

WELSH LOCAL GOVERNMENT ASSOCIATION
STRATEGIC REPORT, REPORT OF THE CHIEF EXECUTIVE
AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

Bevan Buckland LLP
Chartered Accountants
and Statutory Auditors
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WELSH LOCAL GOVERNMENT ASSOCIATION

CONTENTS

	PAGE
Strategic Report	1 - 4
Report of the Chief Executive	5
Auditors' Report	6 - 9
Group Statement of Comprehensive Income	10
Association Statement of Comprehensive Income	11
Other Comprehensive Income	12
Group & Association Statement of Financial Position	13
Statement of Changes in Equity	14
Group Statement of Cash Flow	15
Notes to the Group Statement of Cash Flow	16
Notes to the Financial Statements	17 - 37

**WELSH LOCAL GOVERNMENT ASSOCIATION
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

REVIEW OF BUSINESS

The WLGA continues to support local government in Wales against a backdrop of unrelenting global turmoil and domestic uncertainty. The political landscape of local government in Wales changed following the council elections in May 2022, and while many leaders and councillors were re-elected there was also significant change. Within the WLGA, Councillor Andrew Morgan was re-elected as Leader, Councillor Rob Stewart returned as Deputy Leader and Councillor Huw David was re-elected as the WLGA's Presiding Officer. There were significant changes in leadership in some authorities however and the new WLGA is a mixture of both newly elected and experienced elected leaders and members.

There was also turbulence within the UK Government with the election of three Prime Ministers during the year and significant fluctuations in fiscal and monetary policy. Although responsibility for local government is devolved to Wales, the UK Government still retains responsibility in areas such as Levelling up, the Shared Prosperity Fund and migration policy and so has a significant impact on communities in Wales.

While the threat posed by Covid-19 has receded, it continues to be a concern and the Covid Inquiry is now a significant part of the WLGA's Work Programme. The WLGA has been recognised as a core participant in the inquiry for certain Modules and considerable amount of organisational capacity was taken up by gathering and submitting notes, minutes, reports, email and other documentation from thousands of Covid related meetings held during the crisis. The WLGA submitted written evidence early in 2023 as part of Module 1 of the Covid Inquiry in advance of oral sessions later in the year. The Association has created a dedicated team to respond to the demands of the inquiry and works closely with the LGA's legal team in London. The Covid Inquiry is likely to be a significant feature in the Associations work for years to come.

More generally, the WLGA's work in 2022-23 has focused more on supporting authorities, their communities and people, through the financial and economic crisis precipitated by the Russian invasion of Ukraine. The war and the ensuing global economic crisis presented enormous challenges to councils and the economic and financial impact on services and providers cannot be overstated.

The year has seen unprecedented levels of inflation, peaking at 11.1% (CPI) in October 2022, with very modest economic growth during the same period. High levels of inflation have also impacted the cost of materials, including building materials also impacting on council's development plans such as new housing. Energy price rises contributed to these pressures, with many households in Wales struggling to make ends meet. Councils were subject to the same energy cost pressures, while most authorities also experienced supply shortages and workforce challenges across all services

As was the case during the Covid-19 pandemic, Councils have reacted positively to these crises and demonstrated that they are uniquely placed at the heart of their communities and public service delivery. They are almost always the first port of call for the most vulnerable or those in need of support or assurance, and whatever the circumstances, they continue to deliver for the people they serve.

Flexibility, innovation, resilience and responsiveness continue to be the key features of council services emphasising yet again the intrinsic value of localism, subsidiarity and devolution with elected members and officers rooted in their local communities.

Those communities have continued to reflect Wales's long tradition of welcoming people seeking refuge from conflict or persecution whatever their circumstances from anywhere in the world. Wales is a Nation of Sanctuary and the WLGA is proud of its work in support of local authorities and the Welsh Government in their response to the humanitarian crisis in Ukraine, the relocation of people from Afghanistan and an increasing number of councils accommodating asylum seekers in their areas. However, increasing levels of homelessness, people living in temporary accommodation for longer time periods and the limited availability of housing stock is placing significant pressures on councils.

**WELSH LOCAL GOVERNMENT ASSOCIATION
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

REVIEW OF BUSINESS (CONT)

Throughout this period and building on the processes developed during the Covid crisis, the WLGA has supported the interface between local government and central government. The close working relationship between council leaders, cabinet members and Welsh Government Ministers has continued, and the scope and regularity of that interface has been enhanced even further.

The rhythm of those meetings has returned to some degree of normality but the closeness of the engagement – the sharing information and intelligence, providing a sounding board for approaches and escalating local issues of concern – has continued. The First Minister, Mark Drakeford, gave an address at the WLGA's AGM and was followed by Local Government and Finance Minister Rebecca Evans. They, along with other Ministers have continued to show a readiness to engage with local government wherever and whenever required. Such engagement includes the Partnership Council which now includes all 22 local authority leaders.

The WLGA has sought to build on and develop its relationship with the UK Government in the same way, with particular focus on Levelling-up and the Shared Prosperity Fund.

Engagement with the Senedd as an institution has also continued to grow and develop with regular and on-going engagement with Senedd members across all parties on finance and strategic policy issues. The WLGA's annual survey of Senedd members reflects an increasingly positive opinion of local government and the WLGA.

Negotiating the local government revenue and capital settlements is always a big part of the WLGA's work and that continued to be the case in 2022-23. The WLGA's focus on evidence-based argument and lobbying, emphasising the value, quality and resilience of local services is the bedrock of this approach. Coupled with the maturity, mutual respect and atmosphere of trust and confidence between local government and Welsh Government Ministers, this approach resulted in another positive local government settlement.

The WLGA worked across its membership to produce a robust case for service pressures through the Finance Subgroup (FSG). The FSG Report received national media exposure and was submitted to Welsh Government as part of their budget deliberations. Another good settlement outcome was secured, with an additional £403m, which is a 7.9% uplift in Aggregate External Finance for 2023-24. The third year in which the settlement exceeded expectations.

The WLGA moved to its new accommodation in One Canal Parade at the end of 2021 and 2022-23 represents the first full year in residence. The move has gone well and has more than delivered on the expectations and business case behind the move. The WLGA has also embedded its new agile and flexible working policy and as with all public service organisations in Wales is seeking a new equilibrium in the post-Covid area. The benefits of remote working are widely appreciated but the successive crises of this period mean that a period of sustained normality is still proving elusive.

A Review of the WLGA's senior management arrangements was commissioned and completed during the year and 2023-24 will see the full implementation of the findings and recommendations of the exercise. The Review was conducted by the former Chief Executive of Swansea Council, Jack Straw, and reflects the Association's desire for assurance that the organisation is fit for purpose, that it reflects the priorities of members and continues to add value to the work of councils in Wales.

The WLGA's political meetings are still being held remotely in the main and as such are inclusive and well attended but there is an increasing appetite for opportunities for members and officers to meet and interact face to face.

At a service level, health and social care; education and the economy and regeneration continue to be priorities for members. Demand for services continues to increase at a time when resources are stretched as never before, and workforce challenges show no signs of easing. These pressures are particularly acute in the social care sector, and increasing demand, for both Adults and Children's Services are placing significant budgetary strain on council finances.

