

Form AR27

Trade Union and Labour relations (Consolidation) Act 1992

Employers' Association's details

Name of Employers' Association:

East Midlands Councils

Year ended:

31st March 2019

List number:

1592E

Head or Main Office:

East Midlands Councils
First Floor Offices
South Annexé
Pera Business Park
Nottingham Road
Melton Mowbray
Leicestershire
LE13 0PB

Has the address changed during the year to which the return relates?

Yes

No



(Tick as appropriate)

Website address (if available)

www.eastmidlandscouncils.gov.uk

General Secretary:

Samantha Maher

Contact name for queries regarding the completion of this return:

Sarah Baker

Telephone Number:

0115 876 3648

E-mail:

sarah.baker2@nottinghamcity.gov.uk

Please follow the guidance notes in the completion of this return. Any difficulties or problems in the completion of this return should be directed to the Certification Office as below or by telephone to: 0330 109 3602.

The address to which returns and other documents should be sent are:

-For Employers' Associations based in England and Wales: Certification Office for Trade Unions and Employers' Associations, Lower Ground Floor, Fleetbank House, 2-6 Salisbury Square, London, EC4Y 8JX.



-For Employers' Associations based in Scotland: Certification Office for Trade Unions and Employers' Associations, Melrose House, 69a George Street, Edinburgh EH2 2JG.

Officers in post

(see note 10)

Please insert a complete list of all officers in post at the end of the year to which this form relates.

Name of Officer	Position held
Lisa Bushell	Learning & Development Advisor
Lisa Butterfill	HR & Development Manager
Matthew Clarke	UASC Policy Officer
Lois Dale	Business Support Officer
Brein Fisher	Policy Officer
Lisa Hopkins	PA to Executive Director
Catherine Jones	Housing Advisor (seconded to Lincs CC)
Kirsty Lowe	Learning & Development Advisor
Samantha Maher	Director of HR & Councillor Development
Andrew Pritchard	Director of Policy & Infrastructure
Stuart Young	Executive Director

Return of members

(see note 9)

Number of members at the end of the year				
Great Britain	Northern Ireland	Irish Republic	Elsewhere Abroad (including Channel Islands)	Totals
46				46

Change of officers

Please complete the following to record any changes of officers during the twelve months covered by this return.

Position held	Name of Officer ceasing to hold office	Name of Officer Appointed	Date of Change
HR & Development Manager	Sarah Short	N/A	20 th December 2018

Revenue account/General Fund

(see notes 11 to 16)

Previous Year		£	£
	Income		
(483)	From Members Subscriptions, levies, etc	(443)	
(1)	Investment income Interest and dividends (gross)	(2)	
-	Bank interest (gross)		
-	Other (specify)		
-	Other income Rents received	-	(445)
-	Insurance commission	-	
(624)	Consultancy fees	(591)	
-	Publications/Seminars	-	
-	Miscellaneous receipts (specify)	-	
			(591)
(1,108)	Total income		(1,036)
	Expenditure		
	Administrative expenses		
753	Remuneration and expenses of staff	724	
43	Occupancy costs	16	
5	Printing, Stationery, Post	6	
4	Telephones	2	
-	Legal and Professional fees	-	
	Miscellaneous (specify)		
30	- Transport	37	
338	- Supplies & Services	317	
-	Other charges Bank charges	-	1,102
-	Depreciation	-	
10	Sums written off	-	
-	Affiliation fees	-	
-	Donations	-	
-	Conference and meeting fees	-	
-	Expenses	-	
115	Miscellaneous (specify)		
	- Actuarial losses on pensions	108	
			108
-	Taxation		-
1,298	Total expenditure		1,210
190	Surplus/Deficit for year		174
446	Amount of fund at beginning of year		256
256	Amount of fund at end of year on IFRS basis		82
312	<i>Reverse cumulative employee defined benefit pension movements contained within IFRS basis revenue reserve</i>		491
568	<i>Useable Reserves at end of year (for information only)</i>		573

Accounts other than the revenue account/general fund

(See notes 11 to 16)

Account 2		Fund Account	
Name of account:		£	£
Income	From members Investment income Other income (specify)		
		Total Income	
Expenditure	Administrative expenses Other expenditure (specify)		
		Total Expenditure	
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

Account 3		Fund Account	
Name of account:		£	£
Income	From members Investment income Other income (specify)		
		Total Income	
Expenditure	Administrative expenses Other expenditure (specify)		
		Total Expenditure	
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

Accounts other than the revenue account/general fund

(See notes 11 to 16)

Account 4		Fund Account	
Name of account:		£	£
Income	From members Investment income Other income (specify)		
		Total Income	
Expenditure	Administrative expenses Other expenditure (specify)		
		Total Expenditure	
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

