

26<sup>th</sup> November 2021

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## **WLGA DRAFT FINANCIAL STATEMENTS 2020-21**

### **Purpose**

1. To present to the WLGA Council:

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

and ask that the WLGA council approves:

- 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).

### **Financial Review of the Year**

2. The Welsh Local Government Association collects subscriptions from its members to support the services it provides and in 2020-21 subscriptions were increased by 3% compared with the previous financial year.
3. The Association also receives grant income from the Welsh Government and other bodies for a number of specific activities in support of Welsh local authorities. In 2020-21 the Association's grant income increased by £16.6m in comparison with the previous financial year. These increases are primarily related to grants in relation to the mitigation of the effects of Brexit and the Welsh Government's response to the COVID-19 pandemic. Full details of the Welsh Government and other grants can be found on page 20 (Annex 3).
4. In 2020-21 the Association provided funding from the Revenue Support Grant Top Slice of over £2.1m to support the activities of the National and Urdd Eisteddfodau, Data Cymru, the Royal Welsh Show and a number of national social care functions set out on page 22 (Annex 3)
5. The Association shows a deficit of £334,604 for 2020-21 compared to a deficit of £819,532 in the previous reporting period. The Association returned a surplus of £180,396 before the adjustment for the pension in these financial statements and a breakdown is shown on page 30 (Annex 3).

## Principal Risks and Uncertainties

6. The great strength of the WLGA and local government as a whole is its capacity to respond to changing circumstances and continue to deliver high quality services even at a time of crisis. The Covid-19 Pandemic, Brexit, floods, landslides and years of budget cuts and austerity have all been immensely challenging, but the Association and local government have continued to deliver for the people and communities of Wales.
7. These challenges and pressures are set to continue as the response and recovery processes make increasing demands on services already stretched to breaking point. While the WLGA is not a direct service provider, it is susceptible to the same workforce pressures and cuts in income and grant funding as other public bodies.
8. During the forthcoming year, the Association will move to its new accommodation in One Canal Parade and simultaneously will be implementing its new Agile Working Policy. There is also the prospect of a new Association following the local government elections in May 2021, and on-going pressures of Covid-19 and the continuing impact of Brexit. There is therefore continuing uncertainty ahead, but the WLGA will continue to be flexible and fleet of foot, as it has been for the last 25 years, in adapting to these and other challenges and continuing to add value to the work of its member authorities.
9. The detailed budget for 2021-22 was considered by the WLGA Council where a balanced position was presented. Going forward there are some forecast shortfalls in subsequent years which will require modest use of some of the reserves to smooth them out. The WLGA spends a large proportion of its budget on staff and changes continue although with a decreasing number of voluntary departures. Spending on travel, consumables, and governance, including members services, continues to fall compared with previous years.
10. Our 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

### **11. Members are asked to:**

**11.1 Approve the WLGA Strategic Report, Report of the Chief Executive and Financial Statements for the year ended 31 March 2021; and**

**11.2 Approve the Consolidated Statement of Accounts for the WLGA and Data Cymru for the year ended 31 March 2021.**

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# Audit Findings Report for the year ended 31<sup>st</sup> March 2021



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements and giving a value for money conclusion. Our audit is not designed to test all internal controls or identify all areas of control weakness. The terms and conditions, under which our audit will be performed, including our roles and responsibilities and auditors, are set out in our letters of engagement. These have been issued separately.

However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

## Executive Summary

This report highlights the key issues affecting the results of the association and the preparation of the financial statements for the year ended 31<sup>st</sup> March 2021. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of International Standard on Auditing (UK) 260.

We are required to report whether, in our opinion, the association's financial statements give a true and fair view of the financial position of the association and its income and expenditure for the year and whether they have been properly prepared in accordance with FRS 102.

| Status of our audit                | <p>We have completed all of our audit work.</p> <p>Matter outstanding:</p> <ul style="list-style-type: none"> <li>- Board approval of financial statements</li> <li>- Signed letter of representation</li> </ul>  |
|------------------------------------|---|
| Audit opinion                      | On the completion of the audit we expect to issue an unmodified opinion.  |
| Materiality                        | Final materiality has been set at £642,000. A level of £32,000 has been set as our clearly trivial level.   |
| Audit risks & other areas of focus | We have no significant items to highlight regarding significant audit risks and other areas of audit focus.   |
| Accounting estimate and judgements | We have no issues to report in this area and considered the process of estimation to be appropriate and key assumptions to be well balanced for these items.  |
| Internal controls                  | <p>Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, if we identify any control weaknesses, we report these.</p> <p>Our work has identified no control weakness which we wish to highlight for your attention.</p> <p>Our follow up to prior year recommendations has shown that 3 have been resolved and 3 are still ongoing.</p> |

| Adjusted misstatements   | As a result of our audit work, we identified no misstatements that require adjustment by management.   |
|--------------------------|--|
| Unadjusted misstatements | We have noted no errors above triviality level of £32,00 that require adjustment.  |
| Independence             | We are not aware of any relationships between Bevan Buckland LLP and the association, that in our professional judgement, may reasonably be thought to bear on our integrity, independence and objectivity in performing our duties as auditors. |

### Acknowledgement

We would like to take this opportunity to record our appreciation for the assistance provided by the Martin and the finance team during our audit.