**WELSH LOCAL GOVERNMENT ASSOCIATION
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

REVIEW OF BUSINESS (CONT)

The WLGA's strong partnership with the Welsh Government is also reflected in the shared commitment to deliver sector-led improvement. The work of the new Improvement Team has grown healthily during this period and the Digital Team is now firmly established within the WLGA and working closely with its local government partners to deliver service transformation.

During the year, local authorities and the WLGA also played a small part in the various state occasions during the year including the Diamond Jubilee celebrations in the summer and the mourning and funeral arrangements following the death of the late Queen Elizabeth II. Within Wales, events such as the National Eisteddfod, the Urdd Eisteddfod and the Royal Welsh Show were again supported by councils and the WLGA.

The WLGA is committed to promoting equality of opportunity for all and celebrating diversity. We have worked closely with Welsh Government in the development of their Anti-Racism Wales Action Plan and are supporting councils in implementing the actions as we strive to create a fairer and more equal Wales, where diversity is valued and equality of outcome is available for all citizens.

We have continued to engage with wider elected members, through a range of regular cabinet member networks, training and development sessions, good practice seminars.

PRINCIPAL RISKS AND UNCERTAINTIES

At the start of 2022, it seemed that Wales was recovering from the Covid pandemic with a sense that at last things were starting to improve. Local government played a major part in the Covid-19 response and recovery and there was a sense of optimism about the coming years. The war in Ukraine and the subsequent humanitarian crisis, and the ensuing global financial and economic crises changed everything.

As a consequence of the Russian invasion of Ukraine, the world experienced unparalleled rates of inflation and saw food, commodity and energy prices rocket to unprecedented levels. Climate change has also become a feature of recent years with crop failure around the world raising food prices and closer to home, the impact of extreme weather changes resulting in more frequent floods and disruption to daily life.

All these factors combine to create an unprecedented demand for local government services - but increasing cost pressures and diminishing resources have presented local government with immense challenges. Despite generous revenue settlements from the Welsh Government of 9.4% (2022-23) and 7.9% (2023-24) councils were confronted over the last year with having to cut services, reduce reserves and increase council tax levels to balance their budgets. Negotiating the local government revenue settlement is an important part of the WLGA's work every year and the close working relationship between the WLGA and the Welsh Government, at all levels, has been a growing feature of recent years

The evolution and reform of the Association also continues and over the last year, the move to new accommodation at One Canal Parade has been completed successfully. Like most public sector organisations, the WLGA has adopted an agile and flexible working policy during that time and a rebranding of the organisation has been completed. The WLGA recently completed an internal review of senior management and in implementing the recommendations of the review, it will ensure that the Association is resilient, fit for purpose and continues to deliver value for money into the future.

The unfolding challenges demonstrate that the WLGA must continue to adapt, and to add value to the work of its member authorities and the reputation of the sector.

The detailed budget for 2023- 24 was considered by the WLGA Council in March 2023 where a balanced position was presented. In future years, a modest surplus will be generated up to 2026-27 there are some forecast shortfalls in subsequent years which will require modest use of some of the reserves to smooth them out. We will move to a 5-year medium financial plan this year.

**WELSH LOCAL GOVERNMENT ASSOCIATION
REPORT OF THE CHIEF EXECUTIVE
FOR THE YEAR ENDED 31 MARCH 2023**

FINANCIAL REVIEW OF THE YEAR

The WLGA collects subscriptions from its members. In 2022-23 the WLGA element of the subscriptions were held at 2021-22 levels. Overall subscriptions amount to £2.480m when the LGA share of the subscription is added. Since 2009-10, subscription income has fallen significantly in real terms.

The Association also receives grant income from the Welsh Government and other bodies for specific activities supporting council functions. In 2022-23 the Association's grant income decreased by £7.8m to £26.1m. This was largely due to the withdrawal of the £10m Independent Living Grant. Apart from the RSG top slices, income comes from nearly 30 different grant schemes. Full details of Welsh Government and other grants and income from topslices can be found on page 21.

In 2022-23, the Association provided funding from the Revenue Support Grant Top Slice of over £2.3m to support the activities of the National and Urdd Eisteddfodau, Data Cymru, the Royal Welsh Show, LGA Employment services, and a number of national social care functions that are also set out on page 23. The social care functions will be reviewed in the next period. A proportion of the topslice was retained by the WLGA to fund nationally co-ordinated activity such as Food in Schools and the Office of the Chief Digital Officer.

The Group shows a deficit of £302,175 for 2022-23 compared to a deficit of £792,972 in previous reporting period. This is due to an underspend in 22-23 and the accounting treatment of the pension.

ON BEHALF OF THE MEMBERS

.....
PRESIDING OFFICER - CLLR HUW DAVID

DATE.....

**WELSH LOCAL GOVERNMENT ASSOCIATION
REPORT OF THE CHIEF EXECUTIVE
FOR THE YEAR ENDED 31 MARCH 2023**

The Chief Executive presents his report with the financial statements of the Consolidated accounts for the year ended 31 March 2023.

THE ASSOCIATION

The Welsh Local Government Association was established on 1st April 1996 by the twenty two unitary authorities in Wales. The three national park authorities and the three fire and rescue authorities are associate members.

The aim of the Association is to promote, protect, support and develop democratic local government in Wales and in particular the interests of Welsh unitary authorities and Associate Organisations in membership. The Welsh Local Government Association is a fully autonomous body. It links to the wider UK scene through associate membership of the Local Government Association.

STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES

The Council requires the Chief Executive to prepare financial statements for each financial year which give a true and fair view of the state of affairs and of the income and expenditure and cash flows for that period. In preparing those financial statements the Chief Executive is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on a going concern basis.

The Chief Executive is responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and to enable him to ensure that the financial statements comply with the Association's requirements. The Chief Executive is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WELSH LOCAL GOVERNMENT ASSOCIATION

On behalf of the Council of the Welsh Local Government Association, I hereby certify that to the best of my knowledge and belief, the financial statements for the year ended 31 March 2023 contain a full record of the financial results for the year.

AUDITORS

The report of the auditors is attached to this financial report.

.....
CHIEF EXECUTIVE - CHRIS LLEWELYN

.....
DATE

4TH FLOOR ONE CANAL PARADE,
DUMBALLS ROAD,
CARDIFF
CF10 5BF

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF THE
WELSH LOCAL GOVERNMENT ASSOCIATION**

Opinion

We have audited the consolidated financial statements of Welsh Local Government Association (parent organisation) and its subsidiary (the 'group') for the year ended 31 March 2023 which comprise the Consolidated Income Statement, Charity Income Statement, Consolidated Statement of Financial Position, Charity Statement of Financial Position, Statement of Changes in Equity, Consolidated Statement of cashflow and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Parent & the Group's affairs as at 31 March 2023 and of its surplus/(deficit) for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of sections 28,32 and 36 of the Trade Union and Labour Relations (Consolidation) Act 1992; and
- have been prepared in accordance with the requirements of the Association.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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

In auditing the financial statements, we have concluded that the Chief Executive's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised.

