

# Form AR27

## Trade Union and Labour Relations (Consolidation) Act 1992

### Annual Return for an Employers' Association

Name of Employers' Association:	South West Councils			
Year ended:	31 March 2020			
List No:				
Head or Main Office:	Dennett House			
	11 Middle Street			
	Taunton			
	Somerset			
Postcode	TA1 1SH			
Website address (if available)	<a href="http://www.swcouncils.gov.uk">www.swcouncils.gov.uk</a>			
Has the address changed during the year to which the return relates?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/> ( 'X' in appropriate box)
General Secretary:	Mrs Bryony Houlden			
Contact name for queries regarding the completion of this return:	Mrs Karen Stone / Mrs Jill Bowditch			
Telephone Number:	01823 270101			
E-mail:	<a href="mailto:karen.stone@swcouncils.gov.uk">karen.stone@swcouncils.gov.uk</a>			

**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 1093602

You should sent the annual return to the following address stating the name of the union in subject:

For Employers' Associations based in England and Wales: [returns@certoffice.org](mailto:returns@certoffice.org)

For Employers' Associations based in Scotland: [ymw@tcyoung.co.uk](mailto:ymw@tcyoung.co.uk)

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## 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
48				48

## 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
Member	Cllr Tim Warren	Cllr Ben Ingham	May 2019 / July 2019
Member	Cllr Roger Hutchinson	Cllr Peter Smith	May 2019 / July 2019
Member	Cllr Phillip Sanders	Cllr Val Keitch	May 2019 / July 2019
Member	Cllr Harvey Siggs	Cllr Spencer Flower	May 2019 / July 2019
Member	Cllr Rebecca Knox		May 2019

# Officers in post

(see note 10)

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

Name of Officer	Position held
Cllr Dr John Cordwell	Member
Cllr Spencer Flower	Member
Cllr David Fothergill	Member
Cllr John Hart	Member (Chair)
Cllr Mark Hawthorne	Member
Cllr Helen Holland	Member
Cllr Ben Ingham	Member
Cllr Stephen Jordan	Member
Cllr Val Keitch	Member
Cllr Peter Smith	Member

## Revenue Account / General Fund

(see notes 11 to 16)

Previous Year		£	£
	<b>Income</b>		
	From Members	324,454	324,454
	Subscriptions, levies, etc		
	Investment income		
	Interest and dividends (gross)		
	Bank interest (gross)	29,243	29,243
	Other (specify)		
	Total Investment Income	29,243	29,243
	Other Income		
	Rents received	26,214	26,214
	Insurance commission		
	Consultancy fees	198,066	198,066
	Publications/Seminars		
	Miscellaneous receipts (specify)		
	Grant Income	220,871	220,871
	Course Fees	445,397	445,397
	Public Health Funds	285,570	285,570
	Other	59,891	59,891
	Total of other income		1,236,009
	<b>Total income</b>		<b>1,589,706</b>
	<b>Interfund Transfers IN</b>		
	<b>Expenditure</b>		
	Administrative expenses		
	Remuneration and expenses of staff	904,118	904,118
	Occupancy costs	61,924	61,924
	Printing, Stationery, Post	3,403	3,403
	Telephones	12,489	12,489
	Legal and Professional fees	5,951	5,951
	Miscellaneous (specify)		
	IT	45,938	45,938
	Pension Scheme/FRS102	79,000	79,000
	Total of Admin expenses		1,112,823
	Other Charges		
	Bank charges	256	256
	Depreciation	10,466	10,466
	Sums written off	55	55
	Affiliation fees		
	Donations		
	Conference and meeting fees	31,930	31,930
	Expenses	768	768
	Miscellaneous (specify)		
	Training Course Expenses	221,014	221,014
	Public Health Funds	285,570	285,570
	Consultancy	59,603	59,603
	Subscriptions	8,730	8,730
	Total of other charges		618,392
	Taxation		
	<b>Total expenditure</b>		<b>1,731,215</b>
	<b>Interfund Transfers OUT</b>		
	Surplus/Deficit for year		-141,509
	Amount of fund at beginning of year		1,767,837
	Amount of fund at end of year		1,626,328

### Accounts other than Revenue Account/General Fund

(see notes 17 to 18)

Account 2	Fund Account	
Name of account:	£	£
<b>Income</b>		
From members		
Investment income		
Other Income (specify)		
[Greyed out area]		
	<b>Total Income</b>	
<b>Interfund Transfers IN</b>		
<b>Expenditure</b>		
Administrative expenses		
Other expenditure (specify)		
[Greyed out area]		
	<b>Total Expenditure</b>	
<b>Interfund Transfers OUT</b>		
	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:	£	£
<b>Income</b>		
From members		
Investment income		
Other income (specify)		
[Greyed out area]		
	<b>Total Income</b>	
<b>Interfund Transfers IN</b>		
<b>Expenditure</b>		
Administrative expenses		
Other expenditure (specify)		
[Greyed out area]		
	<b>Total Expenditure</b>	
<b>Interfund Transfers OUT</b>		
	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 Revenue Account/General Fund**

