



**ESPO MANAGEMENT COMMITTEE – 19 SEPTEMBER 2019**

**DRAFT STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE  
STATEMENT 2018/19**

**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 2018/19.

**Background**

2. Local Authority Accounting requires the organisation to approve the Statement of Accounts and Annual Governance Statement for the financial year 2018/19 and receive the Auditor's report by the end September 2019.

**Draft Statement of Accounts and Annual Governance Statement  
2018/19**

3. The Draft Statement of Accounts and Annual Governance Statement for 2018/19 are attached as Appendix 1.
4. Price Waterhouse Coopers (PWC) commenced final audit of the accounts in July for three weeks. The draft audit opinion is considered elsewhere on the agenda. This is PWC's last year as our auditors. A full procurement exercise has been carried out to appoint a replacement. Submissions are currently with evaluators and a recommendation will be made to the Management Committee in November 2019.

**Key Points**

5. Value of Pension Deficit: The closing position as at 31<sup>st</sup> March 2019 was a net deficit of £24,839k (Prior Year: £18,697k). 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 and the McCloud Judgement in June 2019.
6. The inclusion of the pension liability also impacts on other parts of the accounts, including making the net assets of ESPO a deficit of £3,194k (PY: net assets a surplus of £350k)

7. Value of Land and Buildings: The Grove Park premises were valued at £13.3m (PY - £12.6m) in accordance with professional guidelines. The outstanding long term loan now stands at £5.5m (PY £6.0m)
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 deficit of £3,544k (PY Surplus £1,648k). Taken one year with another this is a net deficit of £1,896k.

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 2018/19 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 1 – Statement of Accounts and Annual Governance Statement