

**LOCAL GOVERNMENT ASSOCIATION**  
**(a UK Registered unlimited company)**  
**Company Registration No. 11177145**

**Consolidated financial statements**  
**for the year ended 31 March 2022**

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**Year ended 31 March 2022**

	Note	2022 £000	2021 £000
Income: Group and share of joint ventures' income		67,935	63,450
Less share of joint ventures' income		(10,211)	(10,699)
Group Income	2	<u>57,724</u>	<u>52,751</u>
Administrative expenses		(62,112)	(55,910)
<b>GROUP OPERATING DEFICIT BEFORE INTEREST AND TAX</b>	4	<b>(4,388)</b>	<b>(3,159)</b>
Interest receivable and similar income		261	331
Interest payable		(636)	(803)
Share of operating surplus of joint ventures	9	3,447	3,486
Dividend and profits share from Joint Ventures		3,102	3,511
Finance discounts allowed	5	(604)	(604)
Share of joint ventures distribution to members		(3,000)	(3,250)
Unrealised gain/(loss) on revaluation in respect of investment property	8	3,787	(2,795)
<b>GROUP OPERATING SURPLUS / (DEFICIT) BEFORE TAX</b>		<b>1,969</b>	<b>(3,283)</b>
Corporation Tax		-	-
<b>GROUP OPERATING SURPLUS / (DEFICIT) FOR THE FINANCIAL YEAR</b>		<b>1,969</b>	<b>(3,283)</b>
<b>Other Comprehensive Income:</b>			
Actuarial gain/(loss) recognised in respect of the pension fund		40,878	(5,540)
<b>GROUP TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>42,847</b>	<b>(8,823)</b>

All amounts relate to continuing operations.

The accounting policies and notes in pages 10 to 32 form part of these financial statements.

## ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2022

	Note	2022 £000	2021 £000
Income	2	26,127	22,655
Administrative expenses		(25,757)	(26,244)
Gain/(Loss) on revaluation of investment property		3,787	(4,879)
<b>OPERATING SURPLUS / (DEFICIT) BEFORE INTEREST</b>	4	<b>4,157</b>	<b>(8,468)</b>
Interest receivable and similar income		37	122
Interest payable		(1,106)	(23)
Finance discounts allowed	5	(604)	(604)
Dividend and profits share from Joint Ventures	9	102	261
<b>OPERATING SURPLUS / (DEFICIT) FOR THE FINANCIAL YEAR</b>		<b>2,586</b>	<b>(8,712)</b>
<b>Other Comprehensive Income:</b>			
Actuarial gain/(loss) recognised in respect of the pension fund		14,685	(2,051)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>17,271</b>	<b>(10,763)</b>

All amounts relate to continuing operations.

The accounting policies and notes in pages 10 to 32 form part of these financial statements.

**CONSOLIDATED BALANCE SHEET**

As at 31 March 2022

	Note	2022 £000	2021 £000
<b>FIXED ASSETS</b>			
Tangible assets	7	17,144	17,842
Investment Properties	8	82,830	79,150
Intellectual Copyright Assets		1	1
Investments - MBA	9	4	4
Investments in Joint Ventures:			
Share of gross assets of joint ventures	9	10,517	9,338
Share of gross liabilities of joint ventures	9	(2,521)	(1,446)
		<u>107,975</u>	<u>104,889</u>
<b>LONG TERM DEBTORS</b>	10	350	150
<b>CURRENT ASSETS</b>			
Debtors	11	11,638	7,867
Short term Investments	12	6,904	3,560
Cash at bank and in hand		4,699	4,701
		<u>23,241</u>	<u>16,128</u>
<b>CREDITORS: amounts falling due within one year</b>	13	(12,641)	(9,553)
		<u>10,600</u>	<u>6,575</u>
<b>NET CURRENT ASSETS</b>			
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>118,925</u>	<u>111,614</u>
<b>CREDITORS: amounts falling due after more than one year</b>	13	(29,517)	(30,013)
<b>PROVISIONS FOR LIABILITIES</b>			
Provisions	14	(750)	(250)
Pension Fund deficit	15	(67,634)	(101,943)
<b>NET ASSETS / (LIABILITIES)</b>		<u><b>21,024</b></u>	<u><b>(20,592)</b></u>
<b>ACCUMULATED FUNDS</b>			
General Reserve		19,060	19,060
Revaluation Reserve		61,406	57,619
Risk & Contingency Reserve		8,192	4,672
Pension Deficits Reserve			
- Pension Fund Assets		382,967	359,155
- less Defined Liabilities		(450,601)	(461,098)
		<u><b>21,024</b></u>	<u><b>(20,592)</b></u>

These financial statements were approved by the LGA Board on 8 June 2022 and signed on their behalf by



James Jamieson OBE, LGA Chairman and Chairman of the LGA Board

The accounting policies and notes in pages 10 to 32 form part of these financial statements.

## ASSOCIATION BALANCE SHEET

For the year ended 31 March 2022

	Note	2022 £000	2021 £000
<b>FIXED ASSETS</b>			
Tangible Assets	7	17,144	17,842
Investment Properties	8	82,830	79,150
Investments	9	804	804
		<u>100,778</u>	<u>97,796</u>
<b>LONG TERM DEBTORS</b>	10	2,850	2,650
<b>CURRENT ASSETS</b>			
Debtors	11	3,448	422
Short term Investments	12	3,589	4,540
Cash at bank and in hand		70	51
		<u>7,107</u>	<u>5,013</u>
<b>CREDITORS: amounts falling due within one year</b>	13	(6,580)	(5,345)
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		<u>527</u>	<u>(332)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>104,155</u>	<u>100,114</u>
<b>CREDITORS: amounts falling due after more than one year</b>	13	(44,583)	(46,037)
<b>PROVISIONS FOR LIABILITIES</b>			
Provisions	14	(500)	-
Pension Fund deficit	15	(25,718)	(37,994)
<b>NET ASSETS</b>		<u><b>33,354</b></u>	<u><b>16,083</b></u>
<b>ACCUMULATED FUNDS</b>			
General Reserve		(1,988)	(3,196)
Risk & Contingency Reserve		-	-
Revaluation Reserve		61,060	57,273
Pension Deficits Reserve			
- Pension Fund Assets		176,685	161,992
- less Defined Liabilities		(202,403)	(199,986)
		<u><b>33,354</b></u>	<u><b>16,083</b></u>

