

Form AR27

Trade Union and Labour Relations (Consolidation) Act 1992

Annual Return for an Employers' Association

| | | | |
|--|--|--------------------------|---|
| Name of Employers' Association: | East Midlands Councils | | |
| Year ended: | 31st March 2020 | | |
| List No: | 1592E | | |
| Head or Main Office: | East Midlands Councils | | |
| | First Floor Offices, South Annexe | | |
| | Pera Business Park | | |
| | Nottingham Road | | |
| | Melton Mowbray, Leicestershire | | |
| Postcode | LE13 0PB | | |
| Website address (if available) | www.eastmidlandscouncils.gov.uk | | |
| 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: | Samantha Maher | | |
| Contact name for queries regarding the completion of this return: | Steve Charlesworth | | |
| Telephone Number: | 01664 502624 | | |
| E-mail: | steve.charlesworth@emcouncils.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 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

For Employers' Associations based in Scotland: 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 |
| 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 |
|-------------------|---|------------------------------|-------------------|
| Programme Officer | | Hannah Smith | 02 September 2019 |
| | | | |
| | | | |
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| | | | |
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| | | | |

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 |
|------------------|---|
| Lisa Bushell | Learning and 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 Lincolnshire County Council) |
| Kirsty Lowe | Learning and Development Advisor |
| Samantha Maher | Director of HR and Councillor Development |
| Andrew Pritchard | Director of Policy & Infrastructure |
| Hannah Smith | Programme Officer |
| Stuart Young | Executive Director |
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| | |

Revenue Account / General Fund

(see notes 11 to 16)

| Previous Year | | | £ | £ |
|---------------|-------------------------|--|----------|--------------|
| | Income | | | |
| 443 | From Members | Subscriptions, levies, etc | 273 | 273 |
| | Investment income | Interest and dividends (gross) | | |
| 2 | | Bank interest (gross) | 5 | 5 |
| | | Other (specify) | | |
| | | Total Investment Income | 5 | 5 |
| | Other Income | Rents received | | |
| | | Insurance commission | | |
| 591 | | Consultancy fees | 406 | 406 |
| | | Publications/Seminars | | |
| | | Miscellaneous receipts (specify) | | |
| | | Government Grants | 442 | 442 |
| | | Prior Year Adjustment - Pension | 244 | 244 |
| | | Total of other income | | 1,092 |
| | | Total income | | 1,370 |
| 1,036 | | Interfund Transfers IN | | |
| | Expenditure | | | |
| 724 | Administrative expenses | Remuneration and expenses of staff | 881 | 881 |
| 16 | | Occupancy costs | 23 | 23 |
| 6 | | Printing, Stationery, Post | 6 | 6 |
| 2 | | Telephones | 4 | 4 |
| | | Legal and Professional fees | | |
| | | Miscellaneous (specify) | | |
| 37 | | Transport | 32 | 32 |
| 317 | | Supplies & Services | 298 | 298 |
| | | Pension Adjustment | 51 | 51 |
| | | Total of Admin expenses | | 1,295 |
| | Other Charges | Bank charges | | |
| | | Depreciation | | |
| 10 | | Sums written off | | |
| | | Affiliation fees | | |
| | | Donations | | |
| | | Conference and meeting fees | | |
| | | Expenses | | |
| | | Miscellaneous (specify) | | |
| | | Total of other charges | | |
| | | Taxation | | |
| | | Total expenditure | | 1,295 |
| | | Interfund Transfers OUT | | |
| -66 | | Surplus/Deficit for year | | 75 |
| 639 | | Amount of fund at beginning of year | | 573 |
| 573 | | Amount of fund at end of year | | 648 |

Accounts other than Revenue Account/General Fund

(see notes 17 to 18)