## Audit approach

The auditing findings report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260.

As auditor we are responsible for performing the audit in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance their responsibilities for the preparation of the financial statements.

## Materiality

In performing our audit, we apply the concept of materiality, following the requirements of International Standard on Auditing (UK) (ISA) 320: Materiality in planning and performing an audit. The standard states that 'misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

In our audit plan presented to you on the 8<sup>th</sup> April 2021 we reported our planning materiality used in planning our overall audit strategy. In line with ISA (UK) 450, prior to the evaluation of uncorrected misstatements, we have considered whether it necessary to revise materiality.

As planning materiality was based on management accounts we have revisited our actual materiality to consider actual result for the period. Our audit work has been carried out using the revised materiality so has had no impact on our audit testing.

| Area    | Planning materiality | Final materiality |
|---------|----------------------|-------------------|
| Overall | £360,000             | £642,000          |

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. We have applied the de minimis level of 5% of overall materiality reported in our audit planning report to the final materiality.

## Areas of significant risk

We raised a number of significant risks in our audit plan where we detailed work we would be carrying out as part of our audit procedures. We performed procedures during the audit to address each of these risks and ensure the financial statements are free from a material misstatement.

| Risk   | Overall Risk Factor | Work completed, issues & assurance gained   |
|--|---------------------|---|
| <b>Revenue recognition</b><br><br><i>There is a presumption that revenue recognition is a significant risk on every audit engagement (ISA (UK) 240)</i>      | High                | <p>During the course of our audit work we have completed walk through tests on all significant income streams.</p> <p>There are no issues we wish to bring to your attention arising from the procedures undertaken.</p>  |
| <b>Management Override of Controls</b><br><br><i>Management override of controls should be considered a risk on every engagement (ISA (UK&amp;I) 240.74)</i> | High                | <p>During the course of our audit we have undertaken the following procedures:</p> <ul style="list-style-type: none"> <li>Considered indication of management bias in accounting estimates and their overall appropriateness;</li> <li>Reviewing journal entries and other adjustments made at the end of the accounting period; and</li> </ul> <p>There are no issues we wish to bring to your attention arising from the procedures undertaken.</p> |
| <b>Creditors &amp; Accruals</b><br><br>Deferred income may be materially misstated   | Low                 | <p>Deferred income schedule was reviewed for any obvious omissions. Sample testing of income was also undertaken to ensure the appropriate treatment was applied.</p> <p>There were no issues identified.</p>   |
| <b>Pension Liability</b><br><br>Pension liability is a high risk area due to being a material balance  | High                | <p>Pension actuary report has been reviewed and the rates and figures included have been compared with another pension provider report to ensure figures used are sensible and consistent.</p> <p>There were no issues identified.</p>  |



## Accounting estimates and judgements

Accounting estimates vary widely in nature and are required to be made by management when the monetary amounts cannot be directly observed. The measurement of these monetary amounts is subject to estimation uncertainty, which reflects inherent limitations in knowledge or data. The process of making accounting estimates involves selecting and applying a method using assumptions and data, which requires judgement by management and can give rise to complexity in measurement. We have outlined below a summary and how we assess the key accounting judgements applied by management.

### Assessment

- We consider the estimate to potentially be materially misstated and disagree with judgements used to derive the estimate or estimation process
- We consider it unlikely that the estimate is materially misstated, however we consider assumptions used in the estimation process to be optimistic
- We consider it unlikely that the estimate is materially misstated, however we consider assumptions used in the estimation process to be cautious
- We consider the process of estimation to be appropriate and key assumptions to be well balanced

| Key Estimate      | 2021 Value | 2020 Value | Assessment | Explanation   |
|-------------------|------------|------------|------------|---|
| Accruals          | 9,428,410  | 753,007    | ●          | Accruals are based on actual invoices instead of estimations and 98% of 2021 value has been verified to invoices. Large variance on previous year due to £8.6m of new grants this year. |
| Pension Liability | 10,646,000 | 7,707,000  | ●          | Actuary report has been reviewed and there are no issues around the competence of the actuary producing the report.   |

As part of the requirements of ISA (UK) 540 we will require written representations whether the methods, significant assumptions and the data used in making the accounting estimates and the related party disclosures are appropriate to achieve recognition, measurement or disclosure that is in accordance with applicable reporting framework and as such has been included on the draft letter of representation provided.