Our responsibilities and the responsibilities of the Chief Executive with respect to the going concern are described in the relevant sections of this report.

Other information

The Chief Executive is responsible for the other information. The other information comprises the information in the Report of the Chief Executive, but does not include the financial statements and our Report of the Auditors thereon.

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF THE
WELSH LOCAL GOVERNMENT ASSOCIATION**

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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Chief Executive.

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Chief Executive's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

Responsibilities of director

As explained more fully in the Statement of Chief Executive's Responsibilities set out on page 5, the Chief Executive is 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 Chief Executive determines 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 Association'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 Chief Executive either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF THE
WELSH LOCAL GOVERNMENT ASSOCIATION**

Our 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

We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, and then, design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

We discussed our audit independence complying with the Revised Ethical Standard 2019 with the engagement team members whilst planning the audit and continually monitored our independence throughout the process.

Identifying and assessing potential risks related to irregularities.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management, including obtaining and reviewing supporting documentation, concerning the Organisation's policies and procedures relating to:
- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud.
- obtaining an understanding of the legal and regulatory frameworks that the Organisation operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on the operations of the Organisation. The key laws and regulations we considered in this context included the UK Companies Act and relevant tax legislation.

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF THE
WELSH LOCAL GOVERNMENT ASSOCIATION**

Audit response to risks identified

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- enquiring of management concerning actual and potential litigation and claims; performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Henry Lloyd Davies (Senior Statutory Auditor)
for and on behalf of Bevan Buckland LLP
Chartered Accountants
And Statutory Auditors
Ground Floor
Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

Date:

**WELSH LOCAL GOVERNMENT ASSOCIATION
GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £	2022 £
INCOME			
Subscriptions	2	2,480,048	2,379,187
Grant Income	3	26,128,568	33,881,152
Other Income	4	<u>378,431</u>	<u>633,892</u>
		<u>28,987,047</u>	<u>36,894,231</u>
EXPENDITURE			
Staff Costs	5	5,696,292	5,205,085
Pension charge	6	1,701,000	1,705,000
Office Accommodation	7	160,954	461,304
Office Services	8	149,678	338,087
Member Services	9	29,866	26,645
Furniture and Equipment		3,300	3,788
RSG Top Slice Costs	10	1,840,800	1,714,319
Welsh Government Other Grant Costs	11	18,709,103	27,132,008
Other Expenses	12	824,347	788,210
Depreciation	13	65,742	66,452
		<u>29,181,082</u>	<u>37,440,898</u>
OTHER FINANCE INCOME/COSTS - PENSION LIABILITY			
Expected return on pension scheme assets		(1,033,000)	(689,000)
Interest on pension scheme liabilities		1,226,000	938,000
		<u>29,374,082</u>	<u>37,689,898</u>
OPERATING (DEFICIT) FOR THE YEAR			
		(387,035)	(795,667)
Interest Receivable		84,860	2,695
(DEFICIT) ON ORDINARY ACTIVITIES	22	(302,175)	(792,972)
Transfers to/(from) Designated reserves	16	-	-
(DEFICIT) AFTER TRANSFER TO/(FROM) DESIGNATED RESERVES		(302,175)	(792,972)

A note reconciling the movement of the deficit as a result of the pension liability adjustment can be found on page 37, note 22.

None of the Association's activities were acquired or discontinued during either of the above two years.

The notes on pages 17 - 37 form part of these financial statements.

**WELSH LOCAL GOVERNMENT ASSOCIATION
ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME
FOR THE ENDED 31 MARCH 2023**

	Notes	2023 £	2022 £
INCOME			
Subscriptions	2	2,480,048	2,379,187
Project Income	3	25,846,591	33,557,833
Other Income	4	<u>281,228</u>	<u>546,246</u>
		28,607,867	36,483,266
EXPENDITURE			
Staff Costs	5	4,690,537	4,222,381
Pension scheme charge	6	1,341,000	1,195,000
Office Accommodation	7	157,281	466,359
Office Services	8	149,613	310,530
Member Services	9	29,866	26,645
Furniture and Equipment		3,300	3,788
RSG Top Slice Costs	10	2,320,579	2,152,874
Welsh Government Other Grant Costs	11	19,018,100	27,563,009
Other Expenses	12	772,361	681,752
Depreciation	13	50,000	50,000
		<u>28,532,637</u>	<u>36,672,338</u>
OTHER FINANCE INCOME/COSTS			
Expected return on pension scheme assets		(813,000)	(549,000)
Interest on pension scheme liabilities		1,036,000	758,000
		<u>28,755,637</u>	<u>36,881,338</u>
OPERATING DEFICIT FOR THE YEAR			
		(147,770)	(398,072)
Interest Receivable		84,860	2,695
DEFICIT ON ORDINARY ACTIVITIES			
	22	<u>(62,910)</u>	<u>(395,377)</u>
Transfers to/(from) Designated reserves	16	-	-
DEFICIT AFTER TRANSFER TO/(FROM) DESIGNATED RESERVES			
		<u>(62,910)</u>	<u>(395,377)</u>

A note reconciling the movement of the deficit as a result of pension scheme adjustment can be found on page 37, note 22.

None of the Association's activities was acquired or discontinued during either of the above two years.

The notes on pages 17 - 37 form part of these financial statements.

**WELSH LOCAL GOVERNMENT ASSOCIATION
GROUP OTHER COMPREHENSIVE INCOME
AS AT 31 MARCH 2023**

	2023	2022
	£	£
WELSH LOCAL GOVERNMENT ASSOCIATION		
Group deficit for the financial year	(302,175)	(792,972)
OTHER COMPREHENSIVE INCOME		
Remeasurements on assets	(2,262,000)	1,999,000
Remeasurements on liabilities	16,669,000	1,735,000
Unrecognised asset	(2,247,000)	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	12,160,000	3,734,000
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	11,857,825	2,941,028

**WELSH LOCAL GOVERNMENT ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023**

	Notes	GROUP		Association	
		2023 £	2022 £	2023 £	2022 £
FIXED ASSETS					
Tangible assets	13	435,054	474,388	400,000	450,000
CURRENT ASSETS					
Debtors	14	5,258,949	5,732,682	5,302,273	5,676,665
Cash at Bank and in hand		<u>7,789,496</u>	<u>10,703,906</u>	<u>6,672,571</u>	<u>9,774,711</u>
		13,048,445	16,436,588	11,974,844	15,451,376
CURRENT LIABILITIES	15	<u>7,590,244</u>	<u>11,988,546</u>	<u>7,488,024</u>	<u>11,894,646</u>
NET ASSETS EXCLUDING PENSION LIABILITY					
		5,893,255	4,922,430	4,886,820	4,006,730
PENSION LIABILITY	21	1,320,000	(9,567,000)	-	(8,277,000)
NET LIABILITIES INCLUDING PENSION LIABILITY		<u>7,213,255</u>	<u>(4,644,570)</u>	<u>4,886,820</u>	<u>(4,270,270)</u>
FINANCED BY:					
Reserves	16	7,213,255	(4,644,570)	4,886,820	(4,270,270)
		<u>7,213,255</u>	<u>(4,644,570)</u>	<u>4,886,820</u>	<u>(4,270,270)</u>

The consolidated balance sheet includes the results of the Welsh Local Government Association and its subsidiary company - Local Government Data Unit - Wales.