These financial statements were approved by the LGA Board on 8 June 2022 and signed on their behalf by



James Jamieson OBE, LGA Chairman and Chairman of the LGA Board

The accounting policies and notes in pages 10 to 32 form part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2022

	Risk & Contingency Reserve	Investment Property Reserve	Pensions Deficit Reserve	Retained Earnings	Total
	£000	£000	£000	£000	£000
<b>Balance at 1 April 2020</b>	-	60,414	(93,115)	19,060	(13,641)
<b>Changes in equity for 2020/21</b>					
Income for the year	-	-	-	(3,282)	(3,282)
Pensions Adjustments in Statement of Comprehensive income	-	-	(3,288)	3,288	-
Actuarial gains/(losses) on defined benefit plans	-	-	(5,540)	-	(5,540)
Unrealised gain on revaluation in respect of investment property	-	(2,795)	-	2,795	-
<b>Total comprehensive income for the year</b>	-	(2,795)	(8,828)	2,801	(8,822)
Movement on Joint Venture Reserves	-	-	-	1,871	1,871
Transfer to Risk and Contingency reserve (LGA and IDEA only)	4,672	-	-	(4,672)	-
<b>Balance as at 31 March 2021</b>	<b>4,672</b>	<b>57,619</b>	<b>(101,943)</b>	<b>19,060</b>	<b>(20,592)</b>
<b>Balance at 1 April 2021</b>	<b>4,672</b>	<b>57,619</b>	<b>(101,943)</b>	<b>19,060</b>	<b>(20,592)</b>
<b>Changes in equity for 2021/22</b>					
Surplus for the year	-	-	-	1,969	1,969
Pensions Adjustments in Statement of Comprehensive income	-	-	(5,681)	5,681	-
Actuarial gains (losses) on defined benefit plans	-	-	39,990	-	39,990
Unrealised gain on revaluation in respect of investment property	-	3,787	-	(3,787)	-
<b>Total comprehensive income for the year</b>	-	3,787	34,309	3,863	41,959
Movement on Joint Venture Reserves	-	-	-	(343)	(343)
Transfer to Risk and Contingency reserve (LGA and IDEA only)	3,520	-	-	(3,520)	-
<b>Balance as at 31 March 2022</b>	<b>8,192</b>	<b>61,406</b>	<b>(67,634)</b>	<b>19,060</b>	<b>21,024</b>

The accounting policies and notes in pages 10 to 32 form part of these financial statements.

## ASSOCIATION STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2022

	Risk & Contingency Reserve	Investment Property Reserve	Pensions Deficit Reserve	Retained Earnings	Total
	£000	£000	£000	£000	£000
<b>Balance at 1 April 2020</b>	<b>3,402</b>	<b>62,153</b>	<b>(34,401)</b>	<b>9,814</b>	<b>40,968</b>
<b>Changes in equity for 2020/21</b>					
Operating Deficit for the year	-	(79)	-	(3,762)	(3,841)
Pension adjustment included in Operating Surplus / Deficit for the year	-	-	(1,542)	1,542	-
Actuarial gains/(losses) on defined benefit plans	-	-	(2,051)	-	(2,051)
Unrealised loss on revaluation in respect of investment property	-	(4,880)	-	-	(4,880)
Change of merger accounting policy	-	79	-	(14,192)	(14,113)
Total comprehensive income for the year	-	<b>(4,880)</b>	<b>(3,593)</b>	<b>(16,412)</b>	<b>(24,885)</b>
Transfer to Risk and Contingency reserve	(3,402)	-	-	3,402	-
<b>Balance as at 31 March 2021</b>	<b>-</b>	<b>57,273</b>	<b>(37,994)</b>	<b>(3,196)</b>	<b>16,083</b>
<b>Balance at 1 April 2021</b>	<b>-</b>	<b>57,273</b>	<b>(37,994)</b>	<b>(3,196)</b>	<b>16,083</b>
<b>Changes in equity for 2021/22</b>					
Operating Deficit for the year	-	-	-	(1,201)	(1,201)
Pension adjustment included in Operating Surplus/Deficit for the year	-	-	(2,409)	2,409	-
Actuarial gains/(losses) on defined benefit plans	-	-	14,685	-	14,685
Unrealised gain on revaluation in respect of investment property	-	3,787	-	-	3,787
Total comprehensive income for the year	-	<b>3,787</b>	<b>12,276</b>	<b>1,208</b>	<b>17,271</b>
Transfer to Risk and Contingency reserve	-	-	-	-	-
<b>Balance as at 31 March 2022</b>	<b>-</b>	<b>61,060</b>	<b>(25,718)</b>	<b>(1,988)</b>	<b>33,354</b>

The accounting policies and notes in pages 10 to 32 form part of these financial statements.