Account 5		Fund Account	
Name of account:		£	£
Income	From members Investment income Other income (specify)		
		Total Income	
Expenditure	Administrative expenses Other expenditure (specify)		
		Total Expenditure	
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

Accounts other than the revenue account/general fund

(see notes 17 to 18)

Account 6		Fund Account	
Name of account:		£	£
Income	From members Investment income Other income (specify)		
		Total Income	
Expenditure	Administrative expenses Other expenditure (specify)		
		Total Expenditure	
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

Account 7		Fund Account	
Name of account:		£	£
Income	From members Investment income Other income (specify)		
		Total Income	
Expenditure	Administrative expenses Other expenditure (specify)		
		Total Expenditure	
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

Analysis of investment income (controlling interests)

(see notes 23)

Does the association, or any constituent part of the association, have a controlling interest in any limited company?		YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
If YES name the relevant companies:			
Company name	Company registration number (if not registered in England & Wales, state where registered)		
Incorporated Employers' Associations			
Are the shares which are controlled by the association registered in the association's name		YES <input type="checkbox"/>	NO <input type="checkbox"/>
If NO, please state the names of the persons in whom the shares controlled by the association are registered.			
Company name	Names of shareholders		
Unincorporated Employers' Associations			
Are the shares which are controlled by the association registered in the names of the association's trustees?		YES <input type="checkbox"/>	NO <input type="checkbox"/>
If NO, state the names of the persons in whom the shares controlled by the association are registered.			
Company name	Names of shareholders		

Analysis of investments

(see note 22)

		Other Funds £
Quoted	British Government & British Government Guaranteed Securities	
	British Municipal and County Securities	
	Other quoted securities (to be specified)	
	Total quoted (as Balance Sheet)	
	*Market Value of Quoted Investments	
Unquoted	British Government Securities	
	British Municipal and County Securities	
	Mortgages	
	Other unquoted securities (to be specified)	
	Total quoted (as Balance Sheet)	
	*Market Value of Unquoted Investments	

* Market value of investments to be stated where these are different from the figures quoted in the balance sheet

Balance sheet as at [31/03/18]
(see notes 19 and 20)

Previous Year (Re-stated)		£	£
	Fixed Assets (as at page 8)	-	
	Investments (as per analysis on page 9)		
-	Quoted (Market value £)	-	
-	Unquoted	-	
	Total Investments		-
	Other Assets		
112	Sundry debtors	137	
687	Cash at bank and in hand	630	
-	Stocks of goods	-	
	Others (specify)		
-	- Prepayments	-	
-	- Receipts in Advance	-	
	Total of other assets		767
799		Total assets	767
256	Revenue Reserve (Account)	82	
(2,684)	Pension Reserve (Account)	(2,789)	
-	Revaluation Reserve	-	
	Liabilities		
-	Loans	-	
-	Bank overdraft	-	
-	Tax payable	-	
-	Sundry creditors	-	
-	Accrued expenses	-	
(231)	Receipts in advance	(194)	
-	Provisions	-	
(2,996)	Other liabilities	(3,280)	
(3,227)		Total liabilities	(3,474)
(2,428)		Total assets / (liabilities)	(2,707)

Summary sheet

(see notes 24 to 33)

	All funds except Political Funds £	Political Funds £	Total Funds £
Income			
From Members	(443)	-	(443)
From Investments	(2)	-	(2)
Other Income (including increases by revaluation of assets)	(591)	-	(591)
Total Income	(1,036)	-	(1,036)
Expenditure (including decreases by revaluation of assets)	1,210	-	1,210
Total Expenditure	1,210	-	1,210
Funds at beginning of year (including reserves)	256	-	256
Funds at end of year (including reserves)	82	-	82
Assets			
Fixed Assets			-
Investment Assets			-
Other Assets			767
		Total Assets	767
Liabilities		Total Liabilities	(3,474)
Net assets (Total Assets less Total Liabilities)			(2,707)

Notes to the accounts

(see note 34)

All notes to the accounts must be entered on or attached to this part of the return.

Please see Financial Statements attached.

Accounting policies

(see notes 35 and 36)


Please see Financial Statements attached.

Signatures to the annual return

including the accounts and balance sheet contained in the return.

(see notes 37 and 38)

Secretary's Signature:



Name: Samantha Maher

Date: 19 NOV 2019

Chairman's Signature:

(or other official whose position should be stated)



Name: Stuart Young

Date: 13 NOV 2019

Checklist

(see note 39)

(please tick as appropriate)

Has the return of change of officers been completed? (see Page 2)	Yes	<input checked="" type="checkbox"/>	No	
Has the list of officers been completed? (see page 2a)	Yes	<input checked="" type="checkbox"/>	No	
Has the return been signed? (see Note 38)	Yes	<input type="checkbox"/>	No	
Has the auditor's report been completed? (see Note 39)	Yes	<input type="checkbox"/>	No	
Is the rule book enclosed? (see Note 40)	Yes	<input type="checkbox"/>	No	
Has the summary sheet been completed? (see Notes 6 and 25 to 34)	Yes	<input checked="" type="checkbox"/>	No	

Checklist for auditor's report

(see notes 40 to 44)

The checklist below is for guidance. A report is still required either set out overleaf or by way of an attached auditor's report that covers the 1992 Act requirements.