(see notes 17 to 18)

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



**Balance Sheet as at [ 31 March 2020 ]**

(see notes 19 and 20)

Previous Year		£	£
	<b>Fixed Assets</b> (as at Page 8)	84,822	84,822
	<b>Investments</b> (as per analysis on page 9)		
	Quoted (Market value £ ) as at Page 9		
	Unquoted (Market value £ ) as at Page 9		2,750,000
	<b>Total Investments</b>	2,750,000	2,750,000
	<b>Other Assets</b>		
	Sundry debtors	163,067	163,067
	Cash at bank and in hand	7,243	7,243
	Stocks of goods		
	Others (specify)		
	Payments in Advance	32,286	
	<b>Total of other assets</b>	202,596	202,596
	<b>Total Assets</b>		3,037,418
1,767,837	Revenue Account/ General Fund	1,626,328	
	Revaluation Reserve		
	Building Fund	284,421	#
	General Contingency	210,000	#
	Pension Reserve	-10,922,000	#
	<b>Liabilities</b>		
	Sundry creditors	97,983	
	Receipts in advance	818,686	
	Pension scheme liability	10,922,000	
	<b>Total Liabilities</b>		11,838,669
	<b>Total Assets</b>		3,037,418

## Fixed Assets account

(see note 21)

	Land and Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total £
<b>Cost or Valuation</b>				
At start of period	267,698	16,723	49,935	334,356
Additions during period			5,048	5,048
Less: Disposals				
Less: Depreciation	-183,450	-16,149	-54,983	-254,582
Total to end of period	84,248	574		84,822
<b>Book Amount</b> at end of period	84,248	574		84,822
Freehold	84,248			84,248
Leasehold (50 or more years unexpired)				
Leasehold (less than 50 years unexpired)				
<b>Total of Fixed Assets</b>	84,248	574		84,822

# Analysis of Investments

(see note 22)

Quoted		Other Funds
	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 investments (to be specified)	2,750,000
	Total Unquoted (as Balance Sheet)	2,750,000
	Market Value of Unquoted Investments	

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

# Analysis of investment income (Controlling interests)

(see note 23)

Does the association, or any constituent part of the association, have a controlling interest in any limited company?

Yes		No	<b>X</b>
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If Yes name the relevant companies:

Company name	Company registration number (if not registered in England & Wales, state where registered)
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### Incorporated Employers' Associations

Are the shares which are controlled by the association registered in the association's name

Yes		No	
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If NO, please state the names of the persons in whom the shares controlled by the association are registered.

Company name	Names of shareholders
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### Unincorporated Employers' Associations

Are the shares which are controlled by the association registered in the names of the association's trustees?

Yes		No	
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If NO, state the names of the persons in whom the shares controlled by the association are registered.

Company name	Names of shareholders
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## Summary Sheet

(see notes 24 to 33)

	All Funds	Total Funds
	£	£
<b>Income</b>		
From Members	324,454	324,454
From Investments	29,243	29,243
Other Income (including increases by revaluation of assets)	1,236,009	1,236,009
<b>Total Income</b>	<b>1,589,706</b>	<b>1,589,706</b>
<b>Expenditure</b> (including decreases by revaluation of assets)		
<b>Total Expenditure</b>	<b>1,957,215</b>	<b>1,957,215</b>
<b>Funds at beginning of year</b> (including reserves)	-8,433,742	-8,433,742
<b>Funds at end of year</b> (including reserves)	-8,801,251	-8,801,251
<b>ASSETS</b>		
Fixed Assets		84,822
Investment Assets		2,750,000
Other Assets		202,596
<b>Total Assets</b>		<b>3,037,418</b>
<b>Liabilities</b>		
<b>Total Liabilities</b>		<b>11,838,669</b>
<b>Net Assets (Total Assets less Total Liabilities)</b>		<b>3,037,418</b>

## Notes to the accounts

(see note 34)

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



# Accounting policies

(see notes 35 & 36)

## Judgement in applying accounting policies and key sources of estimation uncertainty



The Chief Executive has considered the impact of Covid-19 on the operations of the organisation. The organisation has altered the method of delivery of some of its services, but remains largely able to operate as before, albeit in a different manner. The organisation is primarily funded by members, who are mostly local authorities and therefore it is anticipated that income from these sources may fall as pressure on the public sector grows. As far as is possible, the Chief Executive also considers that the organisation has sufficient resources and contracts to enable the continued deliverance of services where appropriate.