## Internal Controls

The purpose of an audit is to express an opinion on the financial statements. The matters reported here are limited to those deficiencies we have identified during the course of the audit and that we have concluded are of sufficient importance to merit being reported to you.

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. We considered and walked through the internal controls for year ended 31<sup>st</sup> March 2021.

The following control issues were identified during the audit. These control issues are categorised according to the level of risk attached:

- Red            Significant weaknesses – risk of material misstatement
- Amber       Significant deficiency – risk of significant misstatement
- Yellow       Deficiency – risk of inconsequential misstatement

| Area of control | Issue and risk | Recommendations |
|-----------------|----------------|-----------------|
|-----------------|----------------|-----------------|

No new internal control weaknesses have been identified this year.

## Follow up of prior year audit and interim audit recommendations

The following summarises the progress made to implement recommendations identified in our prior year audit findings reports and our interim audit for the current year.

|                                  | Number of recommendations that were: |             |         |   |
|----------------------------------|--------------------------------------|-------------|---------|---|
|                                  | Included in report                   | Implemented | Ongoing | Position to be confirmed at final audit |
| Final Audit Findings Report 2021 | 6                                    | 3           | 3       | 3                                       |
| Total                            | 6                                    | 3           | 3       | 3                                       |

|   | Area of control   | Issue and recommendation  | Status as of final audit   |
|---|---|---|--|
| ● | Income being raised late                                      | <p>It was highlighted from our audit work that some income was not invoiced until two months after the work had been done.</p> <p>This could result in missed income and a delay in receiving the money.</p> <p>The finance team should be notified on a frequent basis for all income to be invoiced to ensure done on a timely basis</p>  | <p>There is a new sales software currently being implemented which will improve the overall process of raising sales.</p> <p>Issue still ongoing at final audit.</p> |
| ● | Control of Raising Income                                     | <p>It was highlighted from our audit work that some income was not invoiced until two months after the work had been done.</p> <p>This could result in missed income and a delay in receiving the money.</p> <p>The finance team should be notified on a frequent basis for all income to be invoiced to ensure done on a timely basis.</p> | <p>There is a new sales software currently being implemented which will improve the overall process of raising sales.</p> <p>Issue still ongoing at final audit.</p> |
| ● | The organisation still uses a lot of cheques to pay suppliers | <p>This type of payment is open to fraud due to cheques being stolen etc.</p> <p>Where possible payments should be made via BACS</p>  | <p>No cheque payments throughout the year.</p> <p>Action completed at final audit.</p>   |
| ● | Overspend on projects   | <p>There are some projects in the year where there has been an overspend and therefore the Association has covered the additional spend.</p> <p>The head of the project should review the expenditure on a regular basis to ensure in budget.</p>   | <p>No issues identified throughout the year.</p> <p>Action completed at final audit</p>  |

|   |                                |   |  |
|---|--------------------------------|---|--|
| ● | Personnel files not up to date | <p>There are a number of personnel files where the information is out of date or missing.</p> <p>Personnel files should be reviewed and updated to include the most recent information.</p>   | <p>No issues with personnel files tested throughout the year.</p> <p>Action completed at final audit</p> |
| ● | Grant claims going in late     | <p>There are a couple of occasions where grant claims were submitted late, there could be a threat that the claims are rejected.</p> <p>The finance department should be made aware of all claims ongoing and when they are likely to claim, to ensure none are missed.</p> | <p>Issue still ongoing at final audit</p>  |

Unadjusted misstatements

Below is a summary of any unadjusted misstatements identified during the course of our audit except for those deemed trivial. In line with ISA (UK) 450 ‘Evaluation of misstatements identified during the audit’ we will require a written representation confirming the reasoning for not making these adjustments.

| Income Statement |      | Balance sheet |      | Description |
|------------------|------|---------------|------|-------------|
| Dr £             | Cr £ | Dr £          | Cr £ |             |

No errors above triviality level of £32,000 to disclose

## Other Matters

### Fraud

- We have previously discussed the risk of fraud in our planning report. We have not been made aware of any material incidents in the period and no other issues have been identified during the course of our audit.

### Laws & Regulations

- You have not made us aware of any significant incidencies of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.

### Related parties

- In forming an opinion on the financial statements, we are required to evaluate whether identified related party relationships and transactions have been appropriately accounted for and disclosed. We have no issues to report in this area.

### Written representations

- A letter of representation has been requested from the board, including specific representations. This has been provided externally to this report.

### Disclosures

- Our review found no material omissions in the financial statements

### Accounting policies

- The accounting policies used to prepare the financial statements are considered to be appropriate and are in accordance with the relevant accounting standards.