| Account 2 | | Fund Account | |
|--------------------|--------------------------------|--|---|
| Name of account: | | £ | £ |
| Income | From members | | |
| | Investment income | | |
| | Other Income (specify) | | |
| | | | |
| | | | |
| | Total Income | | |
| | Interfund Transfers IN | | |
| Expenditure | Administrative expenses | | |
| | Other expenditure (specify) | | |
| | | | |
| | | | |
| | | | |
| | Total Expenditure | | |
| | Interfund Transfers OUT | | |
| | | 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 | | |
| | Interfund Transfers IN | | |
| Expenditure | Administrative expenses | | |
| | Other expenditure (specify) | | |
| | | | |
| | | | |
| | | | |
| | Total Expenditure | | |
| | Interfund Transfers OUT | | |
| | | 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 4 | | Fund Account | |
|--------------------|--------------------------------|--|---|
| Name of account: | | £ | £ |
| Income | From members | | |
| | Investment income | | |
| | Other income (specify) | | |
| | | | |
| | | | |
| | Total Income | | |
| | Interfund Transfers IN | | |
| Expenditure | Administrative expenses | | |
| | Other expenditure (specify) | | |
| | | | |
| | | | |
| | | | |
| | Total Expenditure | | |
| | Interfund Transfers OUT | | |
| | | 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 | | |
| | Interfund Transfers IN | | |
| Expenditure | Administrative expenses | | |
| | Other expenditure (specify) | | |
| | | | |
| | | | |
| | | | |
| | Total Expenditure | | |
| | Interfund Transfers OUT | | |
| | | 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 | | £ | £ |
|---------------|--|--------|-----|
| | Fixed Assets (as at Page 8) | | |
| | Investments (as per analysis on page 9) | | |
| | Quoted (Market value £) as at Page 9 | | |
| | Unquoted (Market value £) as at Page 9 | | |
| | Total Investments | | |
| | Other Assets | | |
| 137 | Sundry debtors | 218 | 218 |
| 630 | Cash at bank and in hand | 673 | 673 |
| | Stocks of goods | | |
| | Others (specify) | | |
| 767 | Total of other assets | 891 | 891 |
| | Total Assets | | 891 |
| 573 | Revenue Account/ General Fund | 648 | |
| -2,789 | Revaluation Reserve | -1,650 | # |
| | Liabilities | | # |
| - | Sundry Creditors | 4 | |
| 194 | Receipts in Advance | 239 | |
| | Net Pension Scheme Liability | | |
| | Total Liabilities | | 243 |
| | Total Assets | | 891 |

Fixed Assets account

(see note 21)

| | Land and Buildings | Fixtures & Fittings | Motor Vehicles & Equipment | Total £ |
|--|-----------------------|------------------------|-------------------------------|------------|
| Cost or Valuation | | | | |
| At start of period | | | | |
| Additions during period | | | | |
| Less: Disposals | | | | |
| Less: Depreciation | | | | |
| Total to end of period | | | | |
| Book Amount at end of period | | | | |
| Freehold | | | | |
| Leasehold (50 or more years unexpired) | | | | |
| Leasehold (less than 50 years unexpired) | | | | |
| Total of Fixed Assets | | | | |

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) | |
| | Total Unquoted (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

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 | X |
|-----|--|----|----------|

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 | | No | |
|-----|--|----|--|

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 | | No | X |
|-----|--|----|----------|

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 |
|--|--------------|---------------|
| | | £ |
| Income | | |
| From Members | 273 | 273 |
| From Investments | 5 | 5 |
| Other Income (including increases by revaluation of assets) | 1,092 | 1,092 |
| Total Income | 2,509 | 2,509 |
| Expenditure (including decreases by revaluation of assets) | | |
| Total Expenditure | 1,295 | 1,295 |
| Funds at beginning of year (including reserves) | -2,216 | -2,216 |
| Funds at end of year (including reserves) | -1,002 | -1,002 |
| ASSETS | | |
| Fixed Assets | | |
| Investment Assets | | |
| Other Assets | | 891 |
| Total Assets | | 891 |
| Liabilities | | |
| Total Liabilities | | 1,893 |
| Net Assets (Total Assets less Total Liabilities) | | -1,002 |

Summary Sheet

(see notes 24 to 33)

| | All Funds | Total Funds |
|--|-----------|-------------|
| | £ | £ |
| Income | | |
| From Members | | 273 |
| From Investments | | 5 |
| Other Income (including increases by revaluation of assets) | | 848 |
| Total Income | | 1,126 |
| Expenditure (including decreases by revaluation of assets) | | 1,069 |
| Total Expenditure | | 1,069 |
| Funds at beginning of year (including reserves) | | 582 |
| Funds at end of year (including reserves) | | 639 |
| ASSETS | | |
| Fixed Assets | | |
| Investment Assets | | |
| Other Assets | | 882 |
| Total Assets | | 882 |
| Liabilities | | |
| Total Liabilities | | 243 |
| Net Assets (Total Assets less Total Liabilities) | | 639 |

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)

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: | Samantha Maher | Name: | Stuart Young |
| Date: | | Date: | |

Checklist

(see note 39)

(please enter 'X' as appropriate)

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

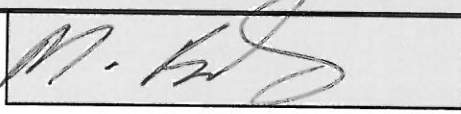
3. Your auditors or auditor must include in their report the following wording:

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)

Please see pages 19 to 21 of the attached Financial Statements

| | | |
|--|--|--|
| Signature(s) of auditor or auditors: |  | |
| Name(s): | Melvin Bailey | |
| | | |
| Profession(s) or Calling(s): | Chartered Certified Accountant | |
| Address(es) | Rogers Spencer, Newstead House, Pelham Road, Nottingham NG5 1AP | |
| Date: | 5/2/21 | |
| Contact name for enquiries and telephone number: | Melvin Bailey 0115 960 8412 | |

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



East Midlands Councils

2019/20 Financial Statements

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

LE13 OPB

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 2019/20 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).

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.



01.02.2021

Date: _____

Clive Heaphy

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

Date: 1/2/21_____
Stuart Young

Executive Director of East Midlands Council

Statement of Comprehensive Income as at 31 March 2020

| 2018/19 As Re-stated Net £000 | | Note | 2019/20 | | |
|--|---|------|------------------------------|-------------------------|--------------|
| | | | Gross Expenditure £000 | Gross Income £000 | Net £000 |
| | Income | | | | |
| 265 | Subscriptions / Membership | 7 | | 273 | |
| 386 | Government Grants / Contracts | 7 | | 442 | |
| 383 | Other Income | | | 406 | |
| | Expenditure | | | | |
| (721) | Staffing Expenses | | (858) | | |
| 37 | Other Indirect Staffing | | (23) | | |
| (16) | Property Expenses | | (23) | | |
| (37) | Transport Expenses | | (32) | | |
| (236) | Supplies and Services | | (208) | | |
| (89) | Other Recharges | | (100) | | |
| (28) | NET INCOME | | (1,244) | 1,121 | (123) |
| (106) | Pension Adjustment -Financing & Investment Income & Expenditure | 6 | (51) | 5 | (46) |
| (134) | PROFIT / (LOSS) after Pension Adjustments | | | | (169) |
| | OTHER COMPREHENSIVE INCOME AND EXPENDITURE | | | | |
| 34 | Other Gains and Losses | | | | 1,374 |
| (100) | TOTAL COMPREHENSIVE INCOME / (EXPENDITURE) FOR THE YEAR | | | | 1,205 |

Statement of Financial Position as at 31 March 2020

| 2018/19 As Re-Statement £000 | | Note | 2019/20 £000 |
|------------------------------------|--------------------------------------|------|-----------------|
| - | Equipment | 9 | - |
| - | Long Term Assets | | - |
| 114 | Short Term Debtors | 10 | 21 |
| - | Short Term Prepayments | 10 | - |
| 653 | Cash and Cash Equivalents | 10 | 673 |
| 767 | Current Assets | | 891 |
| - | Short Term Creditors | 11 | (4) |
| (194) | Short Term Grant Receipts in Advance | 11 | (239) |
| (194) | Current Liabilities | | (243) |
| (2,789) | Net Pension Scheme Liability | | (1,650) |
| (2,983) | Long Term Liabilities | | (1,650) |
| (2,216) | NET ASSETS / (LIABILITIES) | | (1,002) |
| 573 | Revenue Reserve | | 648 |
| (2,789) | Pension Reserve | | (1,650) |
| (2,216) | TOTAL RESERVES | | (1,002) |

Statement of Cash Flows as at 31 March 2020

| 2018/19 As Re-Styled £000 | | Note | 2019/20 £000 |
|---------------------------------|--|------|-----------------|
| (28) | Net Operating Profit / (Loss) | | (123) |
| (37) | Change in Creditors | | 49 |
| (21) | Change in Debtors | | (104) |
| 71 | Movement on Pensions (IAS 19 Employee Benefits) | 15 | 193 |
| (15) | Total Movement from Net Operating Profit / (Loss) | | 15 |
| 2 | Investment Income | | 5 |
| (13) | Net Increase or (Decrease) in and Cash Equivalents | | 20 |
| 666 | Cash and cash equivalents at the beginning of the reporting period | | 653 |
| 653 | Cash and cash equivalents at the end of the reporting period | | 673 |