Approved by the Association and signed on its behalf on

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.....
PRESIDING OFFICER - CLLR HUW DAVID

The notes on pages 17 - 37 form part of these financial statements.

WELSH LOCAL GOVERNMENT ASSOCIATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Retained earnings £	Total equity £
Balance as 1 April 2021	(7,585,598)	(7,585,598)
Changes in Equity		
Total comprehensive income	<u>2,941,028</u>	<u>2,941,028</u>
Balance at 31 March 2022	<u>(4,644,570)</u>	<u>(4,644,570)</u>
Changes in Equity		
Total comprehensive income	<u>11,857,825</u>	<u>11,857,825</u>
Balance at 31 March 2023	<u>7,213,254</u>	<u>7,213,254</u>

**WELSH LOCAL GOVERNMENT ASSOCIATION
GROUP STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £	2022 £
Cash flows from operating activities			
	1	<u>(2,972,862)</u>	<u>(794,528)</u>
Net cash from operating activities		<u>(2,972,862)</u>	<u>(794,528)</u>
Cash flows from investing activities			
Interest received		84,860	2,695
Purchase of tangible fixed assets		<u>(26,408)</u>	<u>(525,393)</u>
		58,452	(522,698)
Net cash from investing activities		<u>(2,914,410)</u>	<u>(1,317,226)</u>
Increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year	2	<u>10,703,906</u>	<u>12,021,132</u>
Cash and cash equivalents at end of year	2	<u><u>7,789,496</u></u>	<u><u>10,703,906</u></u>

**WELSH LOCAL GOVERNMENT ASSOCIATION
NOTES TO THE GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023**

1 RECONCILIATION OF OPERATING (DEFICIT) TO CASH GENERATED FROM OPERATIONS

	2023 £	2022 £
Operating (Deficit) for the year	(387,035)	(795,667)
Depreciation	65,742	66,452
Pension adjustment	1,701,000	1,705,000
Pension contributions paid	(681,000)	(715,000)
Other finance income/costs	253,000	249,000
	<hr/> 951,707	<hr/> 509,785
(Increase) / Decrease in debtors	473,733	4,293,446
Increase/ (Decrease) in creditors	(4,398,302)	(5,597,759)
Cash generated from operations	<hr/>(2,972,862)	<hr/>(794,528)

2 CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 March 2023	31.03.23	01.04.22
	£	£
Cash and cash equivalents	<hr/> 7,789,496	<hr/> 10,703,906
Year ended 31 March 2022	31.03.22	01.04.21
	£	£
Cash and cash equivalents	<hr/> 10,703,906	<hr/> 12,021,132

**WELSH LOCAL GOVERNMENT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1 ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards as are appropriate for the Association which is not a limited company.

Group financial statements

The financial statements consolidate the results of the Association and its wholly owned subsidiary company, Local Government Data Unit - Wales. The trading results of the subsidiary undertakings are consolidated on a line by line basis within the consolidated statement of financial activities.

Turnover/Income

All income is included in the income and expenditure account when the Association is entitled to the income and the amount can be qualified with reasonable accuracy. The following specific policies are applied:

Subscription income is included in the period to which it relates;

Grant income, where related to performance and specific deliverables, are accounted for as the Association earns the right to consideration by its performance;

Secondment recharges relate to income received for employees seconded to other organisations during the period.

All other income is included on an accruals basis.

Pension Costs

For defined benefit schemes the amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the income and expenditure account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

Operating Leases

Rentals paid under operating leases are charged to the income and expenditure account on a straight line basis over the period of the lease.

Fixed Assets

The association has capitalised improvements made on the leasehold property. Depreciation has been calculated on a straight line basis over the term of leasehold.

The Association does not capitalise computer equipment but charges them to the income and expenditure account in the year of acquisition.

**WELSH LOCAL GOVERNMENT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1 ACCOUNTING POLICIES - CONT.

Financial Instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**WELSH LOCAL GOVERNMENT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1 ACCOUNTING POLICIES - CONT.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Cash at Bank and in Hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**WELSH LOCAL GOVERNMENT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1 ACCOUNTING POLICIES - CONT.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure in the reporting period. Actual results may differ from those estimates.

In the Chief Executive's opinion, the following are the critical judgements which have the most significant effect on the amounts recognised in the Group's financial statements:

The key judgements made by management are in relation to the following:

- 1 Defined benefit pension scheme – Management have carefully considered the extent to which a pension asset should be recognised under accounting standards, which require an entity to limit the measurement of a net defined benefit asset to the lower of the surplus in the defined benefit scheme and the asset ceiling, defined to be the present value of economic benefits available in the form of refunds from the scheme or reductions to future contributions. Under IFRIC 14, a refund is available to an entity if the entity has an unconditional right to a refund. Management have taken advice to understand the circumstances under which any surplus assets might not be refunded to Welsh Local Government Association (WLGA) and have made the judgement that WLGA do not have the unconditional right to a refund and have therefore limited the recognition of the pension asset to £nil in line with the relevant accounting standards.

2 SUBSCRIPTIONS

All of the 22 unitary local authorities were in membership with the Association in 2022/23. Subscriptions are paid on the basis of a formula agreed by the Shadow Association in March 1996. The three national parks authorities and the three fire and rescue authorities are associate members.