**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the year ended 31 March 2022**

	Note	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
<b>Net cash inflow/(outflow) from operating activities</b>			
Surplus/(Deficit)		1,969	(3,283)
Adjustments for:			
FRS17 Pension adjustments		5,681	3,288
Investment and dividend Income		(3,363)	(3,842)
Revaluation gains on Investment Properties		(3,787)	2,795
Joint Venture Non Cash Adjustments		(448)	(236)
Finance discounts for former members of AMA		604	604
Interest expense		636	803
Depreciation		697	694
Decrease/(increase) in debtors		(3,770)	(414)
(Decrease)/increase in creditors		3,088	(140)
(Decrease)/Increase in provisions		500	-
(Decrease)/Increase in creditors due after one year		(496)	(798)
<b>Cash generated from operations</b>		<u>1,311</u>	<u>(529)</u>
Interest paid		(636)	(803)
<b>Net cash generated from operating activities</b>		<u>675</u>	<u>(1,332)</u>
<b>Cash flow from investing activities</b>			
Interest received		261	331
Loan to UKMBA		(200)	-
Impairment of investment in the UKMBA		-	-
Investment in redevelopment of Property, Plant and Equipment		-	154
Investment in redevelopment of Investment Properties		107	(290)
Distribution from Joint Venture		3,102	3,511
		<u>3,270</u>	<u>3,706</u>
<b>Cash flow from financing activities</b>			
Finance discounts for former members of AMA		(603)	(603)
		<u>(603)</u>	<u>(603)</u>
<b>Cash flow from Taxation activities</b>			
Corporation Tax paid		-	-
		<u>-</u>	<u>-</u>
Net (Decrease)/ Increase in cash		3,342	1,771
<b>Cash and cash equivalents at the start of the year</b>		8,261	6,490
<b>Cash and cash equivalents at the end of the year</b>	16	<u><u>11,603</u></u>	<u><u>8,261</u></u>

The accounting policies and notes in pages 10 to 32 form part of these financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

**As at 31 March 2022**

### **1. ACCOUNTING POLICIES**

On 3 December 2021 the assets, liabilities and business of Local Association (Properties), an incorporated unlimited company with share capital, transferred to the Local Government Association, an incorporated unlimited company, via a business transfer agreement (see Note 19) and accounted for under Merger Accounting rules as permissible under FRS102.

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

The Association is considered to be a public benefit entity.

#### **Going Concern**

The financial statements have been prepared on the going concern basis. The Association and the entities under its control have net assets, after accounting for the defined benefit pension scheme deficits, of £20.9 million as at 31 March 2022 (net liabilities £20.6 million 2021). The valuation of net assets includes actuarial estimates of pension scheme liabilities at the balance sheet date. The Association and certain of its related entities pay amounts into the schemes, as prescribed by the actuaries, in order to eliminate this deficit over a period between 15 and 22 years, and unfunded pension liabilities are being cleared over the remaining lives of the pensioners concerned, as disclosed in Note 15. Payments to clear pension deficits are financed from the Association's and related entities' general income.

The impact of COVID-19 on the Group and Company's business has been assessed and has been determined to not be material. The IDeA receives grant funding from the Department for Levelling Up, Housing and Communities (DLUHC). This funding is received on behalf of the Local Government Association and its related bodies. The level of funding has been formally determined by DLUHC for the year to 31 March 2023. Funding for some of the Company's principal funded programmes has also been agreed by the funders, with some further awards expected shortly, notwithstanding that some funding now needs to be secured via competitive tender.

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

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

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

#### **Accounting convention**

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

## NOTES TO THE FINANCIAL STATEMENTS As at 31 March 2022

### 1. ACCOUNTING POLICIES (Continued)

#### Basis of consolidation

The group financial statements consolidate the financial statements of the Association and companies under its control for the year ended 31 March 2022. They also consolidate the Group's share of the results and post-acquisition reserves of joint ventures under the gross equity accounting method. The profits and losses of group undertakings and joint ventures are consolidated from the date of acquisition to the date of disposal using the acquisition method of accounting. Uniform accounting policies are used for all group companies. Profits or losses on intragroup transactions are eliminated on consolidation.

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

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

#### Tangible Fixed Assets and Depreciation

Tangible fixed assets are held at historical cost net of depreciation and provisions for impairment. Under FRS102 mixed use property must be separated between investment property and tangible fixed assets. In the Group Accounts for the Financial Year 2021/22 66% (2020/21 66%) of 18 Smith Square cost and depreciation will be accounted for as Tangible Fixed Assets to reflect the area of the building utilised by the Group.

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

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

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

#### Investment Property

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

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

In the Group Accounts for the Financial Year 2021/22 34% (2020/21 34%) of 18 Smith Square valuation on the above basis will be accounted for as Investment Property Assets to reflect the area of the building available for occupation by third parties.

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

#### Investments

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

## **NOTES TO THE FINANCIAL STATEMENTS**

### **As at 31 March 2022**

#### **1. ACCOUNTING POLICIES (Continued)**

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

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

#### **Financial Instruments – Loans, Swaps and hedging**

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

#### **Stocks and Work in Progress**

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

#### **Revenue Recognition**

##### **Income**

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

##### **Government Funding**

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

##### **Debtors**

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

##### **Provisions**

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

##### **Employee benefits**

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**As at 31 March 2022**

**1. ACCOUNTING POLICIES (Continued)**

The Local Government Pension Scheme is a defined benefit scheme and scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability.

Any increase in the present value of liabilities within the defined benefit pension schemes expected to arise from employee service in the period are charged to the Statement of Comprehensive Income. The expected return on the schemes' assets and the increase during the period in the present value of the schemes' liabilities arising from the passage of time and actuarial gains and losses are recognised in the Statement of Other Comprehensive Income as remeasurement of defined benefits pension scheme obligations. Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet.