Statement of Changes in Equity as at 31 March 2020

| 2019/20 | Revenue Reserve £000 | Pension Reserves £000 | Total Reserves £000 |
|--|-------------------------|--------------------------|------------------------|
| Balance at 31 March 2019 | 82 | (2,789) | (2,707) |
| Movement in 2019/20 | | | |
| Prior year Adjustment (Note 5) | 500 | - | 500 |
| Balance as restated | 582 | (2,789) | (2,207) |
| Total Comprehensive (Expenditure) & Income | 66 | 1,139 | 1,205 |
| Balance at 31 March 2020 | 648 | (1,650) | (1,002) |

| 2018/19 As Re-Stated | Revenue Reserve £000 | Pension Reserves £000 | Total Reserves £000 |
|--|-------------------------|--------------------------|------------------------|
| Balance at 31 March 2018 | 256 | (2,684) | (2,428) |
| Movement in 2018/19 | | | |
| Prior Year Adjustment (Note 5) | 312 | - | 312 |
| Balance as restated | 568 | (2,684) | (2,116) |
| Total Comprehensive (Expenditure) & Income | 5 | (105) | (100) |
| Balance at 31 March 2019 | 573 | (2,789) | (2,216) |

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 % |
|--------------------------------|--------------------|
| Nottinghamshire County Council | 2.35 |

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 2020 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 2020 is £1,650,000.

5. Prior Year Adjustment

This has arisen as a result of an accounting error arising out of the implementation of IAS19.

6. Financing and Investment Income and Expenditure

| | 2018/19 £000 | 2019/20 £000 |
|--|-----------------|-----------------|
| Pension interest cost and expected return on pension assets | 108 | 51 |
| Interest Receivable (part of Investment and Other Income item in CIES) | (2) | (5) |
| Total | 106 | 46 |

7. Partnership and Government Income

| | 2018/19 £000 | 2019/20 £000 |
|---|-----------------|-----------------|
| Subscriptions | 265 | 273 |
| Government Grants - Home Office Migration Grant | 258 | 250 |
| Contractual Agreements | 128 | 192 |
| Other Income | 383 | 411 |
| Total | 1,034 | 1,126 |

8. Pensions – Revenue Costs

Local Government Pension Scheme

EMC participates in the Local Government Pension Scheme (LGPS) for employees, administered locally by Nottinghamshire County Council (NCC). 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 2020:

| Member Data Summary | Number | Salaries / Pensions £000 | Average Age |
|---------------------|--------|-----------------------------|-------------|
| Actives | 10 | 465 | 49 |
| Deferred pensioners | 5 | 26 | 47 |
| Pensioners | - | - | - |

The Statement of Financial Position shows a pension deficit of £1,650k as assessed on an IAS19 basis.

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

Pension Assets and Liabilities in Relation to Post-Employment Benefits

| | 2018/19 £000 | 2019/20 | | Total £000 |
|--------------------------------------|-----------------|------------------------------|------------------------------|---------------|
| | | LCC Revenue Costs £000 | NCC Revenue Costs £000 | |
| Current Service Cost | (166) | - | (243) | (243) |
| Total Operating Charge | (166) | - | (243) | (243) |
| Return on Pension Assets | (162) | - | (171) | (171) |
| Interest Cost on Pension Liabilities | 229 | - | 120 | 120 |
| Net Pension Finance Costs | 68 | - | (51) | (51) |

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

| | 2018/19 NCC/LCC Costs £000 | LCC Revenue Costs £000 | 2019/20 NCC Revenue Costs £000 | Total £000 |
|-----------------------------------|-------------------------------------|------------------------------|---|---------------|
| As at 1 April | 8,778 | 4,430 | 4,996 | 9,426 |
| Obligation Created | - | - | - | - |
| Current Service Cost | 166 | - | 177 | 177 |
| Interest Cost | 229 | - | 120 | 120 |
| Employee Contributions | 41 | - | 43 | 43 |
| Actuarial Gain / (Loss) | 641 | - | (797) | (797) |
| Benefits Paid / Obligation | (125) | - | (194) | (194) |
| Past Service Costs | - | - | 66 | 66 |
| Curtailments and Settlements | - | (4,430) | - | (4,430) |
| Change in demographic assumptions | (304) | - | (106) | (106) |
| As at 31 March | 9,426 | - | 4,305 | 4,305 |

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

| | 2018/19 £000 | LCC Revenue Costs £000 | 2019/20 NCC Revenue Costs £000 | Total £000 |
|------------------------------|-----------------|------------------------------|---|---------------|
| As at 1 April | 6,094 | 3,822 | 2,815 | 6,637 |
| Expected return on Assets | 161 | - | 69 | 69 |
| Actuarial Gain / (Loss) | 370 | - | (316) | (316) |
| Employer Contributions | 96 | - | 60 | 60 |
| Employee Contributions | 41 | - | 43 | 43 |
| Benefits Paid | (125) | - | (16) | (16) |
| Curtailments and Settlements | - | (3,822) | - | (3,822) |
| As at 31 March | 6,637 | - | 2,655 | 2,655 |