WELSH LOCAL GOVERNMENT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

3 WELSH GOVERNMENT AND OTHER PROJECT INCOME	Group		Association	
	2023 £	2022 £	2023 £	2022 £
RSG Top Slice Retained	1,155,257	968,618	1,155,257	968,618
RSG Top Slice: National Eisteddfod	386,900	356,900	386,900	356,900
RSG Top Slice: Urdd Eisteddfod	154,100	142,200	154,100	142,200
RSG Top Slice: Royal Welsh Show	88,700	81,800	88,700	81,800
RSG Top Slice: Data Cymru	479,779	438,555	479,779	438,555
RSG Top Slice: National Adoption Service	517,500	473,000	517,500	473,000
RSG Top Slice: Looked after Children	433,600	400,000	433,600	400,000
RSG Top Slice: LGA Workforce support	200,000	200,000	200,000	200,000
RSG Top Slice: Reflect Project Newport	60,000	60,000	60,000	60,000
RSG Top Slice: Food in Schools	223,397	199,989	223,397	199,989
RSG Top Slice: Digital	631,025	-	631,025	-
National Exercise Referral Scheme	1,540	165,367	1,540	165,367
Waste Improvement	358,740	339,781	358,740	339,781
National Autism Team	623,948	632,123	623,948	632,123
Education Training Standards Wales	41,920	83,145	41,920	83,145
Supporting Service Children in Wales	250,935	370,807	250,935	370,807
Data Unit Specific Project Income	281,977	323,319	-	-
Regional Skills Partnership	1,369,001	806,683	1,369,001	806,683
Armed Forces Free Swimming	54,689	28,716	54,689	28,716
Resilience and Safety	122,546	135,720	122,546	135,720
Unaccompanied Asylum Seeking Children	483,767	390,411	483,767	390,411
Horizon 2020	-	8,124	21,376	-
Combined Education Grant	1,044,920	8,987,779	1,044,920	8,987,779
Local Authority Social Services	35,000	42,000	35,000	42,000
National Commissioning Board	264,742	187,587	264,742	187,587
Food and Fun	3,275,907	2,610,535	3,275,907	2,610,535
Wales Strategic Migration Partnership	409,161	259,158	409,161	259,158
EU Transition Funding	-	1,119,400	-	1,119,400
Unadopted Roads Project	103,153	79,918	103,153	79,918
Life Long Learning Grant	71,519	68,720	71,519	68,720
Taxi Licencing Project	58,987	75,000	58,987	75,000
Armed Forces Covenant	4,143	-	4,143	-
Armed Forces Liaison Officer	275,000	299,000	275,000	299,000
Decarb support programme	382,745	117,014	382,745	117,014
Digital team	994,232	992,375	994,232	992,375
Improvement Support Programme	623,679	519,608	623,679	519,608
Education Support Covid-19	27,730	16,992	27,730	16,992
All Wales SCN	273,725	233,343	273,725	233,343
Household Support	2,500,000	1,500,000	2,500,000	1,500,000
Independent Living	-	10,000,000	-	10,000,000
Food in Schools	237,325	154,213	237,325	154,213
National Music Service	4,303,037	-	4,303,037	-
Cost of Living	3,231,000	-	3,231,000	-
SWT	11,752	-	11,752	-
Joint Inspection	89,614	-	89,614	-
	26,128,568	33,881,152	25,846,591	33,557,833

WELSH LOCAL GOVERNMENT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

4 OTHER INCOME	Group		Association	
	2023 £	2022 £	2023 £	2022 £
Conference Fees, Charges and Training Events	225	450	225	450
Policy	2,550	13,128	2,550	13,128
ADEW Support Officer	40,000	40,000	40,000	40,000
Directors of Public Protection	49,223	91,640	49,223	91,640
Principal Youth Officers Group	-	-	-	-
SWT Policy Officer	-	30,000	-	30,000
Rental income	7,454	4,000	63,655	44,000
Data Unit other income	153,404	127,646	-	-
Secondment costs	125,575	327,028	125,575	327,028
	<hr/> <u>378,431</u>	<hr/> <u>633,892</u>	<hr/> <u>281,228</u>	<hr/> <u>546,246</u>

5 STAFF COSTS

	Group		Association	
	2023	2022	2023	2022
Average monthly number of employees	<hr/> <u>107</u>	<hr/> <u>107</u>	<hr/> <u>83</u>	<hr/> <u>83</u>
Total staff costs were as follows:				
Salaries (including redundancy costs)	5,096,906	4,627,245	4,195,649	3,748,586
Employers National Insurance	509,349	463,369	416,206	369,903
Training	26,814	87,248	20,124	84,542
Travel and Subsistence	27,904	6,534	25,609	6,030
Recruitment and Advertising	35,319	20,689	32,949	13,320
	<hr/> <u>5,696,292</u>	<hr/> <u>5,205,085</u>	<hr/> <u>4,690,537</u>	<hr/> <u>4,222,381</u>

Included in the above staff costs are early retirement costs of £50,478 (2022 £29,012) and redundancy/serverance costs of £NIL (2022: £64,822)

The remuneration of the Chief Executive of the Association, together with employer's pension contributions amounted to £174,030 (2022 - £154,099), which can be analysed as follows:-

WELSH LOCAL GOVERNMENT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

5 STAFF COSTS - Cont.	2023	2022
	£	£
Gross Salary	132,723	118,126
Employer's National Insurance	17,948	15,183
Employer's Superannuation	23,359	20,790
	<u>174,030</u>	<u>154,099</u>

6 PENSION SCHEME INCOME & EXPENDITURE CHARGE	Group		Association	
	2023 £	2022 £	2023 £	2022 £
Current service cost	1,683,000	1,567,000	1,323,000	1,157,000
Past service costs	-	122,000	-	22,000
Administration expenses	18,000	16,000	18,000	16,000
	<u>1,701,000</u>	<u>1,705,000</u>	<u>1,341,000</u>	<u>1,195,000</u>

7 OFFICE ACCOMMODATION

During the year ended 31 March 2022, the Association occupied 4th Floor, One Canal Parade, Dumballs Road, Cardiff under a tenancy agreement from Cardiff and Vale College Further Education Corporation of Colcot Road, Barry. The rent payable is £141,375 per annum. Office accommodation costs also include rates, energy, insurance, cleaning, service charge and building maintenance.

8 OFFICE SERVICES

These include printing, stationery, all communications costs and audit fees. Auditors' remuneration is £16,840 (2022 - £12,613). Also included are amounts relating to non audit fees of £6,379 (2022 - £5,595).

9 MEMBERS' SERVICES

These are the costs incurred in arranging meetings at appropriate venues of the Association's Council, Executive Board and Advisory Groups, together with allowances and expenses payable to Members and advisers in accordance with the Association's scheme for approved duties.

10 RSG TOP SLICE COSTS	Group		Association	
	2023 £	2022 £	2023 £	2022 £
RSG Top Slice: National Eisteddfod	386,900	356,900	386,900	356,900
RSG Top Slice: Urdd Eisteddfod	154,100	142,200	154,100	142,200
RSG Top Slice: Royal Welsh Show	88,700	81,800	88,700	81,800
RSG Top Slice: Local Government Data Un	-	-	479,779	438,555
RSG Top Slice: National Adoption Service	517,500	473,419	517,500	473,419
RSG Top Slice: Looked after children	493,600	460,000	493,600	460,000
RSG Top Slice: LGA	200,000	200,000	200,000	200,000
	<u>1,840,800</u>	<u>1,714,319</u>	<u>2,320,579</u>	<u>2,152,874</u>