## Signatures to the annual return

(see notes 37 and 38)

Including the accounts and balance sheet contained in the return.

**Please copy and paste your electronic signature here**

Secretary's Signature:		Chairman's Signature:	
			<small>(or other official whose position should be stated)</small>
Name:	Bryony Houlden	Name:	John Hart
Date:	26 June 2020	Date:	26 June 2020

## Checklist

(see note 39)

(please enter 'X' as appropriate)

Is the return of officers attached? (see Page 2)	Yes	<b>X</b>	No	
Has the list of officers been completed? (see Page 2A)	Yes	<b>X</b>	No	
Has the return been signed? (see Note 37)	Yes	<b>X</b>	No	
Has the auditor's report been completed? (see Note 41)	Yes	<b>X</b>	No	
Is the rule book enclosed? (see Note 39)	Yes	<b>X</b>	No	
Has the summary sheet been completed? (see Notes 6 and 24 to 33)	Yes	<b>X</b>	No	

## Checklist for auditor's report

(see notes 41 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)

See attached report

Signature(s) of auditor or auditors:



Name(s):

Albert Goodman LLP

Profession(s) or Calling(s):

Chartered Accountants

Address(es)

Goodwood House  
Blackbrook Park Avenue  
Taunton  
Somerset  
TA1 2PX

Date:

26 June 2020

Contact name for enquiries and telephone number:

Michelle Ferris  
01823 286096

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

## **South West Councils**

Independent Auditors' Report to the Members  
For the Year Ended 31 March 2020

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### **Opinion**

We have audited the AR27 of South West Councils for the year ended 31 March 2020 set out on pages 3 to 15. The AR27 has been prepared under the accounting policies set out therein.

In our opinion the financial statements:

- give a true and fair view of the state of the Union's affairs as at year ending 31 March 2020;
- have been prepared in accordance with the requirements of the Trade Union and Labour Relations (Consolidation) Act 1992.

### **Basis of 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 South West Councils 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 Chief Executive's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Executive has 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Chief Executive (as Treasurer) is responsible for the other information. 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.

## South West Councils

Independent Auditors' Report to the Members  
For the Year Ended 31 March 2020

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### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Trade Union and Labour Relations (Consolidation) Act 1992 requires us to report to you if, in our opinion:

- whether the trade union has kept proper accounting records in accordance with the requirements of section 28,
- whether it has maintained a satisfactory system of control over its transactions in accordance with the requirements of that section; and
- whether the AR27 to which the report relates agree with the accounting records.

### Responsibilities of the Treasurer

As explained more fully in the Statement of Responsibilities set out on page 1, the Chief Executive (as Treasurer) is responsible for the preparation of the AR27 and for being satisfied that they give a true and fair view, and for such internal control as they 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 Chief Executive is responsible for assessing the organisations 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 Chief Executive either intend to liquidate the organisation 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 [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the organisations members, as a body, in accordance with the Trade Union and Labour Relations (Consolidation) Act 1992. Our audit work has been undertaken so that we might state to the members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



Albert Goodman LLP  
Registered Auditor  
Chartered Accountants  
Statutory Auditor

Goodwood House  
Blackbrook Park Avenue  
Taunton  
Somerset

Date: 26 June 2020

**SOUTH WEST  
COUNCILS**

**STATEMENT  
OF  
ACCOUNTS**

**2019/20**

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# STATEMENT OF RESPONSIBILITIES

## **Chief Executive's Responsibilities in Respect of the Accounts**

The Chief Executive is responsible to South West Councils via the Resources and Management Committee for the accountability and control of staff and the security, custody and control of all other resources including buildings, materials, cash and stores. The Chief Executive must make sure that the financial affairs of the organisation are managed properly under her role as Treasurer.

## **Chief Executive's Responsibilities (as Treasurer) in Respect of the Accounts**

The Treasurer is responsible for preparing accounts for each financial year, which give a true and fair view of the state of affairs of the organisation and of its income and expenditure for that period. In preparing those accounts, the Treasurer is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are responsible and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the organisation will continue in business.

The Treasurer is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the organisation and to enable them to ensure that the accounts comply with the Trade Union & Labour Relations (Consolidation) Act 1992. She is also responsible for safeguarding the assets of the organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Covid-19 Risk**

Following the outbreak of the Covid-19 virus in early 2020, the Chief Executive has considered the impact on the organisation. The organisation has seen a continuance in the level of demand for services, although the method of delivering some work has changed. The organisation is primarily funded by members, who are mostly local authorities and therefore it is anticipated that income from these sources may fall as pressure on the public sector grows. The budget for 2020-21 has been examined in detail following the change in delivery method and potential fall in income and the Chief Executive considers that the organisation has sufficient cash and liquid resources to continue throughout 2020-21 and that the organisation is therefore a going concern.

