



ESPO MANAGEMENT COMMITTEE – 12 SEPTEMBER 2018

**DRAFT STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE
STATEMENT 2017/18**

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 2017/18.

Background

2. Local Authority Accounting requires the organisation to approve the Statement of Accounts and Annual Governance Statement for the financial year 2017/18 and receive the Auditor's report by the end September 2018.

**Draft Statement of Accounts and Annual Governance Statement
2017/18**

3. The Draft Statement of Accounts and Annual Governance Statement for 2017/18 are attached as Appendix A.
4. Price Waterhouse Coopers (PWC) commenced final audit of the accounts on 9th July for three weeks. The draft audit opinion is considered elsewhere on the agenda.

Key Points

5. Value of Pension Deficit: The closing position as at 31st March 2018 was a net deficit of £18,697k (Prior Year: £18,401k). 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.
6. The inclusion of the pension liability also impacts on other parts of the accounts, including making the net assets of ESPO a surplus of £350k (PY: net assets a deficit of £1,298k)
7. Value of Land and Buildings: The Grove Park premises were valued at £12.6m (PY - £12.1m) in accordance with professional guidelines. The outstanding long term loan now stands at £6.0m

(PY £6.5m)

8. 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 surplus of £1,648k (PY Deficit £3,766k). Taken one year with another this is a net deficit of £2,118k.

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

9. No specific implications.

Recommendation

10. The Management Committee is asked to approve the Draft Statement of Accounts for 2017/18 and the Annual Governance Statement.

Equal Opportunities Implications

11. None

Background Papers

None

Officers to Contact

Mr C Tambini – Consortium Treasurer (Tel: 0116 305 7831)
Mr K Smith – Director of ESPO (Tel: 0116 265 7930)

Appendices

Appendix A – Statement of Accounts and Annual Governance Statement