## Appendix 1 – Auditor independence and objectivity

Bevan Buckland LLP is required to maintain independence from Welsh Local Government Association in line with the Ethical Standard (2019) issued by the Financial Reporting Council (FRC) and the ethical pronouncements established by the auditor's relevant professional body, in our case the Institute of Chartered Accountants in England & Wales. In addition, our reputation and continued success as a firm depends on us maintaining auditor independence. We have procedures in place to ensure that any conflicts of interest of which we are aware are communicated to directors and appropriate action taken. This includes all relationships between Bevan Buckland LLP and Welsh Local Government Association that, in our professional judgement, may reasonably be thought to bear on our independence and objectivity of the audit engagement partner and the audit staff.

However, there may be factors known by the board of which we are not aware. Our letter of engagement requires the board to notify us if it becomes aware that any person becomes connected with Bevan Buckland LLP and we will be asking the board to give us written representations that there are no such matters at the conclusion of the audit.

Maintaining and assessing our independence is a continual process throughout the audit cycle. However, we will formally confirm our independence and any significant matters we have considered in assessing any threats to our independence and objectivity in our Report to the board.

We have made enquires of all Bevan Buckland LLP teams providing services to you for compliance matters to ensure our independence is maintained.

In our judgement we have complied with the UK regulatory and professional requirements including the Ethical Standard (2019) issued by the FRC. We are not aware of any relationships between Bevan Buckland LLP and the association, that in our professional judgement, may reasonably be thought to bear on our integrity, independence and objectivity at the date of the audit plan. As a result we are able to express an objective opinion on the financial statements.

### Safeguards

As part of the firms safeguards, all audits are subject to a review by a second partner or independent reviewing officer. The review undertook all high risk areas, significant judgements, financial statements, audit plan and audit findings reports.

The following other services are provided by Bevan Buckland LLP and the relevant safeguard applied is:

#### Non audit service - Preparation of accounts in statutory format

- Any adjustments required were approved by management first prior to updating the statutory accounts

#### Non audit service - Corporation tax services

- Seperate Bevan Buckland LLP employees undertook this service, that are not involved in the audit engagement team



## Appendix 2 - Strategic, Financial & Governance Health Check

| Strategic   | Current year | Prior year |
|---|--------------|------------|
| Association has stated strategic objectives in trustees report                | ●            | ●          |
| Association reports progress against these objectives                         | ●            | ●          |
| Are the activities of the association in line with the association's objects? | ●            | ●          |
| Association has a long term strategy/plan?                                    | ●            | ●          |
| Association produces an annual budget?  | ●            | ●          |
| Association reports against budget/strategy?                                  | ●            | ●          |

| Financial   | Current year | Prior year |
|---|--------------|------------|
| Unrestricted surplus                                    | ●            | ●          |
| Net current assets                                      | ●            | ●          |
| Positive "free reserves"                                | ●            | ●          |
| Reserves policy in place                                | ●            | ●          |
| Reserves level in line with policy                      | ●            | ●          |
| What level of reserves are required?                    | ●            | ●          |
| Association has budgets in place for at least 12 months | ●            | ●          |
| Documented financial controls?                          | ●            | ●          |

| Risk  | Current year | Prior year |
|---|--------------|------------|
| Risk register in place                                    | ●            | ●          |
| Risk Register regularly reviewed                          | ●            | ●          |
| Have all appropriate risks been identified?               | ●            | ●          |
| Appropriate actions taken in response to risks identified | ●            | ●          |
|   |              |            |
|   |              |            |
|   |              |            |

| Governance   | Current year | Prior year |
|--|--------------|------------|
| Have the board held sufficient meetings in the year?   | ●            | ●          |
| Is the financial reporting to the board clear, transparent, readily understood by all board members at each meeting? | ●            | ●          |
| Have the board reviewed their internal controls recently?  | ●            | ●          |
| Have the board carried out a skills audit?   | ●            | ●          |
| Are minutes of all board meetings kept?  | ●            | ●          |
| Do you have procedures in place to deal with conflicts of interest?  | ●            | ●          |
|  |              |            |
|  |              |            |



**“Your Local Financial Team”**

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Bevan Buckland LLP  
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Dear Auditor

This representation letter is provided in connection with your audit of the financial statements of the association for the year ended 31 March 2021, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material aspects, in accordance with applicable financial reporting framework.

We confirm that the following representations are made on the basis of enquiries of the executives, management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the following representations to you:

1. We have fulfilled our responsibilities as trustees under the Companies Act 2006 for preparing financial statements, in accordance with the applicable financial reporting framework.

We confirm that in our opinion the financial statements give a true and fair view and in particular that where any additional information must be disclosed in order to give a true and fair view that information has in fact been disclosed. We confirm that the selection and application of the accounting policies used in the preparation of the financial statements are appropriate, and we approve these accounts for the year ended 31 March 2021.