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

**Reserves**

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

**2. INCOME**

<b>CONSOLIDATED</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<b>Group</b>		
Subscriptions	10,355	10,239
Conferences and seminars	778	248
Government Grants	34,883	33,516
Shared Services – external to group	749	165
Other income	10,959	8,583
	<hr/>	<hr/>
	57,724	52,751
<b>Joint Ventures</b>	10,211	10,699
	<hr/>	<hr/>
	67,935	63,450
<b>ASSOCIATION</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Subscriptions	10,354	10,239
Conferences and seminars	406	65
Shared Services	5,695	5,220
Other income	9,672	7,131
	<hr/>	<hr/>
	26,127	22,655
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS**  
**As at 31 March 2022**

**3. EMPLOYEES AND DIRECTORS**

**Employees**

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

	<b>CONSOLIDATED</b>		<b>ASSOCIATION</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Average number of persons employed</b>	415	386	196	184
<b>Staff costs</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Wages and salaries	25,303	23,493	11,606	10,817
Social security costs	2,726	2,604	1,330	1,208
Pension costs – employer payments	3,542	3,427	1,243	1,128
Pension costs – employer deficit payments	(95)	778	-	1
Pension costs – current service costs less contributions	(235)	1,127	1,630	735
<u>Less</u> income from secondments	(1,077)	(789)	(584)	(472)
	<u>30,164</u>	<u>30,640</u>	<u>15,225</u>	<u>13,417</u>
<b>Staff related costs</b>				
Agency, freelance and secondment costs	883	919	535	340
Redundancy costs & provision	112	67	110	28
Travel, subsistence and staff expenses	501	14	252	4
Recruitment costs	84	148	62	130
Training costs	120	142	65	128
Other personnel costs	93	79	55	38
	<u>1,793</u>	<u>1,369</u>	<u>1,079</u>	<u>668</u>
<b>Total staff costs</b>	<u>31,957</u>	<u>32,009</u>	<u>16,304</u>	<u>14,085</u>

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

### 3. EMPLOYEES AND DIRECTORS (continued)

The numbers of other staff who received remuneration of £50,000 or more are stated in the table below. Remuneration excludes employer pension contributions but includes redundancy and all taxable benefits paid to or receivable by the employee. The 2022 figures include 25 staff (2021: 5 staff) seconded to other organisations, of which 15 were employed by the Association.

CONSOLIDATED	2022	2022	2021	2021
	Remuneration including redundancy	Remuneration excluding redundancy	Remuneration including redundancy	Remuneration excluding redundancy
£50,000 - £54,999	41	41	32	32
£55,000 - £59,999	24	24	8	8
£60,000 - £64,999	15	15	15	15
£65,000 - £69,999	15	15	28	28
£70,000 - £74,999	28	28	18	18
£75,000 - £79,999	27	27	38	38
£80,000 - £84,999	24	24	16	16
£85,000 - £89,999	12	12	2	2
£90,000 - £94,999	4	4	7	7
£95,000 - £99,999	4	4	1	1
£100,000 - £104,999	1	1	3	3
£105,000 - £109,999	8	8	8	8
£110,000 - £114,999	4	4	1	1
£115,000 - £119,999	5	5	4	4
£120,000 - £124,999	1	1	1	1
£125,000 - £129,999	1	1	3	3
£135,000 - £139,999	1	1	-	-
£170,000 - £174,999	1	1	1	1
£180,000 - £184,999	1	1	-	-
£215,000 - £219,999	1	1	1	1

ASSOCIATION	2022	2022	2021	2021
	Remuneration including redundancy	Remuneration excluding redundancy	Remuneration including redundancy	Remuneration excluding redundancy
£50,000 - £54,999	16	16	17	17
£55,000 - £59,999	17	17	1	1
£60,000 - £64,999	2	2	5	5
£65,000 - £69,999	9	9	7	7
£70,000 - £74,999	5	5	7	7
£75,000 - £79,999	6	6	17	17
£80,000 - £84,999	18	18	3	3
£85,000 - £89,999	3	3	-	-
£90,000 - £94,999	1	1	3	3
£95,000 - £99,999	3	3	1	1
£100,000 - £104,999	-	-	2	2
£105,000 - £109,999	3	3	4	4
£110,000 - £114,999	3	3	-	-
£115,000 - £119,999	2	2	1	1
£120,000 - £124,999	1	1	1	1
£125,000 - £129,999	-	-	2	2
£135,000 - £139,999	1	1	-	-
£170,000 - £174,999	1	1	1	1
£180,000 - £184,999	1	1	-	-
£215,000 - £219,999	1	1	1	1

**NOTES TO THE FINANCIAL STATEMENTS**  
**As at 31 March 2022**

**3. EMPLOYEES AND DIRECTORS (continued)**

**Directors**

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

	CONSOLIDATED		ASSOCIATION	
	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000
Total emoluments	1,802	1,652	1,725	1,528
Emolument of the chairman and highest paid director	85	69	85	69

**Key Management Compensation**

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

	CONSOLIDATED		ASSOCIATION	
	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000
Salaries and other short term benefits	890	900	641	652
Post-employment benefits	94	110	58	59
<b>Total key management compensation</b>	<b>984</b>	<b>1,010</b>	<b>699</b>	<b>711</b>

**4. OPERATING DEFICIT**

	CONSOLIDATED		ASSOCIATION	
	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000
<b>Operating deficit is after charging:</b>				
Depreciation and amortisation	877	694	698	178
Loss on disposal of fixed assets	-	-	-	-
Auditor's remuneration				
- audit fee	43	43	19	19
- non audit services	3	3	-	-



## **NOTES TO THE FINANCIAL STATEMENTS**

**As at 31 March 2022**

### **5. FINANCE DISCOUNTS**

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

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

### **6. TAXATION**

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

### **7. FIXED ASSETS**

#### **Group Assets**

The property from which the Association operates, 18 Smith Square, London SW1 was previously owned by Local Government Association (Properties), a subsidiary company. The Association previously paid rent to that company for its accommodation. The other trading companies that the Association controls operate from the same property. In addition related parties and third parties occupy parts of the accommodation on formal commercial leases.

As a result of the application of FRS 102 for the Financial Year 2021/22 66% (2020/21 66%) of 18 Smith Square cost and depreciation have been accounted for as Tangible Fixed Assets in the Group figures to reflect the area of the building utilised by the Group.