1. In the opinion of the auditors or auditor do the accounts they have audited and which are contained in this return give a true and fair view of the matters to which they relate?
(See section 36(1) and (2) of the 1992 Act and notes 43 and 44)

Please explain in your report overleaf or attached.

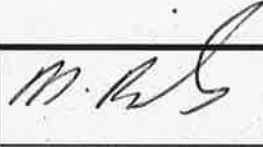
2. Are the auditors or auditor of the opinion that the union has complied with section 28 of the 1992 Act and has:
 - a. kept proper accounting records with respect to its transactions and its assets and liabilities; and
 - b. established and maintained a satisfactory system of control of its accounting records, its cash holding and all its receipts and remittances.
(See section 36(4) of the 1992 Act set out in note 43)

Please explain in your report overleaf or attached.

3. Your auditors or auditor must include in their report the following wording:
In our opinion the financial statements:
 - give a true and fair view of the matters to which they relate to.
 - have been prepared in accordance with the requirements of the sections 28, 32 and 36 of the Trade Union and Labour Relations (consolidation) Act 1992.

Auditor's report (continued)

Please see pages 22 to 24 of the attached financial statements

Signature(s) of auditor or auditors:		
Name(s):	Melvin Bailes	
Profession(s) or Calling(s):	Chartered Certified Accountant Rogers Spencer	
Address(es):	Newstead House Pelham Road Nottingham. NG5 1AP	
Date:	15/11/19	
Contact name for enquiries and telephone number:	Melvin Bailes 0115 9608412	

N.B. When notes to the accounts are referred to in the auditor's report a copy of those notes must accompany this return.

AR27 Points to remember

Deadline

Return must be submitted within 5 months after the union year ends

Signatures

A hard copy of the AR27 must be submitted with original signatures

Auditor's report

Pages 14-15 must be completed. Your auditors must clearly state:

- it gives a true and fair view of your union's financial affairs
- it has been prepared in accordance with the requirements of the 1992 Act

Summary sheet

The summary sheet on page 11 must always be completed and must be consistent with the figures in the body of the return

Return of officers

Must be completed showing the officers in post at the end of the reporting period.

The schedule of officers must be completed even if there has been no change

Rule book

The AR27 must be accompanied by a copy of your organisation's rules or constitution, for the required period covered by the return

Branch funds

All branch funds must form part of the overall figures on page 11

Contact details

If you change contact details you must notify the office as soon as possible

All completed returns should be sent to:
Certification Office, Fleetbank House, Lower Ground, 2-6 Salisbury Square,
London, EC4Y 8JX



East Midlands Councils

2018/19 Financial Statements

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East Midlands Councils
First Floor Offices
South Annexe
Pera Business Park
Nottingham Road
Melton Mowbray
Leicestershire
LE13 0PB

Explanatory Foreword

East Midlands Councils (EMC) is a voluntary, membership based partnership of local government. It currently comprises 46 local authority member organisations and representatives of the region's fire, police and parish and town councils. During 2018/19 there were 46 member organisations.

EMC's main roles and purposes are:

- A consultative forum for local government in the East Midlands
- Represents the interest of local councils to national government and other organisations.
- Acts as the designated Regional Employers Organisation and point of contact for employers and recognised trade unions in relation to local government services.
- Enables local councils to work together on key issues of common concern.
- Supports the improvement and development of local councils and their workforce.
- Brings together political group leaders.
- Makes appointments to national and regional bodies.
- Establishes and maintains an effective relationship with the national Local Government Association (LGA).

Summary of Income and Expenditure

	2017/18 £000	2018/19 £000
Income	(1,107)	(1,034)
Transfer (from) / to Reserve	(76)	(68)
Expenditure	1,183	1,102
Results	0	0

Date of Authorisation of Accounts


The financial statements were authorised for issue by the Strategic Director of Finance and Section 151 Officer (Nottingham City Council) and the Executive Director of EMC.

