

15th December 2023

WLGA DRAFT FINANCIAL STATEMENTS 2022-23

Purpose

1. For the WLGA Council to receive:

- The Audit Findings Report March 2021 (Annex 1); and
- The Auditors' Letter of Representation (Annex 2).

and to approve:

- The WLGA Strategic Report, Report of the Chief Executive and Financial Statements for the year ended 31 March 2021 (Annex 3); and
- The Consolidated Statement of Accounts for the WLGA and Data Cymru for the year ended 31 March 2021 (Annex 4).

Background

Financial Review of the Year

2. The WLGA collects subscriptions from its members. In 2022-23 the WLGA element of the subscription was held at 2021-22 levels. Overall subscriptions amount to £2.480m when the LGA share of the subscription is included. Since 2009-10, subscription income has fallen significantly in real terms.
3. The Association also receives grant income from the Welsh Government and other bodies for specific activities that support council functions. In 2022-23, the Association's grant income decreased by £7.7m from £33.5m to £25.8m. 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 grants and income from topslices can be found at para 3 of Annex 3.
4. 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 at para 3 of Annex 3. The social care functions are due to 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.
5. The Group shows a surplus of £795,230 for 2022-23 compared to a deficit of £398,072 in the previous reporting period. This due to an underspend in 2022-23 and the accounting treatment of the pensions.

Principal Risks and Uncertainties

6. 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 subsequent humanitarian crisis, along with and the economic and cost of living crises changed everything.
7. All these factors combined to create an unprecedented demand for local government services – a demand that is continuing. But increasing cost pressures and diminishing resources have presented councils with immense challenges. Despite generous revenue settlements from the Welsh Government of 9.4% (2022-23) and 7.9% (2023-24) last year councils were confronted 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.
8. 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.
9. The unfolding challenges demonstrate that the WLGA must continue to adapt and add value to the work of its member authorities and the reputation of the sector.
10. 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.
11. The medium-term financial plan puts the Association on a solid and sustainable footing over the next 3 years. During the current financial year, the Accommodation Review has been completed and the WLGA will move into the new accommodation in October 2021. The 2022-23 budget will be revised to reflect the savings which will be realised over future years due to the office move.

Recommendations

12. Members are asked to:

- 12.1 Approve the WLGA Strategic Report, Report of the Chief Executive and Financial Statements for the year ended 31 March 2023; and**

12.2 Approve the Consolidated Statement of Accounts for the WLGA and Data Cymru for the year ended 31 March 2023.

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