly applies

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credit limits for all of the above financial institutions to ensure that deposits are spread across a number of its approved counterparties. No credit limits were exceeded during the year and the Company does not expect any losses on short term investments

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2013 £000 | 2012 £000 |
|-----------------------------|----------------------------|----------------------------|
| Accounts Payable & Accruals | 131 | 353 |
| Income Received in Advance | 2 | 227 |
| Owed to related companies | 33 | - |
| Other Creditors | 150 | 129 |
| | <u>316</u> | <u>709</u> |

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

| | 2013 £000 | 2012 £000 |
|-----------------|----------------------------|----------------------------|
| Deferred income | <u>48</u> | <u>50</u> |

11. STATEMENT OF MOVEMENTS ON ACCUMULATED FUNDS

| | 2013 £000 | 2012 £000 |
|---|----------------------------|----------------------------|
| Balance as at 1 April 2012 | (6,610) | (6,726) |
| Surplus/(deficit) of income over expenditure for the year | 319 | (115) |
| Actuarial (loss)/gain | <u>(1,068)</u> | <u>231</u> |
| Balance at 31 March 2013 | <u>(7,359)</u> | <u>(6,610)</u> |

The accumulated funds are not distributable to the members by way of dividend. Accumulated funds are allocated as follows

| | 2013 £000 | 2012 £000 |
|---|----------------------------|----------------------------|
| Accumulated funds excluding pension liability | 1,613 | 1,650 |
| Pension liability | <u>(8,972)</u> | <u>(8,260)</u> |
| Accumulated funds including pension liability | <u>(7,359)</u> | <u>(6,610)</u> |

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12. PENSIONS COMMITMENTS (CONTINUED)

Employees of the Employers Organisation may participate in the London Borough of Camden Council Pension Fund, part of the Local Government Pension Scheme, a defined benefit statutory scheme. The fund is administered in accordance with the Local Government Pension Scheme Regulations 1997. From 1 April 2013 the assets and liabilities relating to these commitments will as part of the wider business restructure outlined in the Directors' Report, transfer to IDeA.

Financial Reporting Standard 17 'Retirement Benefits'

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

Investment returns

The return on the Fund in market value terms for the year to 31 March 2013 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 2011 to 31 December 2012 | 4.1% |
| Estimated return for period from 1 January 2012 to 31 March 2013 | 14.3% |

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

| | 31 March 2013 | 31 March 2012 |
|----------|----------------------|----------------------|
| Equities | 78% | 78% |
| Bonds | 13% | 13% |
| Property | 7% | 7% |
| Cash | 2% | 2% |

a) Actuarial assumptions

A full actuarial valuation was carried out at 31 March 2010 and updated to 31 March 2013 by a qualified independent actuary. The next Triennial valuation as at 31 March 2013 will take place during the next Financial Year.

The assumptions used by the actuary were:

| | 31 March 2013 | 31 March 2012 |
|-----------------------------|----------------------|----------------------|
| | % per annum | % per annum |
| Pension increase rate | 2.80% | 2.50% |
| Salary increase rate | 5.10% | 4.80% |
| Discount rate | 4.50% | 4.80% |
| Inflation Assumption | 2.80% | 2.50% |
| Expected return on assets | 5.30% | 5.70% |
| Mortality Rates | Years | Years |
| Current Pensioners – Male | 21.1 | 21.1 |
| Current Pensioners – Female | 23.2 | 23.2 |
| Future Pensioners – Male | 23.5 | 23.5 |
| Future Pensioners – Female | 25.6 | 25.6 |

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12. PENSIONS COMMITMENTS (CONTINUED)

b) Scheme assets

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

| | Expected rate of return on assets 2013 | Fair Value at 31 March 2013 £000 | Expected rate of return on assets 2012 | Fair Value at 31 March 2012 £000 |
|--------------------------------------|---|---|---|---|
| Fair value of employer assets | | | | |
| Equities | 5 80% | 15,063 | 6 20% | 13,292 |
| Bonds | 3 20% | 2,510 | 3 50% | 2,216 |
| Property | 3 90% | 1,352 | 4 40% | 1,193 |
| Cash | 3 00% | 386 | 3 50% | 341 |
| Total Market Value of Assets | | 19,311 | | 17,042 |