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Date: 15/11/19

Laura Pattman

Strategic Director of Finance and Section 151 Officer, Nottingham City Council



Date: 13 Nov 2019

Stuart Young

Executive Director of East Midlands Council

Statement of Comprehensive Income as at 31 March 2019

2017/18			2018/19		
Net £000		Note	Gross Expenditure £000	Gross Income £000	Net £000
	Income				
(483)	Partnership Contributions	7		(443)	
(217)	Other Government	7		(258)	
(407)	Other Income			(333)	
	Expenditure				
752	Staffing Expenses		761		
1	Other Indirect Staffing		(37)		
43	Property Expenses		16		
30	Transport Expenses		37		
290	Supplies and Services		236		
57	Other Recharges		89		
10	Bad Debt Provision		0		
76	NET OPERATING (PROFIT) / LOSS		1,102	(1,034)	68
114	Financing and Investment Income and Expenditure	6	108	(2)	106
190	(PROFIT) / LOSS FOR THE YEAR				174
	OTHER COMPREHENSIVE INCOME AND EXPENDITURE				
(189)	Movement on Pension Liability				105
1	TOTAL COMPREHENSIVE (INCOME) / EXPENDITURE FOR THE YEAR				279

Note for Members – Reconciliation between IFRS Compliant Statement of Comprehensive Income and Management Accounting Basis

2017/18			2018/19		
Net £000		Note	Gross Expenditure £000	Gross Income £000	Net £000
190	(PROFIT) / LOSS FOR THE YEAR		1,210	(1,036)	174
(199)	IAS19 Employee Defined Benefit Pension Scheme Movements		(179)	-	(179)
(9)	MANAGEMENT ACCOUNTING (PROFIT) / LOSS		1,031	(1,036)	(5)

Statement of Financial Position as at 31 March 2019

2017/18 Restated £000		Note	2018/19 £000
0	Equipment	10	0
0	Long Term Assets		0
112	Short Term Debtors	11	137
0	Short Term Prepayments	11	0
687	Cash and Cash Equivalents	11	630
799	Current Assets		767
0	Short Term Creditors	12	0
(231)	Short Term Grant Receipts in Advance	12	(194)
(231)	Current Liabilities		(194)
(312)	Net Change on Pensions Adjustments	16	(491)
(2,684)	Net Pension Scheme Liability		(2,789)
(2,996)	Long Term Liabilities		(3,280)
(2,428)	NET ASSETS / (LIABILITIES)		(2,707)
256	Revenue Reserve	5	82
(2,684)	Pension Reserve		(2,789)
(2,428)	TOTAL RESERVES		(2,707)

Note for Members – Reconciliation between Useable Reserves and IFRS Compliant Statement of Financial Position

2017/18 £000		Note	2018/19 £000
568	Useable Revenue Reserve		573
(312)	IAS19 Employee Defined Benefit Pension Scheme Movements		(491)
256	Revenue Reserve on IFRS basis		82

Statement of Cash Flows as at 31 March 2019

2017/18 Restated £000		Note	2018/19 £000
(76)	Net Operating Profit / (Loss)		(68)
40	Change in Creditors		(37)
63	Change in Debtors		(25)
84	Movement on Pensions (IAS 19 Employee Benefits)	16	71
111	Total Movement from Net Operating Profit / (Loss)		(59)
1	Net cash flows from Operating Activities	6	2
112	Net Increase or (Decrease) in and Cash Equivalents		(57)
575	Cash and cash equivalents at the beginning of the reporting period		687
687	Cash and cash equivalents at the end of the reporting period		630

Statement of Changes in Equity as at 31 March 2019

2018/19	Revenue Reserve £000	Pension Reserves £000	Total Reserves £000
Balance at 31 March 2018	256	(2,684)	(2,428)
Movement in 2018/19			
Profit / (Loss) for the year	(174)	0	(174)
Total Comprehensive (Expenditure) & Income	(174)	0	(174)
Movement on Pension Liability	0	(105)	(105)
Balance at 31 March 2019	82	(2,789)	(2,707)

2017/18	Revenue Reserve £000	Pension Reserves £000	Total Reserves £000
Balance at 31 March 2017	446	(2,873)	(2,427)
Movement in 2017/18			
Profit / (Loss) for the year	(190)	0	(190)
Total Comprehensive (Expenditure) & Income	(190)	0	(190)
Movement on Pension Liability	0	189	189
Balance at 31 March 2018	256	(2,684)	(2,428)

Note for Members – Reconciliation between IFRS Compliant Statement of Changes in Equity and Useable Reserves

2018/19	Revenue Reserve £000	Pension Reserves £000	Total Reserves £000
Balance at 31 March 2019 on an IFRS basis	82	(2,789)	(2,707)
IAS19 Employee Defined Benefit Pension Scheme Movements	491	0	491
Balance at 31 March 2019 reconciled to useable reserve	573	(2,789)	(2,216)

2017/18	Revenue Reserve £000	Pension Reserves £000	Total Reserves £000
Balance at 31 March 2018 on an IFRS basis	256	(2,684)	(2,428)
IAS19 Employee Defined Benefit Pension Scheme Movements	312	0	312
Balance at 31 March 2018 reconciled to useable reserve	568	(2,684)	(2,116)