# **EXPLANATORY FOREWORD**

The accounts of South West Councils are set out on pages 7 to 10 and are supported by the Statement of Accounting Policies, which follows this foreword, together with various explanatory notes on pages 11 to 18. The Resources and Management Committee is responsible for managing the finance, legal and administrative functions of South West Councils, which is registered as an Employers' Association with the Certification Office for Trade Unions & Employers' Associations.

## **South West Councils**

Independent Auditors' Report to the Members  
For the Year Ended 31 March 2020

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### **Opinion**

We have audited the accounts of South West Councils for the year ended 31 March 2020 which comprise the Statement of Accounting Policies, the Balance Sheet, the Income & Expenditure Account, the Statement of Total Comprehensive Income, the Statement of Movement in Reserves, the Statement of Cash Flows and the Notes to the Accounts. These accounts have been prepared under the accounting policies set out therein.

In our opinion the accounts:

- give a true and fair view of the state of the Unions' affairs as at year ending 31 March 2020;
- have been prepared in accordance with the requirement of the Trade Union and Labour Relations (Consolidation) Act 1992.

### **Basis of 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 South West Councils 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 Chief Executive's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Executive has 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Chief Executive (as Treasurer) is responsible for the other information. 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.



## South West Councils

Independent Auditors' Report to the Members  
For the Year Ended 31 March 2020

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### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Trade Union and Labour Relations (Consolidation) Act 1992 requires us to report to you if, in our opinion:

- whether the trade union has kept proper accounting records in accordance with the requirements of section 28,
- whether it has maintained a satisfactory system of control over its transactions in accordance with the requirements of that section; and
- whether the accounts to which the report relates agree with the accounting records.

### Responsibilities of the Treasurer

As explained more fully in the Statement of Responsibilities set out on page 1, the Chief Executive (as Treasurer) is responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as they 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 Chief Executive is responsible for assessing the organisations 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 Chief Executive either intend to liquidate the organisation 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 [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the organisations members, as a body, in accordance with the Trade Union and Labour Relations (Consolidation) Act 1992. Our audit work has been undertaken so that we might state to the members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



Albert Goodman LLP  
Registered Auditor  
Chartered Accountants  
Statutory Auditor

Goodwood House  
Blackbrook Park Avenue  
Taunton  
Somerset

Date: 26 June 2020

# STATEMENT OF ACCOUNTING POLICIES

## General

These accounts are prepared in accordance with generally accepted accounting practices and the historic cost convention. They conform where relevant to the Companies Act 2006 (Part 15) and Financial Reporting Standard 102.

## Basis of Inclusion of Debtors & Creditors at the Year End

The accounts follow the 'accruals' concept whereby amounts due to or from South West Councils in respect of the financial year, but not actually settled at the year-end are brought into the accounts. Any difference between the actual figures and those included in the accounts will therefore be reflected in the following year.

## Depreciation

The asset values shown in the Balance Sheet are, where appropriate, written down annually either on a straight line or reducing balance basis to reflect the extent to which the assets have been consumed. All Fixed Assets are subject to annual depreciation charges unless the charge is deemed not to be material to the accounts. Where there is evidence of impairment, fixed assets are written down to recoverable amount. Any such write down would be charged to operating profit.

### Land & Buildings

Dennett House - Straight Line Basis at 2% pa

### Other Assets

Fixtures & Fittings - Reducing Balance Basis at 10% pa

Other Equipment (Acquired by Finance Lease) - Straight Line Basis

A full year's depreciation is charged in the year of purchase and not in the year of disposal.

## Basis of Recording Fixed Assets in the Balance Sheet

The figures for fixed assets are included on the basis of gross historical cost less accumulated depreciation. Assets costing over £6,000 are deemed to be capital expenditure and are depreciated accordingly.

## Leased Assets

Assets held under finance leases are included in the Balance Sheet and depreciated in accordance with South West Councils' normal accounting policies. The present value of future rentals is shown as a liability. Rentals payable under operating leases are charged to the Income & Expenditure Account on a straight line basis over the period of the leases.

## **Grants**

Grants received are matched to the relevant expenditure in the year. Any surpluses of income are carried forward to the following year as Receipts in Advance.

## **Management of Liquid Resources**

Moneys on Deposit which are placed with Somerset County Council's 'COMFUND' can be withdrawn or added-to at month-end. They are therefore classed as Liquid Resources under the definition of FRS1 (revised).

## **Judgement in applying accounting policies and key sources of estimation uncertainty**

The Chief Executive has considered the impact of Covid-19 on the operations of the organisation. The organisation has altered the method of delivery of some of its services, but remains largely able to operate as before, albeit in a different manner. The organisation is primarily funded by members, who are mostly local authorities and therefore it is anticipated that income from these sources may fall as pressure on the public sector grows. As far as is possible, the Chief Executive also considers that the organisation has sufficient resources and contracts to enable the continued deliverance of services where appropriate.