WELSH LOCAL GOVERNMENT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

11 WELSH GOVERNMENT OTHER PROJECT COSTS (EXCLUDING EMPLOYEE COSTS)

	Group		Association	
	2023 £	2022 £	2023 £	2022 £
Waste Improvement	35,657	43,186	55,657	55,251
National Exercise Referral Scheme	-	34,664	-	41,464
National Autism Team	132,401	170,580	150,401	188,580
Education Training Standards Wales	23,173	61,505	23,173	61,505
Supporting Service Children in Education	158,024	304,495	158,024	304,495
Regional Skills Partnership	1,369,001	736,334	1,369,001	806,683
Armed Forces Free Swimming	46,418	28,716	46,418	28,716
Resilience and Safety	52,984	69,377	52,984	69,377
Food and Fun	3,158,149	2,504,969	3,158,149	2,507,719
UASC	483,167	390,411	483,167	390,411
Wales Strategic Migration Partnership	39,690	6,783	72,090	22,683
Local Authority Social Services	-	-	35,000	42,000
National Commissioning Board	88,115	27,711	88,115	27,711
Armed Forces Covenant	4,143	-	4,143	-
Combined Education Grant	1,014,920	8,967,779	1,044,920	8,987,779
Life long learning grant	2,169	1,720	2,169	1,720
Unadopted Roads Project	48,749	31,464	48,749	31,464
EU Transition funding	-	1,053,683	-	1,053,683
Armed Forces Liaison Officer	275,000	299,000	275,000	299,000
Food in Schools	269,359	219,638	275,809	219,638
Horizon 2020	-	3,598	-	3,598
Taxi Licence Project	880	883	880	883
Decarb support programme	197,982	76,576	197,982	76,576
Digital Team	1,111,603	408,767	1,111,603	448,593
Improvement Support Programme	110,634	133,474	264,981	336,785
Education Support Covid-19	27,450	16,992	27,450	16,992
All Wales SCN	46,715	39,703	46,715	39,703
Household Support	2,500,000	1,500,000	2,500,000	1,500,000
Independent Living	-	10,000,000	-	10,000,000
SWT	11,752	-	11,752	-
Cost of Living	3,231,000	-	3,231,000	-
National Music Service	4,238,652	-	4,251,452	-
Joint Inspection	31,316	-	31,316	-
	<hr/>	<hr/>	<hr/>	<hr/>
	18,709,103	27,132,008	19,018,100	27,563,009

WELSH LOCAL GOVERNMENT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

12 OTHER EXPENSES	Group		Association	
	2023 £	2022 £	2023 £	2022 £
ICT	182,783	131,171	102,299	27,967
Website expenses	5,252	-	8,751	3,500
Research	9,000	-	9,000	-
Translation costs	20,269	13,041	20,269	13,041
Local Government Data Unit	-	-	96,500	70,000
Professional and Consultancy fees	32,337	126,963	32,337	126,593
Conferences & events	359	150	359	150
Local Government Association	244,515	239,720	244,515	239,720
Directors of Public Protection	59,223	91,865	59,223	91,865
Principal Youth Officers Group	3,294	412	8,294	5,412
Miscellaneous expenses	51,570	32,910	28,546	30,264
Project costs	140,218	151,978	86,741	73,240
HMRC Licensing	75,527	-	75,527	-
	<hr/>	<hr/>	<hr/>	<hr/>
	824,347	788,210	772,361	681,752

13 FIXED ASSETS	(ASSOCIATION)		(GROUP)		Total £
	Leasehold Property Improvements	Leasehold Property Improvements	Office & Computer Equipment		
At 1 April 2022	500,000	500,000	160,484	660,484	
Additions	-	-	26,408	26,408	
Disposals	-	-	-	-	
At 31 March 2023	500,000	500,000	186,892	686,892	
DEPRECIATION					
At 1 April 2022	50,000	50,000	136,096	186,096	
Charge for Year	50,000	50,000	15,742	65,742	
Eliminated on disposal	-	-	-	-	
At 31 March 2023	100,000	100,000	151,838	251,838	
NET BOOK VALUE					
At 31 March 2023	400,000	400,000	35,054	435,054	
At 31 March 2022	450,000	450,000	24,388	474,388	

WELSH LOCAL GOVERNMENT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

14 DEBTORS	Group		Association	
	2023 £	2022 £	2023 £	2022 £
Trade Debtors	208,793	362,704	164,141	228,029
Grant Debtors	4,822,012	5,211,230	4,822,012	5,211,230
Sundry Debtors	64,356	1,095	64,356	1,095
VAT	163,788	157,653	251,764	236,311
	<hr/> <u>5,258,949</u>	<hr/> <u>5,732,682</u>	<hr/> <u>5,302,273</u>	<hr/> <u>5,676,665</u>

15 CREDITORS	Group		Association	
	2023 £	2022 £	2023 £	2022 £
Trade Creditors	1,571,520	5,844,077	1,550,948	5,825,800
Accruals	2,394,651	2,458,538	2,379,099	2,418,455
Deferred Income	3,624,073	3,685,931	3,473,453	3,424,765
Amounts owed to group undertakings	-	-	84,524	225,626
	<hr/> <u>7,590,244</u>	<hr/> <u>11,988,546</u>	<hr/> <u>7,488,024</u>	<hr/> <u>11,894,646</u>

Included within creditors due within one year are amounts due to the following subsidiaries:-

	2023 £	2022 £	2023 £	2022 £
Local Government Data Unit - Wales (Data Cymru)	-	-	84,524	225,626
	<hr/> <u>-</u>	<hr/> <u>-</u>	<hr/> <u>84,524</u>	<hr/> <u>225,626</u>

16 RESERVES - GROUP	General £	Designated £	Total £
Balance brought forward	(5,619,215)	974,645	(4,644,570)
Deficit for the year	(302,175)	-	(302,175)
Remeasurement (liabilities & assets)	12,160,000	-	12,160,000
Transfer between reserves	-	-	-
	<hr/> <u>6,238,610</u>	<hr/> <u>974,645</u>	<hr/> <u>7,213,255</u>

WELSH LOCAL GOVERNMENT ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

16 RESERVES - Association	General £	Designated £	Total £
Balance brought forward	(4,270,270)	-	(4,270,270)
Deficit for the year	(62,910)	-	(62,910)
Remeasurement (liabilities & assets)	9,220,000	-	9,220,000
Transfer between reserves	-	-	-
At 31 March 2023	<u>4,886,820</u>	<u>-</u>	<u>4,886,820</u>

17 OPERATING LEASE AND FINANCIAL COMMITMENT

The following operating lease commitments are committed to being paid within one year

	2023 £	2022 £
Land and Buildings		
Within one year	121,836	-
Between one and five years	407,530	565,500
More than five years	876,366	848,250
	<u>1,405,732</u>	<u>1,413,750</u>

18 RELATED PARTY TRANSACTIONS

Due to the nature of the Association's operations and its membership being drawn from a wide range of Local Authorities, it is inevitable that transactions will take place with organisations in which a member of the Association may have an interest. All transactions involving organisations in which a member may have an interest are conducted at arms length.

19 SUBSIDIARIES

The following was a subsidiary of the parent company Welsh Local Government Association at 31 March 2023;

Local Government Data Unit - Wales

Registered Office: 4th Floor One Canal Parade, Dumballs Road, Cardiff, Wales, CF10 5BF

Nature of Business:

	%
	holding
Private Limited Company by Guarantee without Share Capital use of Limited exception	100

WELSH LOCAL GOVERNMENT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

20 PENSION SCHEME - ASSOCIATION

Balance sheet items	2023 £000s	2022 £000s
Market Value of Assets	28,613	28,683
Liabilities	26,366	36,960
Unrecognised Surplus	(2,247)	
Surplus/(Deficit)	<u>-</u>	<u>(8,277)</u>

Deferred taxation has been ignored.