Notes to the Accounts

1. Statement of Accounting Policies

- The financial statements have been prepared on and are in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. These financial statements are principally maintained on an historical cost basis.
- The financial statements are maintained on an accruals basis. Thus, sums due to or amounts owing by EMC in respect of goods and services rendered but not paid for at 31 March are included in the financial statements.
- The Revenue Recognition policy covers the rendering of services (excluding services directly related to construction contracts), the sale of goods (produced by the organisation for the purpose of sale or purchased for resale, although this is very minimal), interest and where previously a liability had been recognised (i.e. creditor) on satisfying the revenue recognition criteria. Revenue is recognised and measured at the fair value of the consideration receivable. However, if payment is on deferred terms, the consideration receivable is recognised initially at the cash price equivalent. The difference between this amount and the total payments received is recognised as interest revenue in the Net Operating Profit or Loss. Short duration receivables with no stated interest rate are measured at original invoice amount where the effect of discounting is immaterial.
- Non-Current Assets are accounted for in line with IAS 16, IAS 36 and IAS 38. All expenditure on the acquisition of Plant and Equipment is capitalised on an accruals basis provided that these assets yield a benefit to the organisation for a period of more than one year and is above a de-minimis limit of £1,000 for individual items. EMC doesn't own any land or buildings or any other categories of Non-Current Assets. Plant and Equipment valuation is based on depreciated historical cost and is depreciated on a straight line basis over 5 years. Additions below the de-minimis level are recognised in the Statement of Comprehensive Income as revenue expenditure.
- The Equity of the Organisation is shown as Reserves in the Balance Sheet. These are compliant with IFRS but follow the provisions of the Local Authority Accounting Code of Practice which establishes Reserves to allow the carry forward of balances to the following year. The Reserves are made up of the following:
 - Revenue Reserves which are made up of excess income and grants from previous years with no conditions for repayment outstanding. This funding can be used for all types of expenditure during future years.
 - Pension Reserve which is an unusable reserve showing the balance of the net pension liability.

- Cash and Cash Equivalents are represented by cash in hand, deposits with financial institutions repayable without penalty with a notice of 24 hours or less and investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

The cash and cash equivalents figure is not held separately by EMC as their cash balances are held within the local authority’s Bank Account. Due to this the cash and cash equivalents figure is formulated using the cash flow statement.

- Grants are accounted for in accordance with IAS 20. Revenue grants that have met any conditions attached have been credited to the appropriate service lines within the Statement of Comprehensive Income. Conditions are stipulations that specify how the funding must be utilised by the recipient otherwise the funding must be returned. Where conditions have not been met, the grants will be held as creditors on the Statement of Financial Position.

- Employee Benefits are accounted for in accordance with IAS 19.

- **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by EMC to terminate an officer’s employment before normal retirement date or an officer’s decision to accept voluntary redundancy in exchange for those benefits. Termination benefits are charged to the Statement of Comprehensive Income against staffing expenses.

- **The Local Government Pension Scheme**

The Local Government Scheme is accounted for as a defined benefits scheme. The liabilities of the scheme attributable to EMC are included in the Balance Sheet on an actuarial basis using the ‘projected unit method’. This is based on an assessment of future payments that will be made in relation to retirement benefits earned to date by employees and assumptions about mortality rates and employee turnover. Liabilities are discounted to their value at current prices using the following discount rate:

Entity	Discount Rate %
Nottingham City Council	2.4
Leicestershire County Council	2.4

The assets of the fund are shown in the Balance Sheet at fair value:

- Quoted securities – current bid price

- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value

The actuarial valuations are obtained triennially and are updated at each balance sheet date. The amount charged to the operating surplus is the current service costs and gains and losses on settlements and curtailments. They are included as part of staffing expenses. Past service costs are recognised immediately in the Statement of Financial Activities. The expected return on assets and the interest cost are shown as part of the financing and investment income and expenditure. Actuarial gains and losses are recognised immediately in other comprehensive income and expenditure.

▪ **The Local Government Pension Scheme**

The organisation has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to award.

- VAT incorporated in the income and expenditure account is limited to irrecoverable sums.
- Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

2. Accounting Standards that have been issued but not yet adopted

There are currently no new relevant account standards that affect the disclosure of EMC's financial statements.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, EMC has had to make certain judgement about complex transactions or those involving uncertainty about future events.

The critical judgements made in the financial statements are:

- These financial statements have been prepared on the basis that EMC is a going concern for the foreseeable future based on the level of reserves currently held and the commitment of membership authorities to make annual contributions.

4. Assumptions Made about the Future and Other Major Sources of Estimation / Uncertainty

The financial statements contain estimated figures that are based on assumptions made by the Organisation about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The item in the Statement of Financial Position as at 31 March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year is as follows:

Pension Liability: Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. An independent firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied, although ultimate responsibility for forming these assumptions remains with the Council.

The carrying value of the Pension Liability at 31 March 2019 is £2,789,000.