# BALANCE SHEET

AS AT 31 MARCH 2020

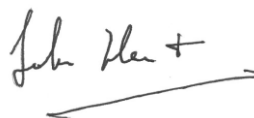
	Notes	2020	2019
<b>Fixed assets</b>	<b>A</b>	84,822	90,240
<b>Current assets</b>			
Sundry debtors	<b>B</b>	163,067	212,568
Payments in advance	<b>C</b>	32,286	26,006
Moneys on deposit	<b>D</b>	2,750,000	2,850,000
Cash at bank	<b>E</b>	6,043	99,001
Cash in hand	<b>E</b>	1,200	1,200
		<u>2,952,596</u>	<u>3,188,775</u>
<b>Current liabilities</b>			
Sundry creditors	<b>F</b>	97,983	163,236
Cash at bank	<b>E</b>	-	-
Receipts in advance	<b>G</b>	818,686	853,522
		<u>916,670</u>	<u>1,016,758</u>
<b>Net current assets</b>		2,035,926	2,172,018
<b>Total assets less current liabilities</b>		<u>2,120,749</u>	<u>2,262,258</u>
<b>Long term liabilities</b>			
Pension liability	<b>H</b>	(10,922,000)	(10,696,000)
<b>Net assets/(liabilities)</b>		<u><b>(8,801,251)</b></u>	<u><b>(8,433,742)</b></u>
<b>Represented by</b>			
Building fund		284,421	284,421
Contingency		210,000	210,000
Pensions reserve - contingency		-	-
Pensions reserve - FRS102	<b>H</b>	(10,922,000)	(10,696,000)
Accumulated surplus		1,626,327	1,767,837
		<u><b>(8,801,251)</b></u>	<u><b>(8,433,742)</b></u>



**B Houlden**

Treasurer

DATE 26 June 2020



**J Hart**

Chair

DATE 26 June 2020

# INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020	2019
<b>INCOME</b>			
Subscriptions			
Local Authorities to SW		273,207	302,751
Affiliates/Associates		<u>51,247</u>	<u>41,376</u>
		324,454	344,127
Other Core Activities			
Course fees incl EPA		445,397	449,712
Consultancy		<u>198,066</u>	<u>161,721</u>
		643,464	611,433
Grant Income			
SW Strategic Migration	I	<u>220,871</u>	<u>216,736</u>
SW RIEP Central Costs		-	-
SW RIEP Programmes		<u>-</u>	<u>-</u>
		220,871	216,736
Other income			
SW Portal		876	21,000
Misc		56,545	50,235
Trade Union Contribution		2,470	2,470
Room Hire		26,214	14,644
SW Directors of Public Health Network		29,561	16,119
SW AGW Public Health Network		6,590	8,204
Public Health Workforce Development		<u>249,418</u>	<u>411,789</u>
		371,675	524,462
Interest receivable		29,243	26,367
Other finance income - pension scheme	H	(254,000)	(280,000)
		<u>1,335,706</u>	<u>1,443,124</u>
<b>EXPENDITURE</b>			
Employees	M	904,118	845,628
Accommodation		67,342	59,326
Office expenses		66,878	71,647
Training course expenses		221,014	251,607
Other expenses		107,294	72,314
RIEP programme costs		-	-
Net departure payments		-	-
SW Directors of Public Health Network		29,561	16,119
SW AGW Public Health Network		6,590	8,204
Public Health Workforce Development		<u>249,418</u>	<u>411,789</u>
		(1,652,215)	(1,736,634)
<b>SURPLUS (DEFICIT) FOR YEAR</b>	J	<u><b>(316,509)</b></u>	<u><b>(293,510)</b></u>

# STATEMENT OF TOTAL COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

		2020 £	2019 £
Surplus/(deficit) for year	J	(316,509)	(293,510)
Return on assets less interest	H	(1,172,000)	371,000
Other actuarial gains (losses)	H	(196,000)	-
Change in financial & demographic assumptions	H	1,894,000	246,000
Experience gain (loss) on defined benefit obligation	H	(577,000)	-
<b>Total of Comprehensive Income</b>		<b><u>(367,509)</u></b>	<b><u>323,490</u></b>