2. We confirm that all accounting records have been made available to you for the purpose of your audit, in accordance with your terms of engagement, and that all the transactions undertaken by the association have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management and board meetings, have been made available

to you. We have given you unrestricted access to persons within the association in order to obtain audit evidence and have provided any additional information that you have requested for the purposes of your audit.

3. We acknowledge that it is a criminal offence to make a false statement in this regard, and where any director either makes a false statement; is aware that the statement is false; is reckless in preventing this statement; or fails to take reasonable steps to prevent the directors' report from being approved, we acknowledge that each director will be guilty of a criminal offence.
4. We confirm the association has satisfactory title to all assets and there are no liens or encumbrances on the assets, except for those disclosed in the financial statements.
5. We confirm that the methods, significant assumptions and data used by us in making accounting estimates, and the related disclosures, are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.
6. We confirm that we have no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities reflected in the financial statements.
7. We confirm that the association has no liabilities or contingent liabilities other than those disclosed in the financial statements.
8. We confirm that all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the applicable financial reporting framework.
9. We confirm that there have been no events since the balance sheet date which require disclosing or which would materially affect the amounts in the financial statements, other than those already disclosed or included in the financial statements.
10. We confirm that we are aware of the definition of a related party for the purpose of the accounting framework being applied in the preparation of the accounts.

We confirm that the related party relationships and transactions set out below are a complete list of such relationships and transactions and that we are not aware of any further related parties or transactions.

| <i>Party</i>               | <i>Relationship</i> | <i>Nature of transaction</i>  |
|----------------------------|---------------------|---|
| Local Government Data Unit | Subsidiary          | Various transactions as detailed further in the notes of the accounts |

11. We confirm that all related party relationships and transactions have been accounted for and disclosed in accordance with the applicable financial reporting framework.
12. We confirm that the association neither had, at any time during the year, any arrangement, transaction or agreement to provide credit facilities (including advances and credits granted by the charity) for executives, nor provided guarantees of any kind on behalf of the executives.
13. We confirm that the association has not contracted for any capital expenditure other than as disclosed in the financial statements.
14. We confirm that the association has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
15. We confirm that we are not aware of any possible or actual instance of non-compliance with those laws and regulations which provide a legal framework within which the association conducts its activities and which are central to the association's ability to conduct its activities.
16. We acknowledge our responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud. We confirm that we have disclosed to you the results of our risk assessment of the risk of fraud in the organisation.

There have been no deficiencies in internal control of which we are aware.

17. We confirm that there have been no actual or suspected instances of fraud involving management or employees who have a significant role in internal control or that could

have a material effect on the financial statements. We also confirm that we are not aware of any allegations of fraud by employees, former employees, analysts, regulators or others.

18. We confirm that, in our opinion, the association's financial statements should be prepared on the going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the association's needs. In reaching this conclusion, we have taken into account all relevant matters of which we are aware, and have considered a period of at least one year from the date on which the financial statements will be approved.
19. We confirm that in our opinion the effects of uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole.
20. We confirm that all grants and other income, including those subject to special terms or conditions or received for restricted purposes, have been notified to you. There have been no breaches of terms or conditions during the period regarding the application of such income.
21. We confirm the following specific representations made to you during the course of your audit relating to
  - Income received in advance but unspent at 31 March 2021 amounted to £2,536,348
  - We agree with the assumptions used by the Actuary for the purposes of the pension liability
  - We confirm that all grant debtors outstanding at the year end will be received and that no provision should be made against these and no amounts are repayable to funders
22. We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that:
  - so far as each director is aware, there is no relevant audit information of which you as auditors are unaware; and
  - each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that you are aware of that information.

23. We acknowledge that it is a criminal offence to knowingly or recklessly make you as an auditor, a statement (oral or written) that conveys, or purports to convey, information or explanations that you require in your capacity as auditor, or are entitled to require, that is misleading, false or deceptive in a material particular.

Yours faithfully,

.....

Signed on behalf of the board of trustees

Trustee.....

Date.....



**WELSH LOCAL GOVERNMENT ASSOCIATION**  
**STRATEGIC REPORT, REPORT OF THE CHIEF EXECUTIVE**  
**AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

Bevan Buckland LLP  
Chartered Accountants  
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# WELSH LOCAL GOVERNMENT ASSOCIATION

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# **WELSH LOCAL GOVERNMENT ASSOCIATION STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021**

The Chief Executive presents his strategic report for the year ended 31 March 2021.

## **REVIEW OF BUSINESS**

Covid-19 continues to dominate the work of the WLGA as it has for the last year and since the emergence of the crisis in early 2020. The development of the vaccine and the successful roll out of the vaccine programme in January 2021 has changed the nature of the crisis and in many ways increased the pressure on local government services and the work of the WLGA. The public sector is increasingly focused on recovery, but the pressures of the response phase continue to bear down on the whole system.