5. Reserves

	Revenue Reserve £000	Pension Reserve £000	Total £000
Balance at 31 March 17	446	(2,873)	(2,427)
Transfers from Revenue		189	189
Transfer to Revenue	(190)		9
Balance at 31 March 18	256	(2,684)	(2,428)
Transfers from Revenue			
Transfer to Revenue	(174)	(105)	(279)
Balance at 31 March 19	82	(2,789)	(2,707)

6. Financing and Investment Income and Expenditure

	2017/18 £000	2018/19 £000
Pension interest cost and expected return on pension assets	115	108
Interest Receivable and Similar Income	(1)	(2)
Total	114	106

7. Partnership and Government Income

	2017/18 £000	2018/19 £000
Amber Valley Borough Council	5	5
Ashfield District Council	6	5
Bassetlaw District Council	17	11
Daventry District Council	6	6
Derby City Council	10	10
Derbyshire County Council	20	10
Erewash Borough Council	6	5
Harborough District Council	6	6
Hinckley & Bosworth Borough Council	6	6
Kettering Borough Council	40	35
Leicester City Council	10	10
Leicestershire County Council	10	10
Lincolnshire County Council	46	10
Melton Borough Council	7	7
Northamptonshire County Council	10	0
Nottingham City Council	18	10
Nottinghamshire County Council	10	16
Rutland County Council	13	18
Total Other Partnership Contributions	237	263
Total Partnership Contributions	483	443
Home Office	217	258
MHCLG	-	-
Total Other Government Contributions	-	-
Total Government Contributions	217	258
Total	700	701

8. Partnership and Government Payments

	2017/18 £000	2018/19 £000
Gedling Borough Council	6	6
Leicestershire County Council	8	12
Nottinghamshire County Council	0	2
Total Other Partnership and Government Payments	21	3
Total	35	23

9. Pensions – Revenue Costs

a) Local Government Pension Scheme

EMC participates in the Local Government Pension Scheme (LGPS) for employees, administered locally by Nottingham City Council (NCC) and Leicestershire County Council (LCC). This is a funded, defined benefit final salary scheme, meaning that EMC and employees pay contributions into a fund calculated at a level intended to balance the pension liabilities with investment assets.

As part of the terms and conditions of employment of its officers, EMC makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, EMC has commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. EMC recognises the cost of retirement benefits when they are earned by employees, rather than when the benefits are eventually paid as pensions.

The table below summarises the membership data as the 31 March 2019:

Member Data Summary	Number	Salaries / Pensions £000	Average Age
Actives	16	528	45
Deferred pensioners	22	52	43
Pensioners	12	120	62

The Statement of Financial Position shows a pension deficit of £2,789k as assessed on an IAS19 basis.

The total expenditure recognised in the Statement of Comprehensive Income is as follows:

	2017/18 £000	2018/19		Total £000
		LCC Revenue Costs £000	NCC Revenue Costs £000	
Current Service Cost	(179)	-	(166)	(166)
Total Operating Charge	(179)	-	(166)	(166)
Return on Pension Assets	(155)	(97)	(64)	(152)
Interest Cost on Pension Liabilities	230	110	119	229
Net Pension Finance Costs	75	13	55	68

b) Pension Assets and Liabilities in Relation to Post-Employment Benefits

The present value of defined benefit obligations at 31 March are as follows:

	2017/18 £000	2018/19		Total £000
		LCC Revenue Costs £000	NCC Revenue Costs £000	
As at 1 April	8,734	4,144	4,634	8,778
Obligation Created	-	-	-	-
Current Service Cost	179	-	166	166
Interest Cost	230	110	119	229
Employee Contributions	41	-	41	41
Actuarial Gain / (Loss)	(283)	301	340	641
Benefits Paid	(123)	(125)	-	(125)
Past Service Costs	-	-	-	-
Curtailments and Settlements	-	-	-	-
Change in demographic assumptions	-	-	(304)	(304)
As at 31 March	8,778	4,430	4,996	9,426

The fair value of EMC's share of scheme assets is as follows:

	2017/18 £000	2018/19		Total £000
		LCC Revenue Costs £000	NCC Revenue Costs £000	
As at 1 April	5,861	3,628	2,466	6,094
Expected return on Assets	155	97	64	161
Actuarial Gain / (Loss)	64	182	188	370
Employer Contributions	96	40	56	96
Employee Contributions	41	-	41	41
Benefits Paid	(123)	(125)	-	(125)
Curtailments and Settlements	-	-	-	-
As at 31 March	6,094	3,822	2,815	6,637

Local Government Pension Scheme assets comprised of:

	2017/18		2018/19	
	£000	% of total assets	£000	% of total assets
Equities	4,140	68%	4,874	73%
Property	629	10%	810	12%
Other Bonds	705	12%	563	8%
Gilts	359	6%	122	2%
Cash	200	3%	166	3%
Inflation-linked pooled fund	61	1%	102	2%
As at 31 March	6,094	100%	6,637	100%

Basis for estimating assets and liabilities:

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels, etc. The Pension Fund liabilities have been assessed by independent firms of actuaries. Estimates for the EMC fund are based on the latest full valuation of the Pension Fund as at 31 March 2019.

