



ESPO MANAGEMENT COMMITTEE – 20 SEPTEMBER 2017

**DRAFT STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE
STATEMENT 2016/17**

JOINT REPORT OF THE DIRECTOR AND CONSORTIUM TREASURER

Purpose of Report

1. This report sets out the Statement of Accounts and Annual Governance Statement for the financial year 2016/17.

Background

2. Local Authority Accounting requires the organisation to approve the Statement of Accounts and Annual Governance Statement for the financial year 2016/17 and receive the Auditor's report by the end September 2017.

**Draft Statement of Accounts, Annual Governance Statement 2016/17,
Modern Slavery and Human Trafficking Statement 2016/17**

3. The Draft Statement of Accounts, Annual Governance Statement for 2016/17, and Modern Slavery and Human Trafficking Statement 2016-17 are attached as appendices.
4. Price Waterhouse Coopers (PWC) commenced final audit of the accounts on 10th July for three weeks. The draft audit opinion is considered elsewhere on the agenda.
5. In July 2017 the Consortium Treasurer wrote to Members concerning the treatment of the ESPO Pension Liability. In previous years this liability has not been accounted for within ESPO's accounts due to the fact that it was not separately identifiable. It was thus included within Leicestershire County Councils statement of accounts. This was always disclosed in a note to the accounts. This year the ESPO pension liability has been separately identified so in the draft accounts the pension liability has been included. The scope of work carried out by PWC has been extended so that work on the pension fund accounting entries can be carried out.
6. The CIPFA Code of Practice on Local Authority Accounting requires the organisation to disclose information relating to the impact of an accounting change that will be required by any new standards that

has been issued by 1 January 2017 but not yet adopted by the Code for the relevant year.

Key Points

7. Value of Pension Deficit: The closing position as at 31st March 2017 was a net deficit of £18,401k (Prior Year: £11,987k). This is shown as “Net Pension Liability” on the face of the balance sheet and more detail is included in note 17 to the accounts. The increase is down to changes in financial assumptions, primarily being increasing life expectancy.
8. The inclusion of the pension liability also impacts on other parts of the accounts, including making the net assets of ESPO a deficit of £1,298k (PY: net assets a surplus of £2,468k)
10. Value of Land and Buildings: The Grove Park premises were valued at £12m (PY - £11m) in accordance with professional guidelines. The outstanding long term loan now stands at £6.5m (PY £7.0m)
11. Net Surplus: Clearly such material balances have a significant impact on the reported net surplus which after all dividends, pension deficits and surplus shows a net deficit of £3,766k (PY Surplus £5,243k). Statutory regulations allow the pension deficit to be reversed in the accounts (replaced by the actual amounts agreed with the Actuary). There is therefore no direct impact on the dividend.

Resources Implications

12. No specific implications.

Recommendation

13. The Management Committee is asked to approve the Draft Statement of Accounts for 2016/17 and the Annual Governance Statement.

Equal Opportunities Implications

14. None

Background Papers

None

Officers to Contact

Mr C Tambini –Consortium Treasurer (Tel: 0116 305 7831)

Mr J Doherty – Director of ESPO (Tel: 0116 265 7930)

Appendices

Appendix 1: Statement of Accounts

Appendix 2: Annual Governance Statement 2016/17

Appendix 3: Modern Slavery and Human Trafficking Statement 2016-17

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