The WLGA has worked closely with the Welsh Government and a wide range of other partners throughout the Covid-19 pandemic and the scale and scope of political engagement between local and central government in Wales has been a key feature of the pandemic response. The WLGA has tried to create and sustain a relationship of partnership and mutual respect with the Welsh Government (and many other partner bodies such as the Older People's Commissioner), and this has worked to great effect during the Covid crisis. At the start of the crisis, leaders met daily through the WLGA but gradually settled on a more constant rhythm of weekly meetings supplemented by ad hoc meetings to deal with specific issues.

Throughout this period, the engagement with Ministers and the Welsh Government was intense and almost always productive and constructive. The then Minister for Housing and Local Government, Julie James, joined local government leaders meetings on a weekly basis and acted as a conduit for other Ministers to join as and when required. This innovative development was quickly recognised as a successful and central feature of the response phase. In addition, the WLGA Leader was invited to join Welsh Government Cabinet meetings as and when appropriate.

The impact of this engagement was evident in the successful delivery of schemes such as: the Shielding scheme for vulnerable adults; the partnership between local government, the NHS and Welsh Government to deliver TTP; the successful partnership between councils, the NHS and the Welsh Government to provide and deliver PPE throughout the care system and to schools; support for the school hubs and the provision of free school meals during the lockdowns; and distribution of millions of pounds in business support grants by councils on behalf of the Welsh Government. Over £2.5bn in Covid support has been provided by Welsh Government to businesses in Wales. Much of this has been channelled via local authorities and the WLGA's work in negotiating and overseeing the Hardship Fund has provided a stable financial footing for authorities.

Brexit remained a feature of the WLGA's work and other notable successes include the Brexit support programme, through which the Welsh Government provided £1m per annum over the last two years enabling each council to appoint a corporate co-ordinator post with WLGA providing a Welsh Government funded £200K support programme.

The Decarbonisation Support Programme – is now building on the successful operation of the Brexit programme, to provide a support programme for councils as they seek to achieve a target of net zero carbon emissions by 2030. The programme is expected to be a long-term commitment over this crucial period when hard decisions and prioritisation of the 'right' measures will be crucial. The WLGA successfully developed and agreed business cases with Welsh Government to re-establish sector-led improvement support, through the WLGA, and appoint of a Chief Digital Officer for local government, based in the WLGA.

Through its engagement and lobbying around the then Local Government and Elections (Wales) Bill, the WLGA has resisted prescription and promoted flexibility and building on good practice; promoted the track-record of council collaboration, supported voluntary CJs but has rejected the concept of mandation; secured some concessions and amendments in the Bill.

# **WELSH LOCAL GOVERNMENT ASSOCIATION STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021**

## **REVIEW OF BUSINESS (CONT.)**

Other notable achievements included another successful local government settlement. The 2021-22 settlement was again very positive and built on the foundation of 2020-21. Negotiation of the local government revenue settlement is a big part of the WLGA's work and two years of positive revenue settlements have been very welcome after years of cuts and austerity.

The WLGA continues to align itself around the needs of local government as they focus their services on response and recovery. The WLGA's structure and work programme reflect these changing and uncertain times. Throughout this period, the WLGA has worked tirelessly in support of local councils as they provide essential services to their communities and the people they serve.

The WLGA has however reinitiated the implementation of organisational changes that were begun before the pandemic, which sought to reform and refresh the organisation in preparedness for the establishment of the new Association for the new municipal term from May 2022. The WLGA is in the process of relocating to a new, smaller office location in Cardiff which will provide opportunities for efficiencies, a reduced carbon footprint and a more agile and collaborative approach to work. As part of this process, the WLGA has started reviewing organisational and HR policies and commissioned new WLGA branding to be introduced in 2021-22 alongside a new website to support our communications.

The WLGA published a bold 'Manifesto for Localism' and a separate Rural Manifesto ahead of the 2021 Senedd Elections, which articulated the local government's core policy priorities:

- Promotion of well-being and encourage healthy, sustainable and vibrant communities:
- Improving outcomes for children and young people and learners:
- Delivering good quality and sustainable social care services for the future:
- Creating good quality homes and safer communities for people to live and work, and
- Supporting sustainable, inclusive growth and a green post-COVID recover.

The Manifesto also promoted our core principles calling for mutual respect and the concept of subsidiarity. Most of the main political parties' manifestos recognised the contribution of local government during the pandemic and included several pledges which aligned with some of the WLGA's core aims.

The WLGA is founded on the belief that public services should be delivered through a democratic framework of local accountability and the conviction that local government is best placed to make decisions about how local services are organised, delivered and managed. This has never been more evident than during this crisis.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The great strength of the WLGA and local government as a whole is its capacity to respond to changing circumstances and continue to deliver high quality services even at a time of crisis. The Covid-19 Pandemic, Brexit, floods, landslides and years of budget cuts and austerity have all been immensely challenging, but the Association and local government have continued to deliver for the people and communities of Wales. These challenges and pressures are set to continue as the response and recovery processes make increasing demands on services stretched to breaking point. While the WLGA is not a direct service provider, it is susceptible to the same workforce pressures and cuts in income and grant funding.