**NOTES TO THE FINANCIAL STATEMENTS**  
**As at 31 March 2022**

**7. FIXED ASSETS (continued)**

**TANGIBLE FIXED ASSETS**

<b>CONSOLIDATED</b>	<b>Freehold land and buildings £000</b>	<b>Computer Equipment £000</b>	<b>Fixtures, fittings and equipment £000</b>	<b>Total £000</b>
<b>Cost</b>				
At 1 April 2021	22,144	384	754	23,282
Additions	-	-	-	-
Disposals	-	-	-	-
<b>At 31 March 2022</b>	<b>22,144</b>	<b>384</b>	<b>754</b>	<b>23,282</b>
<b>Depreciation</b>				
At 1 April 2021	5,079	160	201	5,440
Charge for year	520	128	50	698
Disposal in year	-	-	-	-
<b>At 31 March 2022</b>	<b>5,599</b>	<b>288</b>	<b>251</b>	<b>6,138</b>
<b>Net book value</b>				
At 31 March 2022	16,545	96	503	17,144
At 31 March 2021	17,065	224	553	17,842
<b>ASSOCIATION</b>				
<b>Cost</b>				
At 1 April 2021	22,144	384	754	23,282
Additions	-	-	-	-
<b>At 31 March 2022</b>	<b>22,144</b>	<b>384</b>	<b>754</b>	<b>23,282</b>
<b>Depreciation</b>				
At 1 April 2021	5,079	160	201	5,440
Charge for year	520	128	50	698
<b>At 31 March 2022</b>	<b>5,599</b>	<b>288</b>	<b>251</b>	<b>6,138</b>
<b>Net book value</b>				
At 31 March 2022	16,545	96	503	17,144
At 31 March 2021	17,065	224	553	17,842

**NOTES TO THE FINANCIAL STATEMENTS**  
**As at 31 March 2022**

**8. INVESTMENT PROPERTIES**

<b>CONSOLIDATED</b>	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
Brought forward valuation	79,150	81,655
Capital Expenditure	(107)	290
Unrealised gain/(loss) on revaluation	3,787	(2,795)
Carried forward valuation	<b>82,830</b>	<b>79,150</b>
<b>ASSOCIATION</b>	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
Brought forward valuation	79,150	80,550
Capital Expenditure	(107)	290
Unrealised gain/(loss) on revaluation	3,787	(1,690)
Carried forward valuation	<b>82,830</b>	<b>79,150</b>

As a result of the requirements of FRS102, in the Group Accounts for the Financial Year 2021/22 34% (2020/21 34%) of 18 Smith Square House valuation have been accounted for as Investment Property Assets to reflect the area of the building available for occupation by 3rd parties.

The freehold land and buildings Layden House and 18 Smith Square, were valued at open market value on a commercial rental use basis. The valuations were performed as at 31 March 2022 by an independent professional valuer, Cushman & Wakefield Chartered Surveyors.

**9. INVESTMENTS IN JOINT VENTURES - GROUP**

**LOCAL PARTNERSHIPS LLP**

<b>Balance Sheet</b>	<b>31 March</b> <b>2022</b> <b>£000</b>	<b>31 March</b> <b>2021</b> <b>£000</b>
Current Assets	8,418	7,649
Share of gross assets	8,418	7,649
Liabilities due within one year or less	(1,637)	(970)
Other	-	-
Loans and other Debts due to members	-	-
Share of gross liabilities	(1,637)	(970)
<b>Share of net assets</b>	<b>6,781</b>	<b>6,679</b>

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

### 9. INVESTMENTS IN JOINT VENTURES – GROUP (continued)

The operating results for Local Partnerships LLP are shown below:

<b>Profit and Loss Summary</b>	<b>Year ended 31 March 2022 £000</b>	<b>Year ended 31 March 2021 £000</b>
Revenue	9,701	9,848
Operating costs	(9,295)	(9,454)
Interest Receivable	4	15
Operating profit	<u>410</u>	<u>409</u>
<b>Share of operating profit</b>	<b><u>205</u></b>	<b><u>204</u></b>

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

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

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

In the Financial Year 2021/22 Local Partnerships LLP paid dividends to both parties of £101,000 in respect of the prior year's results (During 2020/21 £261,000 received in respect of 2019/20 results).

#### GEOPLACE LLP

<b>Balance Sheet</b>	<b>31 March 2022 £000</b>	<b>31 March 2021 £000</b>
Fixed Assets	-	-
Intangible Assets	10	13
Current Assets	1,909	1,592
Share of gross assets	<u>1,919</u>	<u>1,605</u>
Liabilities due within one year or less	(704)	(392)
Share of gross liabilities	<u>(704)</u>	<u>(392)</u>
<b>Share of net assets</b>	<b><u>1,215</u></b>	<b><u>1,214</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**As at 31 March 2022**

**9. INVESTMENTS IN JOINT VENTURES – GROUP (continued)**

The operating results for Geoplace LLP are shown below:

<b>Profit and Loss Summary</b>	<b>Year ended 31 March 2022 £000</b>	<b>Year ended 31 March 2021 £000</b>
Revenue	19,269	20,753
Operating costs	(6,296)	(7,624)
Interest Receivable and Payable	-	-
Operating profit	<u>12,973</u>	<u>13,129</u>
<b>Share of operating profit</b>	<b><u>3,243</u></b>	<b><u>3,282</u></b>

Under an agreement dated 17 November 2010, the Secretary of State for Communities & Local Government, acting through Ordnance Survey, entered into an agreement (the LLP Members' Agreement) with Improvement and Development Agency for Local Government (IDeA) and the Local Government Association, for the formation of a new joint venture, the limited liability partnership Geoplace LLP. The purpose of the LLP is to create, manage and, through separate licensing arrangements with Ordnance Survey, commercially exploit a single definitive National Address Gazetteer. Ordnance Survey and IDeA each contributed £1 by way of equity capital. Immediately prior to completion of the joint venture agreement, which took place on 31 March 2012, IDeA and Ordnance Survey made loans to Geoplace LLP of £1.500 million and £4.773 million respectively. These loans have now been repaid. The distributable profits of Geoplace LLP are allocated 25% to IDeA and 75% to Ordnance Survey.