# STATEMENT OF MOVEMENT IN RESERVES

FOR THE YEAR ENDED 31 MARCH 2020

	Building Fund £	Contingency for potential SW RIEP liabilities £	Pensions reserve contingency £	Pensions reserve – FRS102 £	Accumulated surplus £	Total
<b>As at 1 April 2019</b>	284,421	210,000	0	(10,696,000)	1,767,837	(8,433,742)
Deficit for the year					(316,509)	(316,509)
Actuarial loss on pension scheme					-1,945,000	(1,945,000)
Change in financial & demographic assumptions					1,894,000	1,894,000
Use of Pension Contingency to fund annual deficit payments					-	-
Use of Surplus to fund annual deficit payments					-	-
Pension reserve transfer				-226,000	226,000	-
<b>As at 1 April 2020</b>	<b><u>284,421</u></b>	<b><u>210,000</u></b>	<b><u>0</u></b>	<b><u>(10,922,000)</u></b>	<b><u>1,626,327</u></b>	<b><u>(8,801,251)</u></b>

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

		2020 £	2019 £
<b>Net Cash inflow/(outflow) from operating activities</b>	<b>K</b>	(219,150)	(208,460)
<b>Investing Activities</b>			
Investment Interest received	<b>L</b>	31,241	23,385
Payments made to acquire tangible fixed assets	<b>A</b>	<u>(5,048)</u>	<u>(5,048)</u>
		26,193	18,337
Increase / (decrease) in cash and cash equivalents		(192,957)	(190,123)
Cash and cash equivalents at 1 April		2,950,201	3,140,324
Cash and cash equivalents at 31 March		2,757,243	2,950,201
<b>Opening balance</b>		<b>2020</b>	<b>2019</b>
Petty cash		1,200	1,200
Bank		99,001	139,124
Deposit account		<u>2,850,000</u>	<u>3,000,000</u>
		2,950,201	3,140,324
<b>Closing balance</b>		<b>2020</b>	<b>2019</b>
Petty cash		1,200	1,200
Bank		6,043	99,001
Deposit account		<u>2,750,000</u>	<u>2,850,000</u>
		2,757,243	2,950,201

# NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31/3/20

## A. Fixed Assets

	Land and Buildings	Fixtures and Fittings	Copier/Printers (Finance Lease)	Total
	£	£	£	£
<b>COST:</b>				
As at 1.4.2019	267,698	16,723	49,935	334,356
Additions	0	0	5,048	5,048
Disposals	0	0	0	0
As at 31.3.2020	267,698	16,723	54,983	339,404
<b>DEPRECIATION:</b>				
As at 1.4.2019	178,096	16,085	49,935	244,116
Charge for the Year	5,354	64	5,048	10,466
Disposals	0	0	0	0
As at 31.3.2020	183,450	16,149	54,983	254,582
<b>NET BOOK VALUE:</b>				
As at 31.3.2020	84,248	574	0	84,822
Freehold	84,248			



## B. Sundry Debtors

This is where money is owed to South West Councils which relates to 2019/20. The note below shows the debtor balances with the investment interest debtors removed for cash flow purposes, together with the change in debtors which is also shown for cash flow purposes.

2020			2019	
£	£		£	£
212,568		Opening balance	86,986	
11,031		Less investment interest debtor (note L)	8,049	
	201,537	Closing balance	212,568	78,937
163,067		Less investment interest debtor (note L)	11,031	
9,133		Change in debtors (note K)		201,537
	153,934			(122,600)
	47,603			

## C. Payments in Advance

This is where money was paid in 2019/20 but relates to goods and services not due until 2020/21. The change in payments in advance is shown for cash flow purposes.

2020			2019	
£	£		£	£
26,006		Opening balance	20,671	
32,285		Closing balance	26,006	
	(6,279)	Change in payments in advance (note K)		(5,335)

## D. Moneys on Deposit

This represents moneys on deposit, invested in the name of Somerset County Council (SCC) on behalf of South West Councils. The Fund invests with counterparties as per the criteria set out as part of the SCC Annual Investment Strategy, which in turn is part of the Treasury Management Strategy Statement, an annual document approved by SCC's Full Council. The Fund has the objective to return better than Base Rate over the longer-term. This was achieved in 2019/20. These funds are treated as liquid resources and an analysis of the movement can be seen below:

2020			2019	
£	£		£	£
2,850,000		Opening balance	3,000,000	
500,000		Deposits during the year	600,000	
600,000		Withdrawals during the year	750,000	
	(100,000)	Change in liquid resources in the year		(150,000)
	2,750,000	Closing balance		2,850,000

## E. Analysis of changes in cash and cash equivalents during the year

As part of the ongoing treasury management service provided by SCC, cash balances are transferred between the South West Councils bank account and that of SCC. This ensures investments are maximised. The Cash at Bank figure for 2019/20 is the year-end bank balance together with the cash balance owed by South West Councils to Somerset County Council.