The principal assumptions used by the actuary have been:

	31 March 2018		31 March 2019	
	LCC Assumptions	NCC Assumptions	LCC Assumptions	NCC Assumptions
Mortality Assumption (in years):				
Longevity at 65 for Current Pensioners:				
Men	22.1	22.6	22.1	21.6
Women	24.3	25.5	24.3	24.4
Longevity at 65 for Future Pensioners				
Men	23.8	24.8	23.8	23.3
Women	26.2	27.9	26.2	26.2
Rate of Increases in Salaries	3.40%	3.80%	3.5%	3.9%
Rate of Increase in Pensions / Inflation	2.40%	2.30%	2.5%	2.4%
Rate for Discounting Scheme Liabilities	2.70%	2.55%	2.4%	2.4%

Pension Fund Risk Management Strategy:

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. the promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure that there is sufficient liquidity to meet the Fund's required cash flows.

These investment risks are managed as part of the overall pension fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pension Fund Management Board and is monitored annually or more frequently if required.

Impact on Cash Flows:

Following the change of servicing authority on 1 April 2014, all active members were transferred from Leicestershire Local Government Pension Scheme (LGPS) to the Nottinghamshire LGPS from this date.

EMC have a strategy to pay off the net pension fund deficit over a 10 year period.

The scheme will need to take account of the national changes to the scheme under the Public Pension Services Act 2013. Under the Act, The Local Government Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The organisation anticipates making a £40k contribution to reduce the pension deficit in addition to the standard employer's pension contributions.

10. Equipment

Depreciation on equipment was completed in 2014/15, and there have been no subsequent purchases of equipment requiring depreciation.

11. Current Assets

Short Term Debtors

	31 March 2018 £000	31 March 2019 £000
Partnership Contributions	70	88
Other Government Bodies	31	48
Other Entities and Individuals	11	1
Total	112	137

Prepayments

	31 March 2018 £000	31 March 2019 £000
Other Government Bodies	-	-
Total	-	-

Cash and Cash Equivalents

	31 March 2018 Restated £000	31 March 2019 £000
Cash	687	630

12. Short Term Creditors

	31 March 2018			31 March 2019		
	Creditors £000	Receipts in Advance £000	Total £000	Creditors £000	Receipts in Advance £000	Total £000
Partnership Organisations	-	126	126	-	125	125
Other Government Bodies	-	105	105	-	69	69
Other Entities and Individuals	-	-	-	-	-	-
Total	-	231	231	-	194	194

13. Transactions with Related Parties

Detailed of partnership contributions and other Government grants received are shown in Note 7. The employers' contribution paid to the Pension Fund is shown in Note 9.

EMC is required to disclose material transactions with related parties, bodies or individuals that have the potential to exert control, or be controlled or influenced by EMC.

Governance

- EMC is a member-led partnership representing local government in the East Midlands.
- The full membership of EMC meets twice a year.
- The Management Group consists of 7 members including the four political group leaders of EMC plus the Chair and the Vice-Chairs of East Midlands Councils/Executive Board. The Management Group provides political leadership and advice to the organisation and is responsible for financial and non-financial performance, risk and audit matters.
- The Executive Board is the strategic decision making body of EMC on issues of interest and relevance to Local Authorities at the regional level.

Central Government

Significant sources of income including programme and project funding comes from Central Government Bodies.

Local Government

A significant proportion of the funds received by EMC are from membership contributions. Although no one contribution is a significant proportion of overall funding, the total funding from Local Government is a significant amount.

Until 31 March 2014, Leicestershire County Council acted as the servicing authority and accountable body for EMC, thus including the relevant expenditure and income within their Statement of Accounts. In March 2013 Leicestershire County Council formally submitted notice to withdraw from being the servicing authority and accountable body with effect from 1 April 2014. Nottingham City Council was subsequently appointed to this role and took on the responsibility of accountable body for EMC from this date forward.

Membership

The Executive Board of EMC meets quarterly and is comprised of 14 local council leaders. The four political group leaders and chairs of the Regional Migration Board and the Regional Employers Board also attend.

Each member council is invited to nominate one representative to EMC 'by right'. Additional EMC member places are allocated through the political groups, the numbers of which are determined on the basis of political balance.