During the forthcoming year, the Association will move to its new accommodation in One Canal Parade and simultaneously will be implementing its new Agile Working Policy. There is also the prospect of a new Association following the local government elections in May 2021, and on-going pressures of Covid-19 and the continuing impact of Brexit. There is therefore continuing uncertainty ahead but the WLGA will continue to be flexible and fleet of foot, as it has been for the last 25 years in adapting to these and other challenges and continuing to add value to the work of its member authorities.

**WELSH LOCAL GOVERNMENT ASSOCIATION  
STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2021**

**PRINCIPAL RISKS AND UNCERTAINTIES (CONT.)**

The detailed budget for 2021-22 was considered by the WLGA Council where a balanced position was presented. Going forward there are some forecast shortfalls in subsequent years which will require modest use of some of the reserves to smooth them out.

The WLGA spends a large proportion of its budget on staff and changes continue although with a decreasing number of voluntary departures. Spending on staff costs and governance, including members services, continues to fall compared with previous years.

Our 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 in to the new accommodation in October 2021. The 2022-23 budget will be revised to reflect the savings which be realised over future years due to the office move.

**FINANCIAL REVIEW OF THE YEAR**

The Welsh Local Government Association collects subscriptions from its members. In 2020-21 subscriptions were not increased. Since 2009-10, subscription income has fallen by nearly a third in real terms.

The Association also receives grant income from the Welsh Government and other bodies for a number of specific activities in support of Welsh local authorities. In 2020-21 the Association's grant income increased by £16.6m in comparison with the previous financial year. Full details of Welsh Government and other grants can be found on page 20.

In 2020-21 the Association provided funding from the Revenue Support Grant Top Slice of over £3.2m to support the activities of the National and Urdd Eisteddfodau, Data Cymru, the Royal Welsh Show and a number of national social care functions set out on page 20.

The Association shows a deficit of £334,604 for 2020-21 compared to a deficit of £819,532 in previous reporting period. The deficit is mainly due to the accounting treatment of the pensions and a breakdown is shown on page 30. The Association returned a surplus of £180,396 before the adjustment for the pension in these financial statements.

**GOING CONCERN**

The financial statements currently show that the Association has negative reserves of £6,698,893. The primary reason for the Association having negative reserves is the long term pension liability of £10,262,000. This deficit is an estimate of the expected shortfall of assets over liabilities in the organisation pension scheme and as such the liability is not expected to crystallise in the short term. Excluding the pension deficit, the Association has reserves of £3,563,107. There is no planned crystallisation of the pension liability and therefore the liability remains long term.

The Association has a strong cash position at the year end with a balance of £10,857,897, although, £2,536,384 is included as deferred income. This still leaves the Association in a strong cash position, and with the Association prepaying its pension deficit payments, this will have a positive impact on its cash position moving forward.

Therefore, even though the financial position shows a negative reserve position at the year end, the Chief Executive is confident that the Association can continue as a going concern for the foreseeable future.

ON BEHALF OF THE MEMBERS

.....  
Chief Executive - CHRIS LLEWELYN

DATE.....

**WELSH LOCAL GOVERNMENT ASSOCIATION  
REPORT OF THE CHIEF EXECUTIVE  
FOR THE YEAR ENDED 31 MARCH 2021**

The Chief Executive presents his report with the financial statements of the Association for the year ended 31 March 2021.

**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  
REPORT OF THE CHIEF EXECUTIVE  
FOR THE YEAR ENDED 31 MARCH 2021**

**CHIEF EXECUTIVE'S CERTIFICATE**

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 2021 contain a full record of the financial results for the year.

**AUDITORS**

The auditors, Bevan Buckland LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

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

.....

Chief Executive - CHRIS LLEWELYN

.....

DATE

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



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

## **Opinion**

We have audited the financial statements of Welsh Local Government Association for the year ended 31 March 2021 which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, Statement of cashflows 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 Association's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Association's requirements

## **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**

We draw your attention to note 22 in the financial statements, which indicates that the Association is insolvent with negative reserves of £6,698,893. This is primarily due to the long term pension scheme deficit of £10,262,000 in which the Association participates. This deficit is an estimate of the expected shortfall of assets over liabilities in the pension scheme and as such the liability is not expected to crystallise in the short term. This indicates that a material uncertainty exists that may cast significant doubt on the Association's long term ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **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.

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.

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

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Chief Executive for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Chief Executive has been prepared in accordance with applicable legal requirements.