Geoplace LLP commenced trading on 1 April 2011 and has traded profitably in the years to 31 March 2022.

**LGA DIGITAL SERVICES**

<b>Balance Sheet</b>	<b>31 March 2022 £000</b>	<b>31 March 2021 £000</b>
Fixed Assets	-	-
Intangible Assets	179	30
Current Assets	1	54
Share of gross assets	<u>180</u>	<u>84</u>
Liabilities due within one year or less	<u>(180)</u>	<u>(84)</u>
Share of gross liabilities	<u>(180)</u>	<u>(84)</u>
<b>Share of net assets</b>	<b><u>-</u></b>	<b><u>-</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**As at 31 March 2022**

**9. INVESTMENTS IN JOINT VENTURES – GROUP (continued)**

The operating results for LGA Digital Services are shown below:

<b>Profit and Loss Summary</b>	<b>Year ended 31 March 2022 £000</b>	<b>Year ended 31 March 2021 £000</b>
Revenue	1,086	1,173
Operating costs	(1,086)	(1,173)
Operating profit	-	-
<b>Share of operating profit</b>	<b>-</b>	<b>-</b>

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

**9. INVESTMENTS – ASSOCIATION**

**LGA**

<b>Investment in UK Municipal Bonds Agency PLC (MBA)</b>	<b>Year ended 31 March 2022 £000</b>	<b>Year ended 31 March 2021 £000</b>
Opening balance	4	4
Invested in year	-	-
Impairment in year	-	-
<b>Closing Value</b>	<b>4</b>	<b>4</b>

	<b>Equity £000</b>	<b>Debt £000</b>	<b>Total £000</b>
<b>Investment in Local Partnerships LLP</b>			
<b>Year ended 31 March 2021</b>			
Opening balance	800	-	800
Repaid in year	-	-	-
Closing value	800	-	800
<b>Year ended 31 March 2022</b>			
Opening balance	800	-	800
Repaid in year	-	-	-
Closing value	800	-	800

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

### 9. INVESTMENTS – ASSOCIATION (Continued)

#### Investment in LGA Digital Services Limited

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

#### Investment in Improvement and Development Agency for Local Government

Improvement and Development Agency for Local Government is a company limited by guarantee, with the LGA holding that guarantee. Therefore, there is no monetary value of the investment.

#### Investment in LGA Commercial Services Limited

The LGA investment in LGA Commercial Services Limited is a 100% shareholding reflecting a £1 ordinary shareholding.

### 10. LONG TERM DEBTORS

In 2021/22 there has been no new intercompany loans. The value of the unsecured loans are now:

- £2.5 million loan (2020/21 £2.5 million) between the LGA and LGA Commercial Services Limited

This loan is due to mature on 31 December 2038 and interest is charged at 3.24% p.a.

The £20 million loan between the LGA and Local Government Association (Properties) was satisfied as part of the transfer agreement executed on 3 December 2021.

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

An unsecured Convertible Loan Facility of £150,000 was issued by the LGA to the UKMBA on 1 August 2019 (subsequently increased to a Facility of £400,000 on 1 November 2019), repayable on 18 January 2028 with interest charged at 3.24% p.a.. At the year end, £350,000 had been drawn down by the UKMBA in four tranches.

### 11. DEBTORS

	CONSOLIDATED		ASSOCIATION	
	2022 £000	2021 £000	2022 £000	2021 £000
Trade debtors	6,041	3,238	1,449	547
Due from related entities	-	15	(1,927)	(2,298)
Other debtors	(573)	(161)	26	241
Prepayments and accrued income	6,170	4,775	3,900	1,932
	<u>11,638</u>	<u>7,867</u>	<u>3,488</u>	<u>422</u>

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

### 12. SHORT TERM INVESTMENTS

Surplus cash balances held by the Association, the companies it controls and related parties are pooled and lent to financial institutions on the Association's approved counterparty list. Investments are typically for periods not exceeding 12 months and as such the loan amount is a reasonable assessment of fair value. The counterparty list is currently restricted to financial institutions that meet agreed credit ratings criteria and subject to the cash limits (per counterparty) as shown in the Association's Investment Strategy. The Association's Investment Strategy strictly applies credit limits for all financial institutions on the approved counterparty list to ensure that investments are diversified. No credit limits were exceeded during the year and the Association does not expect any losses on short term investments

### 13. CREDITORS

	CONSOLIDATED		ASSOCIATION	
	2022 £000	2021 £000	2022 £000	2021 £000
<b>Amounts falling due within one year</b>				
Accounts payable and accruals	3,758	3,848	1,001	1,558
Income received in advance	6,681	3,835	252	263
Other creditors	2,202	1,870	2,982	1,572
Owed to related entities	-	-	2,345	1,952
	<b>12,641</b>	<b>9,553</b>	<b>6,580</b>	<b>5,345</b>
<b>Amounts falling due beyond one year</b>				
1 to 2 Years	520	586	2,106	520
2 to 5 years	520	1,040	3,000	1,040
More than 5 years	28,477	28,477	39,477	44,477
	<b>29,517</b>	<b>30,103</b>	<b>44,583</b>	<b>46,037</b>

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



## NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2022

### 13. CREDITORS (continued)

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

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Bank loans	1,040	1,560
Loan from ACC (Properties) Limited	2,000	2,000
Loan from AMA (Properties) Limited	6,200	6,200
Barclays Swap Liability	277	277
Loan from Westminster City Council	19,000	20,000
	<b><u>28,517</u></b>	<b><u>30,037</u></b>

The loans from ACC (Properties) Ltd and AMA (Properties) Ltd are only repayable in the event of the sale of 18 Smith Square. There is no intention to dispose of the property in the foreseeable future. The loan from ACC (Properties) Ltd bears compound interest at 1.5% above the base rate with payment conditional upon the disposal of the property. The accumulated interest to date on the loan is £3.258 million.