Transactions between EMC and the Authorities represented by local leaders are detailed below:

	Income £000	Expenditure £000	Debtor £000	Creditor £000
Charnwood Borough Council	9	-	1	1
Daventry District Council	7	-	-	-
Derby City Council	19	-	-	-
Derbyshire County Council	25	-	6	10
Derbyshire Dales District Council	9	-	-	-
Hinckley & Bosworth B.C.	6	-	-	-
Leicester City Council	22	1	8	15
Leicestershire County Council	17	12	7	25
Lincolnshire County Council	21	-	9	25
Mansfield District Council	21	-	2	1
Newark & Sherwood D. C.	8	-	1	1
Northamptonshire County Council	-	-	1	-
Nottingham City Council	12	10	-	11
Nottinghamshire County Council	31	2	6	27
Rutland County Council	20	1	4	-
South Kesteven District Council	10	-	2	-
Total	237	26	47	116

The Executive Board operates control over the organisation's financial and operating policies. The total of members' allowances paid in 2018/19 is £21k (2017/18: £22k). There are other members who represent their authority at full EMC meetings. The total payments to all membership authorities during 2018/19 are shown in note 8.

Officers

There were no interests declared by senior officers of EMC.

14. Officers' Remuneration

The Director of EMC controls the major activities of the Organisation. Details of the Directors Remuneration are shown below:

Post Title	2017/18 £000	2018/19 £000
Executive Director		
Salary	90	92
Benefits in Kind	-	-
Pension Contributions	12	13
Total	102	105

15. Segmental Analysis

The figures included within the Statement of Comprehensive Income include one minor financial accounting adjustment. This relates to the IAS19 movement between the actuarial current service cost and the actuarial employer contributions made in year.

16. Prior Period Adjustment

The Statement of Financial Position has been restated to show the cumulative impact of IAS19 Employee Defined Benefits within long-term liabilities, thus amending the figure for Cash.

The Statement of Cash Flows has been restated to correct the Movement in Pensions.

Statement of Responsibilities for the Statement of Financial Statements

Nottingham City Council Strategic Director and East Midlands Council Executive Director Responsibilities

The Strategic Director of Nottingham City Council and the Executive Director of East Midlands Council are responsible for the preparation of the organisation's Statement of Accounts in accordance with International Accounting Standards (IAS) regulation and in compliance with International Financial Reporting Standards (IFRS) and are required to prepare the financial statements giving a true and fair view of the profit or loss of the organisation for the given period.

The Strategic Director and Executive Director are responsible for keeping adequate accounting records that are sufficient to show and explain the organisation's transactions and disclose with reasonable accuracy the financial position of the organisation included within the Statement of Accounts.

In preparing this Statement of Accounts, the Strategic Director and Executive Director has:

- Selected suitable accounting policies and then applied them consistently,
- Made judgements and estimates that were reasonable and prudent,
- Complied with IFRS,
- Kept proper accounting records which were up to date,
- Taken reasonable steps for the preparation and detection of fraud and other irregularities.


I certify that the Statement of Accounts has been prepared in accordance with IFRS and presents a true and fair view of the financial position of EMC and its income and expenditure for the year ended 31 March 2018.



Laura Pattman

Strategic Director of Finance and Section 151 Officer, Nottingham City Council

Date: 15/11/19



Stuart Young

Executive Director of East Midlands Council

Date: 13 NOV 2019

Copy of the report to the Executive Board of East Midlands Councils

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE EXECUTIVE BOARD OF EAST MIDLANDS COUNCILS

Report on the financial statements

Opinion

We have audited the non-statutory financial statements (the "financial statements") of East Midlands Councils for the year ended 31 March 2019, which comprise the following:

- the Statement of Financial Position as at 31 March 2019;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include the accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

In applying the financial reporting framework, the Executive Director of East Midlands Councils and The Strategic Director of Nottingham City Council have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

In our opinion the financial statements:

- give a true and fair view of the state of the organisation's affairs as at 31 March 2019 and of its profit and cash flows for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union.

This opinion is to be read in the context of what we say in the remainder of this report.

Emphasis of matter

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the cash and cash equivalents figure which is not held separately by EMC as their cash balances are held within the local authorities' bank account. Due to this the cash and cash equivalents figure is formulated using the cash flow statement. In view of the significance of this we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the organisation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the organisation's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Executive Summary, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard

Responsibilities of directors

As explained more fully in the Statement of Responsibilities for the Statement of Financial Statements set out on page 21, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the organisation's directors, the Executive Director of East Midlands Councils and The Strategic Director of Nottingham City Council, as a body, for Requirements under the Trade Union and Labour Relations (Consolidation) Act 1992. Our audit work has been undertaken so that we might state to the organisation's directors 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 organisation and the organisation's directors as a body, for our audit work, for this report, or for the opinions we have formed.



Melvin Bailey FCCA DChA (Senior Statutory Auditor)

**For and on behalf of Rogers Spencer
Statutory Auditor
Chartered Accountants
Newstead House
Pelham Road
Nottingham
NG5 1AP**

Date: 15/11/19