2020			2019	
£	£		£	£
1,200		Opening balance – petty cash	1,200	
99,001		Opening balance – cash at bank	139,124	
	100,201			140,324
1,200		Closing balance – petty cash	1,200	
6,043		Closing balance – cash at bank	99,001	
	7,243			100,201
	(92,958)	Change in cash and cash equivalents		(40,122)

## F. Sundry Creditors

This is where South West Councils owes money to people and external organisations for goods and services received in 2019/20. The change in creditors is shown for cash flow purposes.

2020			2019	
£	£		£	£
163,236		Opening balance	130,827	
97,983		Closing balance	163,236	
	(65,253)	Change in creditors (note K)		32,409

## G. Receipts in Advance

This is where income has been received which relates to the following or future years. The total change between the years is shown for cash flow purposes.

2020			2019	
£	£		£	£
297,410		Coaching pool, member development & other training receipts	316,758	
25,627		Supporting the RIEP legacy, including funding for networks and frameworks	31,333	
97,910		Funding held for SW Directors of Public Health Network	95,875	
310,760		Funding held for SW Public Health Workforce Development	350,178	
14,007		Funding held for SW Public Health AGW Network	20,597	
17,000		Funding held for SW Public Health Population Health Fellows	0	
10,919		Funding held (mainly from Local Government Employers) for future HR projects	10,919	
45,053		Miscellaneous receipts	27,862	
	818,686	Total		853,522
	(34,835)	Change in receipts in advance (note K)		36,471

## H. Pension Assets and Liabilities

In accordance with Financial Reporting Standard No: 102, South West Councils is required to disclose certain information concerning the pension schemes for its employees.

South West Councils participates in the Local Government Pension Scheme (LGPS), administered by Peninsula Pensions which acts as Administering Authority on behalf of the Somerset Pension Fund. The LGPS provided defined benefits, based on members' final pensionable salary up to 31 March 2014. Changes to the LGPS came into effect from 1 April 2014 and any benefits accrued from that date will be based on career average revalued salary, with various protections in place for those members in the scheme before 1 April 2014.

Contribution levels are set every three years, following an actuarial review of the Fund as required by the LGPS regulations. The last valuation was carried out as at 31 March 2019 and has been updated by independent actuaries to the Somerset Pension Fund to take account of the requirements of FRS 102 in order to assess the Fund as at 31 March 2020. The next valuation will be carried out as at 31 March 2022 and will set contributions for the period 1 April 2023 to 31 March 2026. During the inter-valuation period, the minimum employer contributions due from South West Councils are:

April 2020 to March 2021	18.3%	plus £210,000 pa
April 2021 to March 2022	18.3%	plus £220,000 pa
April 2022 to March 2023	18.3%	plus £230,000 pa

Employees contributed between 5.5% and 8.5% of their earnings to the pension fund.

The financial assumptions used for the purposes of FRS 102, set with reference to market conditions at 31 March 2020, are:

Assumptions at	31 March 2020	31 March 2019	31 March 2018
	% pa	% pa	% pa
Salary increases	2.9	3.9	3.8
Pension increases	1.9	2.4	2.3
Discount rate	2.35	2.4	2.55

The results of the calculations made by the Actuaries in accordance with the requirements of FRS 102 are set out below.

Net pension asset as at	31 March 2020	31 March 2019	31 March 2018
	<b>(£000)</b>	<b>(£000)</b>	<b>(£000)</b>
Present value of defined benefit obligation	23,788	24,928	24,981
Fair value of Fund assets (bid value)	12,897	14,264	13,862
Deficit (Surplus)	10,891	10,664	11,119
Present value of unfunded obligation	31	32	34
Net defined benefit liability (asset)	10,922	10,696	11,153

The amounts recognised in the profit and loss statement are:	Year to 31/3/20	Year to 31/3/19
	<b>(£000)</b>	<b>(£000)</b>
Service cost	211	168
Net interest on the defined liability (asset)	254	280
Administration expenses	10	8
Total loss (profit)	475	456

Reconciliation of opening & closing balances of the present value of the defined benefit obligation	Year to 31/3/20	Year to 31/3/19
	<b>(£000)</b>	<b>(£000)</b>
Opening defined benefit obligation	24,960	25,015
Current service cost	171	168
Interest cost	592	630
Change in financial assumptions	(2,133)	1,161
Change in demographic assumptions	239	(1,407)
Experience loss/(gain) on defined benefit obligation	577	-
Estimated benefits paid (net of transfers in)	(659)	(638)
Past service costs, including curtailments	40	-

Contributions by Scheme participants	33	33
Unfunded pension payments	(1)	(2)
Closing defined benefit obligation	23,819	24,960

An estimate of £40,000 has been included above as a past service cost, for the impact of the recent McCloud & Sargeant judgement on the scheme's total liabilities. The judgement relates to age discrimination within the Judicial and Fire Pension Schemes respectively, and is expected to impact on all public services schemes, including the LGPS.