The value of assets in the scheme and the split between investment categories were:

	Assets at 31 March 2023		Assets at 31 March 2022	
	£000s	%	£000s	%
Equities	13,877	48.5	14,256	49.7
Government Bonds	2,976	10.4	2,696	9.4
Other Bonds	801	2.8	975	3.4
Property	3,119	10.9	2,754	9.6
Cash/Liquidity	486	1.7	602	2.1
Other	7,354	25.7	7,400	25.8
	<u>28,613</u>		<u>28,683</u>	

Movement in Deficit	2023 £000s	2022 £000s
(Deficit) at beginning of year	(8,277)	(10,262)
Current Service Costs	(1,323)	(1,157)
Past service costs		(22)
Employer Contributions	621	565
Net interest on pension liabilities	(223)	(209)
Administration expense	(18)	(16)
Effects of curtailments	-	-
Remeasurements on liabilities & assets	11,467	2,824
Unrecognised pension surplus	(2,247)	-
Surplus/(Deficit) at End of Year	<u>-</u>	<u>(8,277)</u>

Analysis of Pension Scheme Adjustment	2023 £000s	2022 £000s
Current Service Costs	(1,323)	(1,157)
Past service costs	-	(22)
Curtailments		-
Employer Contributions	621	565
Net Interest/Return on Assets	(223)	(209)
Administration expense	(18)	(16)
Net Profit / (Loss)	<u>(943)</u>	<u>(839)</u>

**WELSH LOCAL GOVERNMENT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

20 PENSION SCHEME (CONT.) - ASSOCIATION

Analysis of Net Interest/Return on Assets	2023 £000s	2022 £000s
Interest on plan assets	813	549
Interest on Pensionable Liabilities	(1,036)	(758)
Net Profit / (Loss)	<u>(223)</u>	<u>(209)</u>

Main Assumptions (cont.)

Financial:	2023	2022
CPI inflation	2.7%	3.3%
Rate of increase in salaries	4.2%	4.8%
Rate of increase in pensions	2.8%	3.4%
Discount rate	4.8%	2.8%

Split of assets between investment categories:

Equities	48.5%	49.7%
Government Bonds	10.4%	9.4%
Other Bonds	2.8%	3.4%
Property	10.9%	9.6%
Cash/Liquidity	1.7%	2.1%
Other	25.7%	25.8%

WELSH LOCAL GOVERNMENT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

20 PENSION SCHEME (CONT.) - ASSOCIATION

	2023	2022
Post retirement mortality assumptions		
Non-retired members	S3PA CMI_2021_(1.5%) (121% males, 107% females)	S3PA CMI_2021_(1.75%) (131% males, 106% females)
Retired members	S3PA CMI_2021_(1.5%) (117% males, 107% females)	S3PA CMI_2021_(1.75%) (124% males, 104% females)

Life expectancy of a male (female)

- future pensioner age 65 in 20 years time	22.6 (25.5) years	22.4 (25.9) years
- current pensioner age 65	21.2 (23.7) years	20.9 (24) years

Based on the report of the actuary, the surplus can be recognised in full as the amount by which the value of expected future service costs exceeds the value of expected minimum funding requirement is greater than the surplus calculated on the balance sheet.

The Chief Executive has recognised the net pension asset as below:

	£M
Present Value of funded benefit obligations	26,366
Total present value of benefit obligations	26,366
Fair value of plan assets	(28,613)
Deficit/(surplus)	(2,247)

From the report of the actuary, the Chief Executive has taken the following views:

Economic benefit from a reduction in future contributions

The actuary have calculated the economic benefit that could be available, at the balance sheet date, from a reduction in future contributions.

The assumptions made in these calculations are as follows:

- The results are calculated using the FRS102 assumptions at the accounting date.
- On the understanding that we, the employer, are admitting new employees to the Fund (i.e. open
- We will continue to participate in the Fund indefinitely.

20 PENSION SCHEME (CONT.)

Indicative value of future service costs	Value at the accounting date £M
Future accounting service cost (% of pay)	16%
Estimated payroll	3,528
Discount rate (p.a)	4.80%
Salary growth (p.a)	4.20%
Present value of future accounting	98,010

As employers we are open to new entrants, and the actuary has assumed that members will be replaced by a member with the same amount of pay, and that the employer will continue indefinitely.

Minimum Funding Requirement

FRS102 does not require the actuary to consider a minimum funding requirement when calculating the potential economic value from reduced contributions.

IFRIC 14 defines minimum funding requirement as "Any requirement for the entity to make contributions to fund a post-retirement or long term defined benefit plan."

Funding requirements would not normally affect the accounting of pension liabilities under IAS 19. However, IAS 19 limits the amount of the defined benefit asset to 'the available economic benefit.'

The interaction of a minimum funding requirement and this 'asset ceiling' has two possible effects:

- The minimum funding requirement may restrict the economic benefits available as a theoretical reduction in future contributions (because the employer is committed to paying future contributions under an existing funding plan); and
- Contributions payable under the minimum funding requirement may not be available once they have been paid, either as a refund or as a reduction in future contributions. For example, if deficit contributions must be paid to the Fund in the future then these should be recognised as an additional liability under IAS 19 if there is no economic benefit to the employer from their payment.

Therefore, any liability to contribute to a pension scheme under the minimum funding requirement which cannot be of economic value to the employer would have to be recognised as an additional liability now (above and beyond any accounting deficit or surplus in a scheme).

The amount of surplus that could be recognised after consideration of the Minimum Funding Requirement as below:

Indicative value of Minimum Funding Requirement	Value at the accounting date £M
Present value of accounting service cost of 16% of pay	98
Present value of primary contributions of 17.2% of pay	105.4
Present value of secondary contributions certified	3.2
Present value of total contributions	102.2
Asset ceiling	0

The level of surplus that can be recognised is then the amount by which the value of expected future service costs (£98m shown above) exceeds the value of total contributions (£102.2m). As the service costs do not exceed the total contributions, the asset ceiling is capped at £0m. This is below the value of the surplus of £2.2m and therefore none of the surplus can be recognised.

**WELSH LOCAL GOVERNMENT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

21 PENSION SCHEME - SUBSIDIARY

The disclosures below relate to the funded liabilities within the Rhondda Cynon Taf County Borough Council Pension Fund (the "Fund") which is part of the Local Government Pension Scheme (the "LGPS"). The funded nature of the LGPS requires Local Government Data Unit and its employees to pay contributions into the fund, calculated at a level intended to balance the pensions liabilities with investment assets.

Contributions for the accounting period ending 31 March 2024

The Employer's regular contributions to the Fund for the accounting period 31 March 2024 are estimated to be £0.14M. In addition, Strain on Fund Contributions may be required.

Additional contributions may also become due in respect of any employer discretions to enhance members' benefits in the Fund over the next accounting period.