The above Swap agreement liability is the value on the balance sheet as at 31 March 2022 that would be payable if the loan was repaid. There has been no recognition in the current year of the liability reducing, which would be credited to the Statement of Consolidated Income. The Bank Loans and the Barclays Swap Liability are secured against 18 Smith Square partly valued as a Property asset in note 7 at £17.1 million and partly as Investment Property Asset in note 8 at £16.8 million.

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

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

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

### 14. PROVISIONS

	<b>CONSOLIDATED</b>		<b>ASSOCIATION</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance at 1 April	250	250	-	-
Arising during year	500	-	500	-
Utilised during year	-	-	-	-
Balance at 31 March	<b><u>750</u></b>	<b><u>250</u></b>	<b><u>500</u></b>	<b><u>-</u></b>

The provision for the year to 31 March 2022 relates to £250,000 for potential redundancy costs and a provision for property costs of £500,000.

## **NOTES TO THE FINANCIAL STATEMENTS**

**As at 31 March 2022**

### **15. PENSION COMMITMENTS**

The Local Government Association and companies under the Association's control are admitted bodies to two local government pension funds: the Merseyside Pension Fund, administered by Wirral Metropolitan Borough Council; and the London Borough of Camden Pension Fund. From 1 April 2021, the administration of the IDeA LGPS transferred from the London Borough of Camden Pension Fund to the Merseyside Pension Fund (though the funds have not merged). These funds are administered in accordance with the Local Government Pension Scheme Regulations 1997. Details of the calculation of the deficit relating to each fund are given below.

In addition, the Association and its predecessor bodies have incurred pension liabilities that are outside the funded benefits provided by the relevant pension schemes. These other unfunded liabilities were estimated by an actuary at 31 March 2022 as £1.845 million (2021 £1.946 million). The unfunded liabilities are being paid annually over the remaining lives of the pensioners concerned.

The most recent formal actuarial reviews in relation to the funds were at 31 March 2022. The actuarial assumptions that have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. The assumptions made by the actuaries (Mercer Ltd (M) for the Merseyside fund and Hymans Robertson (HR) for the Camden funds in the prior year) are stated below.

#### **Investment returns**

The investment returns on the funds used in calculating the year end assets were in the range: 4.0% to 9.7% (2020/21, 17.36% to 34.7%).

**NOTES TO THE FINANCIAL STATEMENTS**  
**As at 31 March 2022**

**15. PENSION COMMITMENTS (continued)**

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

	<b>31 March 2022</b>	<b>31 March 2021</b>
Equities	49.5%	52.1% to 80.0%
Bonds (HR)	0.0%	9.0%
Government Bonds (M)	9.8%	1.2%
Other Bonds (M)	3.5%	11.5%
Property	9.6%	8.0% to 8.9%
Cash	1.8%	2.4% to 3.0%
Other (M)	25.8%	23.9%

**a) Actuarial assumptions**

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

The range of assumptions used by the actuaries was:

	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>% per annum</b>	<b>% per annum</b>
Pension increase rate	3.4% to 3.6%	2.8% to 2.9%
Salary increase rate	4.8% to 4.9%	3.2% to 4.2%
Discount rate	2.8%	2.0% to 2.1%
Inflation assumption	3.3% to 3.5%	2.7%

	<b>31 March 2022</b>	<b>31 March 2021</b>
	<b>Years</b>	<b>Years</b>
Mortality Rates*		
Current Pensioners – Male	22.4	22.0 to 22.6
Current Pensioners – Female	25.9	24.3 to 26.0
Future Pensioners – Male	20.9	21.0 to 23.4
Future Pensioners – Female	24.0	24.1 to 26.1

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**As at 31 March 2022**

**15. PENSION COMMITMENTS (continued)**

**b) Scheme assets**

<b>Balance sheet</b>	<b>31 March 2022 £000</b>	<b>31 March 2021 £000</b>
Fair value of employer assets	382,967	359,155
Present value of funded liabilities	(439,457)	(448,969)
Net underfunding in funded plans	(56,490)	(89,814)
Present value of unfunded liabilities	(11,144)	(12,129)
<b>Net liability</b>	<b>(67,634)</b>	<b>(101,943)</b>

<b>Recognition in the statement of Comprehensive Income</b>	<b>Year to 31 March 2022 £000</b>	<b>Year to 31 March 2021 £000</b>
Current service cost	(235)	(1,353)
Interest cost	5,916	(562)
Expected return on employer assets	-	15
Losses on curtailments and settlements	-	-
<b>Total</b>	<b>5,681</b>	<b>(1,900)</b>
Actual return on plan assets	<b>21,928</b>	<b>24,335</b>

<b>Reconciliation of defined benefit obligation</b>	<b>2022 £000</b>	<b>2021 £000</b>
Opening defined benefit obligation	461,098	383,499
Current service cost	7,493	5,869
Interest cost	9,303	8,902
Contribution by members	1,772	1,745
Actuarial (gains)/losses	(18,062)	74,150
Past service costs	-	-
Losses on curtailments	-	-
Estimated unfunded benefits paid	-	(555)
Estimated benefits paid	(11,003)	(12,512)
<b>Closing defined benefit obligation</b>	<b>450,601</b>	<b>461,098</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**As at 31 March 2022**

**15. PENSION COMMITMENTS (continued)**

<b>Reconciliation of fair value of employer assets</b>	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
Opening fair value of employer assets	359,155	290,384
Expected return on assets	3,387	6,741
Contributions by members	1,772	1,745
Contributions by the employer	7,831	4,232
Contributions in respect of unfunded benefits	-	555
Administrative Expenses	(103)	(45)
Actuarial (losses)/gains	21,928	68,610
Unfunded Benefits paid	-	(413)
Benefits paid	(11,003)	(12,654)
<b>Closing fair value of employer assets</b>	<b>382,967</b>	<b>359,155</b>