Reconciliation of opening & closing balances of the fair value of Fund assets	Year to 31/3/20	Year to 31/3/19
	<b>(£000)</b>	<b>(£000)</b>
Opening fair value of Fund assets	14,264	13,862
Interest on assets	338	350
Return on assets less interest	(1,172)	371
Other actuarial gains/(losses)	(196)	-
Administration expenses	(10)	(8)
Contributions by employer including unfunded	300	296
Contributions by Fund participants	33	33
Estimated benefits paid net of transfers and including unfunded	(660)	(640)
Closing fair value of Fund assets	12,897	14,264

Remeasurement of the net assets (defined liability)	Year to 31/3/20	Year to 31/3/19
	<b>(£000)</b>	<b>(£000)</b>
Return on Fund assets in excess of interest	(1,172)	371
Other actuarial gains/(losses) on assets	(196)	-
Change in financial assumptions )	2,133	(1,161)
Change in demographic assumptions )	(239)	1,407
Experience gain/(loss) on defined benefit obligation	(577)	-
Remeasurement of the net assets (defined liability)	(51)	617

The following show the projected pension expense for the year to March 2021: Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2020. These projections are based on assumptions as at 31 March 2020.

	Year to 31/3/21
	<b>(£000)</b>
Service cost	172
Net interest on the defined liability (asset)	253
Administration expenses	9
Total	434
Employer contributions	299

## I. Home Office Grant

During 2019/20, £220,750 grant was received from the Home Office for South West Migration Partnership work, against a spend of £220,871. The balance is included within receipts in advance (miscellaneous receipts).

## J. Reconciliation of deficit to operating (cash) deficit

2020			2019	
£	£		£	£
(316,509)		Deficit for the year	(293,510)	
		Pension scheme adjustments:		
	300,000	Less contributions (incl unfunded)	296,000	
	10,000	Add admin costs	8,000	
	171,000	Add current service cost	168,000	
	40,000	Add past service cost	0	
	254,000	Add net interest cost	280,000	
	(141,509)	Operating deficit		(133,510)

## K. Reconciliation of Operating Deficit to Net Cash Outflow from Operating Activities

2020			2019	
£	£		£	£
(141,509)		Operating deficit for the year	(133,510)	
29,243		Less investment interest	26,367	
	(170,752)			(159,877)
	10,466	Depreciation charge (note A)		10,473
	47,603	Change in debtors (note B)		(122,600)
	(6,279)	Change in payments in advance (note C)		(5,335)
	(65,253)	Change in creditors (note F)		32,409
	(34,835)	Change in receipts in advance (note G)		36,471
	(219,050)			(208,460)

## L. Investment Interest Reconciliation

2020			2019	
£	£		£	£
29,243		Investment interest	26,367	
11,031		Add investment interest opening debtor	8,049	
9,133		Less investment interest closing debtor	11,031	
	31,141	Investment interest (cash received in year)		23,385

## M. Salaries, NI & Pension

The total of £904,118 in the Income and Expenditure Account can be broken down and reconciled as follows (with 2019 as comparison):

	Average wte	2020 £	Average wte	2019 £
Employees		904,118		845,628
Current service cost		(171,000)		(168,000)
Past service cost		(40,000)		0
Admin cost		(10,000)		(8,000)
Employer contributions (incl unfunded pension payments)		300,000		296,000
		<b><u>983,118</u></b>		<b><u>965,628</u></b>
Compensation for Loss of Office		<b>1,347</b>		<b>1,883</b>
Travel and Subsistence		<b>29,515</b>		<b>30,037</b>
Training Expenses		<b>1,931</b>		<b>2,822</b>
Staff Advertising		<b>1,141</b>		<b>160</b>
Permanent Staff				
Salaries		578,645		576,859
National Insurance		57,035		57,812
Pension		63,648		64,433
Deficit recovery payments		<u>235,390</u>		<u>229,890</u>
Total Permanent Staff	16.3	<b>934,718</b>	15.7	<b>928,994</b>
Seconded and Temporary Staff				
Salaries		14,466		1,732
National Insurance		0		0
Pension		<u>0</u>		<u>0</u>
Total Seconded and Temporary Staff	0.0	<b>14,466</b>	0.0	<b>1,732</b>
Overall Total		<b><u>983,118</u></b>		<b><u>965,628</u></b>

## N. Amounts due under lease arrangements

The commitments due under finance and operating leases are as follows: -

	Finance	Operating
Lease Expiring in:	£	£
2020/21 – 2021/22	5,048	5,944
Total	<b>5,048</b>	<b>5,944</b>

## O. Contingent Assets and Liabilities

There are no material contingent assets or liabilities that need to be reported.

## P. Related Party Transactions.

There are no related party transactions that need to be reported.