The above asset values are stated at bid value as required under FRS17

| Balance sheet | 31 March 2013 £000 | 31 March 2012 £000 |
|---|-----------------------------------|-----------------------------------|
| Fair value of employer assets | 19,311 | 17,042 |
| Present value of funded liabilities | (26,484) | (23,591) |
| Net (under)/overfunding in funded plans | (7,173) | (6,549) |
| Present value of unfunded liabilities | (1,799) | (1,711) |
| Unrecognised past service cost | - | - |
| | (8,972) | (8,260) |
| Amount in the balance sheet | | |
| Liabilities | (28,283) | (25,302) |
| Assets | 19,311 | 17,042 |
| Net Liability | (8,972) | (8,260) |

| Recognition in the Income and Expenditure Account | Year to 31 March 2013 £000 | Year to 31 March 2012 £000 |
|--|---|---|
| Current service cost | 246 | 291 |
| Interest cost | 1,197 | 1,372 |
| Expected return on employer assets | (967) | (1,157) |
| Losses/(gains) on curtailments and settlements | - | 273 |
| Total | 476 | 779 |
| Actual return on plan assets | 2,420 | 735 |

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12. PENSIONS COMMITMENTS (CONTINUED)

Reconciliation of defined benefit obligation

| | | |
|---|---------------|---------------|
| Opening defined benefit obligation | 25,302 | 25,122 |
| Current service cost | 246 | 291 |
| Interest cost | 1,197 | 1,372 |
| Contribution by members | 95 | 106 |
| Actuarial losses/(gains) | 2,517 | (548) |
| Losses/(gains) on curtailments | - | 275 |
| Liabilities Extinguished on Settlements | - | (289) |
| Estimated unfunded benefits paid | (110) | (110) |
| Estimated benefits paid | (964) | (917) |
| Closing defined benefit obligation | 28,283 | 25,302 |

Reconciliation of fair value of employer assets

| | | |
|---|---------------|---------------|
| Opening fair value of employer assets | 17,042 | 16,519 |
| Expected return on assets | 967 | 1,157 |
| Contributions by members | 95 | 106 |
| Contributions by the employer | 722 | 781 |
| Contributions in respect of unfunded benefits | 110 | 110 |
| Actuarial gains/(losses) | 1,449 | (401) |
| Assets Distributed on Settlements | - | (287) |
| Assets Acquired in a Business Combination | - | 84 |
| Unfunded benefits paid | (110) | (110) |
| Benefits paid | (964) | (917) |
| Closing fair value of employer assets | 19,311 | 17,042 |

Amounts for the current and previous accounting periods

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|----------------|----------------|----------------|-----------------|----------------|
| | £000 | £000 | £000 | £000 | £000 |
| Fair value of employer assets | 19,311 | 17,042 | 16,519 | 15,898 | 11,280 |
| Present value of defined benefit obligation | (28,283) | (25,302) | (25,122) | (30,822) | (20,008) |
| Deficit | (8,972) | (8,260) | (8,603) | (14,924) | (8,728) |
| Experience gains/(losses) on assets | 1,449 | (401) | (539) | 3,843 | (3,953) |
| Experience gains/(losses) on liabilities | 11 | 1,262 | 2,103 | 153 | (20) |

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

| | 2013 | 2012 |
|---|----------------|-------------|
| | £000 | £000 |
| Actuarial (losses)/gains | (1,068) | 231 |
| Actuarial (losses)/gains recognised in STRGL | (1,068) | 231 |
| Cumulative actuarial losses | (6,100) | (5,032) |

The estimated employer's contribution for the year to 31 March 2014 which will be met by IDEa is £727,000

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13. CONTROLLING ENTITY

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

14. RELATED PARTIES

The Company had the following transactions with related parties

| | Value of related party transactions in year 2013 exp / (inc) £'000 | Outstanding balance at 31 March 2013 dr / (cr) £'000 | Value of related party transactions in year 2012 exp / (inc) £'000 | Outstanding balance at 31 March 2012 dr / (cr) £'000 |
|---------------------------------------|---|---|--|--|
| Local Government Association | 1,532 | (26) | 1,471 | 7 |
| Improvement and Development Agency | 2,667 | 681 | 2,755 | 11 |

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

15. POST BALANCE SHEET EVENTS

The directors are not aware of any material post balance sheet events other than those already stated in the accounting policies relating to the transfer of the business, assets and liabilities of the Company to the IDeA