Assumptions

The latest actuarial valuation of Local Government Data Unit's liabilities took place as at 31 March 2016. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2023	2022
	£	£
Present value of funded obligations	(5,120,000)	(8,170,000)
Fair value of plan assets	6,440,000	6,880,000
Present value of unfunded obligations	<u>1,320,000</u>	<u>(1,290,000)</u>
Surplus/(Deficit)	<u>1,320,000</u>	<u>(1,290,000)</u>
Net asset/(liability)	<u><u>1,320,000</u></u>	<u><u>(1,290,000)</u></u>

**WELSH LOCAL GOVERNMENT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

21 PENSION SCHEME - SUBSIDIARY (CONT.)

The amounts recognised in surplus are as follows:

	Defined benefit pension plans	
	2023	2022
	£	£
Current service cost	360,000	410,000
Financing		
Interest on net defined benefit liability	220,000	180,000
Total expense in the Income & Expenditure account	<u>580,000</u>	<u>590,000</u>
Actual return on plan assets	<u>-</u>	<u>-</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2023	2022
	£	£
Opening defined benefit obligation	8,170,000	8,460,000
Current service cost	360,000	410,000
Contributions by scheme participants	60,000	60,000
Past service costs	-	100,000
Interest cost	220,000	180,000
Actuarial losses/(gains)	(3,600,000)	(790,000)
Benefits paid	(90,000)	(250,000)
	<u>5,120,000</u>	<u>8,170,000</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2023	2022
	£	£
Opening fair value of scheme assets	6,880,000	6,660,000
Contributions by employer	60,000	150,000
Interest income on assets	190,000	140,000
Contributions by scheme participants	60,000	60,000
Assets other remeasurements	(660,000)	120,000
Benefits paid	(90,000)	(250,000)
	<u>6,440,000</u>	<u>6,880,000</u>

WELSH LOCAL GOVERNMENT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

21 PENSION SCHEME - SUBSIDIARY (CONT.)

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2023	2022
	£	£
Assets other remeasurements	(660,000)	<u>120,000</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	2023	2022
Equities	68.10%	67.40%
Government bonds	10.50%	12.00%
Corporate bonds	12.40%	12.90%
Cash	0.70%	0.40%
Property	7.80%	7.30%
Other	0.50%	
	<u>100.00%</u>	<u>100.00%</u>

Principal actuarial assumptions at the balance sheet date (% per annum)

	2023	2022
Discount rate	4.60%	2.70%
CPI Inflation	2.60%	2.90%
Pension increases	2.60%	2.90%
Pension accounts revaluation rate	2.60%	2.90%
Rate of general increase in salaries	3.85%	4.15%

**WELSH LOCAL GOVERNMENT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR END 31 MARCH 2023**

21 PENSION SCHEME - SUBSIDIARY (CONT.)

Based on the report of the actuary, the surplus can be recognised in full as the amount by which the value of expected future service costs exceeds the value of expected minimum funding requirement is greater than the surplus calculated on the balance sheet.

The Directors have recognised the net pension asset as below:

	£M
Fair Value of Assets	6.44
Present Value of funded benefits	5.12
Pension asset/(liability) before paragraph 28.22	1.32
(Unrecognised asset) due to limit in paragraph 28.22	0
Pension asset/(liability) recognised on Balance Sheet	1.32

From the report of the actuary, the directors have taken the following views:

Economic benefit from a reduction in future contributions

The actuary have calculated the economic benefit that could be available, at the balance sheet date, from a reduction in future contributions.

The assumptions made in these calculations are as follows:

- The results are calculated using the FRS102 assumptions at the accounting date.
- On the understanding that we, the employer, are admitting new employees to the Fund (i.e. open employer)
- We will continue to participate in the Fund indefinitely.

**WELSH LOCAL GOVERNMENT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023**

21 PENSION SCHEME - SUBSIDIARY (CONT.)

	Value at the accounting date
	£M
Service costs for 2023/23 (% of pay)	15%
Total payroll project for 2023/24	0.89
Present value of future payrolls	123.24
Value of expected future service costs	18.49

As employers we are open to new entrants, and the actuary has assumed that members will be replaced by a member with the same amount of pay, and that the employer will continue indefinitely. If calculations above were based using the Average Future Working Lifetime of the current membership of 16.7 years, it's estimated that the value of expected future service costs would still exceed the accounting surplus.

We are required to pay contributions to the Fund as certified under the current Rates and Adjustments Certificate. Those contributions are determined according to the funding strategy of the Fund at the date they were calculated, and will be reviewed regularly, at least every 3 years.

Minimum Funding Requirement

FRS102 does not require the actuary to consider a minimum funding requirement when calculating the potential economic value from reduced contributions.

IFRIC 14 defines minimum funding requirement as "Any requirement for the entity to make contributions to fund a post-retirement or long term defined benefit plan."

Funding requirements would not normally affect the accounting of pension liabilities under IAS 19. However, IAS 19 limits the amount of the defined benefit asset to 'the available economic benefit.'

The interaction of a minimum funding requirement and this 'asset ceiling' has two possible effects:

- The minimum funding requirement may restrict the economic benefits available as a theoretical reduction in future contributions (because the employer is committed to paying future contributions under an existing funding plan); and
- Contributions payable under the minimum funding requirement may not be available once they have been paid, either as a refund or as a reduction in future contributions. For example, if deficit contributions must be paid to the Fund in the future then these should be recognised as an additional liability under IAS 19 if there is no economic benefit to the employer from their payment.

Therefore, any liability to contribute to a pension scheme under the minimum funding requirement which cannot be of economic value to the employer would have to be recognised as an additional liability now (above and beyond any accounting deficit or surplus in a scheme).

The amount of surplus that could be recognised after consideration of the Minimum Funding Requirement as below:

Indicative value of Minimum Funding Requirement	Value at the accounting date
	£M
Contribution expected to be paid until 31 March 2045	5.7%
Contribution expected to be paid from 1 April 2045	15%
Total payroll next year	0.89
Present value of future payrolls	123.24
Value of expected Minimum Funding Requirement	16.81

The level of surplus that can be recognised is then the amount by which the value of expected future service costs (£18.49m show above) exceeds the value of expected minimum funding requirement (£16.81m). This gives £1.68m. As this is greater than the accounting surplus as at 31st March 2023 it was concluded the surplus can be recognised in full.

WELSH LOCAL GOVERNMENT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2023

22 EFFECT OF PENSION SCHEME ON THE SURPLUS FOR THE YEAR

	Group		Association	
	2023	2022	2023	2022
	£	£	£	£
(Deficit) per accounts	(302,175)	(792,972)	(62,910)	(395,377)
PENSION SCHEME INCLUDED IN THE INCOME AND EXPENSE ACCOUNT				
Pension adjustment	6 1,701,000	1,705,000	1,341,000	1,195,000
Expected return on pension scheme assets	(1,033,000)	(689,000)	(813,000)	(549,000)
Interest on pension scheme liabilities	1,226,000	938,000	1,036,000	758,000
Employers Pension contributions eliminated as a result of pension scheme	(681,000)	(715,000)	(621,000)	(565,000)
ADJUSTED SURPLUS (PRE PENSION SCHEME)	910,825	446,028	880,090	443,623
Transfer from / (to) designated reserves	-	-	-	-
	<u>910,825</u>	<u>446,028</u>	<u>880,090</u>	<u>443,623</u>