**Amounts for the current and previous accounting periods**

	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>	<b>2020</b> <b>£000</b>	<b>2019</b> <b>£000</b>	<b>2018</b> <b>£000</b>
Fair value of employer assets	382,967	359,155	290,384	307,489	290,931
Present value of defined benefit obligation	(450,601)	(461,098)	(383,499)	(441,337)	(406,431)
<b>Deficit</b>	<b>(67,634)</b>	<b>(101,943)</b>	<b>(93,115)</b>	<b>(133,848)</b>	<b>(115,500)</b>
Experience gains/(losses) on assets	21,928	68,610	(23,076)	(54,797)	(8,102)
Experience gains/(losses) on liabilities	-	-	-	-	-

The total of employer pension contributions estimated to be payable in 2022/23 is £3.667 million (£1.659 million of which relates to the Association).

**16. CASHFLOW: RECONCILIATION OF CASH AND CASH EQUIVALENTS**

<b>Reconciliation of cash and cash equivalents</b>	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
Short Term Investments	6,904	3,560
Cash at bank and in hand	4,699	4,701
<b>Cash and cash equivalents</b>	<b>11,603</b>	<b>8,261</b>

**17. CONTINGENT LIABILITIES**

LGA Properties has a loan from ACC (Properties) Ltd that bears compound interest at 1.5% above the base rate, with payment conditional on the disposal of the property. The accumulated interest to date on the loan is £3.258 million.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **As at 31 March 2022**

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

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). As part of the admission agreement, the LGA has agreed to guarantee the IDeA deficit.

### **18. RELATED ENTITIES**

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

- Improvement and Development Agency for Local Government (IDeA)
- LGA Commercial Services Ltd – limited by shares

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

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

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

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

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

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

### **19. EXCEPTIONAL ITEM**

During 2021/22 there were no exceptional items to report.

### **20. POST BALANCE SHEET EVENTS**

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

### **21. CONTROLLING ENTITY**

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**As at 31 March 2022**

**22. MERGER ACCOUNTING – COMPARATIVES**

On 3 December 2021 the business, assets and liabilities of Local Government Association (Properties) (LGA(P)) were transferred into the Local Government Association (LGA) via a transfer agreement and accounted for using merger accounting. Under FRS102 the comparative numbers for the Local Government Association presented in the Association only pages of the financial statements are therefore those of the combined entity. The following tables set out the comparative figures for the individual entities.

**ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME**

**Year ended 31 March 2022 – Comparative figures by original entity**

	LGA 2021 £000	LGA(P) 2021 £000	Consol- idation adj's £000	LGA Revised 2021 £000
Income	20,984	3,003	(1,332)	22,655
Administrative expenses	(25,690)	(1,895)	1,341	(26,244)
<b>OPERATING (DEFICIT) / SURPLUS BEFORE INTEREST</b>	<b>(4,706)</b>	<b>1,108</b>	<b>9</b>	<b>(3,589)</b>
Interest receivable and similar income	770	1	(649)	122
Interest payable	-	(671)	648	(23)
Finance discounts allowed	(604)	-	-	(604)
Dividend and profits share from Joint Ventures	261	-	-	261
<b>OPERATING (DEFICIT) / SURPLUS FOR THE FINANCIAL YEAR</b>	<b>(4,279)</b>	<b>438</b>	<b>8</b>	<b>(3,833)</b>
<b>Other Comprehensive Income:</b>				
Actuarial gain/(loss) recognised in respect of the pension fund	(2,051)	-	-	(2,051)
Gain/(Loss) on revaluation of investment property	(1,690)	(3,018)	(171)	(4,879)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(8,020)</b>	<b>(2,580)</b>	<b>(163)</b>	<b>(10,763)</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**As at 31 March 2022**

**22. MERGER ACCOUNTING – COMPARATIVES (Continued)**

**ASSOCIATION BALANCE SHEET**

**For the year ended 31 March 2022 – Comparative figures by original entity**

	<b>LGA 2021 £000</b>	<b>LGA(P) 2021 £000</b>	<b>Consol- idation Adj's £000</b>	<b>LGA Revised 2021 £000</b>
<b>FIXED ASSETS</b>				
Tangible Assets	224	553	17,065	17,842
Investment Properties	63,000	47,500	(31,350)	79,150
Investments	804	-	-	804
<b>LONG TERM DEBTORS</b>	22,650	-	(20,000)	2,650
<b>CURRENT ASSETS</b>				
Debtors	2,510	276	(2,364)	422
Short term Investments	3,894	645	1	4,540
Cash at bank and in hand	42	10	(1)	51
	6,446	931	(2,364)	5,013
<b>CREDITORS: amounts falling due within one year</b>	(4,823)	(2,887)	2,365	(5,345)
<b>NET CURRENT ASSETS</b>	1,623	(1,956)	1	(332)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	88,301	46,097	(34,284)	100,114
<b>CREDITORS: amounts falling due after more than one year</b>	(36,000)	(30,037)	20,000	(46,037)
<b>PROVISIONS FOR LIABILITIES</b>				
Provision for Organisation restructuring	-	-	-	-
Pension Fund deficit	(37,994)	-	-	(37,994)
<b>NET LIABILITIES</b>	<b>14,307</b>	<b>16,060</b>	<b>(14,284)</b>	<b>16,083</b>
<b>ACCUMULATED FUNDS</b>				
General Reserve	7,874	2,377	(13,447)	(3,196)
Risk & Contingency Reserve	664	-	(664)	-
Revaluation Reserve	43,763	13,683	(173)	57,273
Pension Deficits Reserve				
- Pension Fund Assets	161,992	-	-	161,992
- less Defined Liabilities	(199,986)	-	-	(199,986)
	<b>14,307</b>	<b>16,060</b>	<b>(14,284)</b>	<b>16,083</b>