Local Government Pension Scheme assets comprised of:

| | 2018/19 | | 2019/20 | |
|------------------------------|--------------|-------------------|--------------|-------------------|
| | £000 | % of total assets | £000 | % of total assets |
| Equities | 4,874 | 73% | 1,533 | 58% |
| Property | 810 | 12% | 396 | 15% |
| Other Bonds | 424 | 6% | 244 | 9% |
| Gilts | 122 | 2% | 110 | 4% |
| Cash | 166 | 3% | 108 | 4% |
| Infrastructure | 139 | 2% | 165 | 6% |
| Inflation-linked pooled fund | 102 | 2% | 99 | 4% |
| As at 31 March | 6,637 | 100% | 2,655 | 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 an independent firm of actuaries. Estimates for the EMC fund are based on the latest full valuation of the Pension Fund as at 31 March 2020.

The principal assumptions used by the actuary have been:

| | 31 March 2019 | | 31 March 2020 | |
|--|-----------------|-----------------|-----------------|-----------------|
| | LCC Assumptions | NCC Assumptions | LCC Assumptions | NCC Assumptions |
| Mortality Assumption (in years): | | | | |
| Longevity at 65 for Current Pensioners: | | | | |
| Men | 22.1 | 21.6 | - | 21.8 |
| Women | 24.3 | 24.4 | - | 24.4 |
| Longevity at 65 for Future Pensioners | | | | |
| Men | 23.8 | 23.3 | - | 23.2 |
| Women | 26.2 | 26.2 | - | 25.8 |
| Rate of Increases in Salaries | 3.50% | 3.90% | - | 3.5% |
| Rate of Increase in Pensions / Inflation | 2.50% | 2.40% | - | 1.8% |
| Rate for Discounting Scheme Liabilities | 2.40% | 2.40% | - | 2.35% |

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). 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 though, due to the performance of the Leicestershire scheme during 2019-20, this deficit has now been cleared in full.

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.

9. Equipment

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

10. Current Assets

Short Term Debtors

| | 31 March 2019 £000 | 31 March 2020 £000 |
|--------------------------------|-----------------------|-----------------------|
| Partnership Contributions | 73 | 169 |
| Other Government Bodies | 40 | 40 |
| Other Entities and Individuals | 1 | 9 |
| Total | 114 | 218 |

Prepayments

| | 31 March 2019 £000 | 31 March 2020 £000 |
|-------------------------|-----------------------|-----------------------|
| Other Government Bodies | - | - |
| Total | - | - |

Cash and Cash Equivalents

| | 31 March 2019 As Re-Stated £000 | 31 March 2020 £000 |
|------|---------------------------------------|-----------------------|
| Cash | 653 | 673 |

11. Short Term Creditors

| | 31 March 2019 | | | 31 March 2020 | | |
|--------------------------------|-------------------|--------------------------------|---------------|-------------------|--------------------------------|---------------|
| | Creditors £000 | Receipts in Advance £000 | Total £000 | Creditors £000 | Receipts in Advance £000 | Total £000 |
| Partnership Organisations | - | 125 | 125 | - | 189 | 189 |
| Other Government Bodies | - | 69 | 69 | - | 50 | 50 |
| Other Entities and Individuals | - | - | - | 4 | - | 4 |
| Total | - | 194 | 194 | 4 | 239 | 243 |

12. Transactions with Related Parties

Details 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 8.

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.

A relationship exists between certain Committee members / directors and member companies.

Any transactions between these companies and the Council are on an arms-length basis under normal market conditions.

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.

The Executive Board operates control over the organisation's financial and operating policies. The total of members' allowances paid in 2019/20 is £23k (2018/19: £21k). There are other members who represent their authority at full EMC meetings. The total payments to all membership authorities during 2019/20 are shown in note 8.

Officers

There were no interests declared by senior officers of EMC.

13. Officers' Remuneration

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

| Post Title | 2018/19 £000 | 2019/20 £000 |
|-----------------------|-----------------|-----------------|
| Executive Director | | |
| Salary | 92 | 94 |
| Benefits in Kind | - | - |
| Pension Contributions | 13 | 13 |
| Total | 105 | 107 |

14. 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.

15. 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.

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 2020.



01.02.2021

Date: _____

Clive Heaphy

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



Date: 01.02.2021

Stuart Young, Executive Director of East Midlands Council

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 2020, which comprise the following:

- the Statement of Financial Position as at 31 March 2020;
- 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 2020 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: 5/2/21