### **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 4, 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.

### **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:

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

### **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.

### **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.

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

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](http://www.frc.org.uk/auditorsresponsibilities)]. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the 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**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2021**

|   | Notes | 2021<br>£               | 2020<br>£               |
|---|-------|-------------------------|-------------------------|
| <b>INCOME</b>   |       |                         |                         |
| Subscriptions   | 2     | 2,347,018               | 2,281,339               |
| Project Income  | 3     | 29,090,807              | 12,441,241              |
| Other Income  | 4     | 645,520                 | 562,215                 |
|   |       | <u>32,083,345</u>       | <u>15,284,795</u>       |
| <b>EXPENDITURE</b>  |       |                         |                         |
| Staff Costs   | 5     | 3,852,791               | 3,356,778               |
| Pension scheme charge                                       | 6     | 811,000                 | 1,362,000               |
| Office Accommodation  | 7     | 572,318                 | 370,739                 |
| Office Services   | 8     | 138,027                 | 168,402                 |
| Member Services   | 9     | 25,742                  | 28,506                  |
| Furniture and Equipment                                     |       | 6,425                   | 4,200                   |
| RSG Top Slice Costs   | 10    | 2,115,728               | 2,067,500               |
| Welsh Government Other Grant Costs                          | 11    | 23,971,490              | 7,766,948               |
| Other Expenses  | 12    | 748,653                 | 777,403                 |
|   |       | <u>32,242,174</u>       | <u>15,902,476</u>       |
| <b>OTHER FINANCE INCOME/COSTS</b>                           |       |                         |                         |
| Expected return on pension scheme assets                    |       | (526,000)               | (569,000)               |
| Interest on pension scheme liabilities                      |       | 706,000                 | 783,000                 |
|   |       | <u>32,422,174</u>       | <u>16,116,476</u>       |
| <b>OPERATING DEFICIT FOR THE YEAR</b>                       |       | <b>(338,829)</b>        | <b>(831,681)</b>        |
| Interest Receivable   |       | 4,225                   | 12,149                  |
| <b>DEFICIT ON ORDINARY ACTIVITIES</b>                       | 20    | <b>(334,604)</b>        | <b>(819,532)</b>        |
| Transfers to/(from) Designated reserves                     | 15    | -                       | -                       |
| <b>DEFICIT AFTER TRANSFER TO/(FROM) DESIGNATED RESERVES</b> |       | <u><b>(334,604)</b></u> | <u><b>(819,532)</b></u> |

A note reconciling the movement of the deficit as a result of pension scheme adjustment can be found on page 30, note 21.

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

The notes on pages 16 - 30 form part of these financial statements.

**WELSH LOCAL GOVERNMENT ASSOCIATION  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2021**

|  | Notes | 2021<br>£                   | 2020<br>£                   |
|--|-------|-----------------------------|-----------------------------|
| <b>CURRENT ASSETS</b>                              |       |                             |                             |
| Debtors  | 13    | 10,001,345                  | 1,605,486                   |
| Cash at Bank and in hand                           |       | <u>10,857,897</u>           | <u>5,366,006</u>            |
|  |       | 20,859,242                  | 6,971,492                   |
| <b>CURRENT LIABILITIES</b>                         | 14    | <u>17,296,135</u>           | <u>3,588,781</u>            |
| <b>NET ASSETS EXCLUDING PENSION LIABILITY</b>      |       | 3,563,107                   | 3,382,711                   |
| <b>PENSION LIABILITY</b>                           | 32    | (10,262,000)                | (7,707,000)                 |
|  |       | <u>                    </u> | <u>                    </u> |
| <b>NET LIABILITIES INCLUDING PENSION LIABILITY</b> |       | <u><u>(6,698,893)</u></u>   | <u><u>(4,324,289)</u></u>   |
| <br><b>FINANCED BY:</b>                            |       |                             |                             |
| Reserves   | 15    | (6,698,893)                 | (4,324,289)                 |
|  |       | <u><u>(6,698,893)</u></u>   | <u><u>(4,324,289)</u></u>   |

Approved by the Association and signed on its behalf on

.....

.....

PRESIDING OFFICER

The notes on pages 16 - 30 form part of these financial statements.

**WELSH LOCAL GOVERNMENT ASSOCIATION  
OTHER COMPREHENSIVE INCOME  
AS AT 31 MARCH 2021**

|   | <b>2021<br/>£</b>         | <b>2020<br/>£</b>     |
|---|---------------------------|-----------------------|
| Deficit for the financial year  | (334,604)                 | (819,532)             |
| <b>OTHER COMPREHENSIVE INCOME</b>                                     |                           |                       |
| Remeasurements on assets  | 3,399,000                 | (1,499,000)           |
| Remeasurements on liabilities   | (5,439,000)               | 3,222,000             |
| <b>OTHER COMPREHENSIVE INCOME<br/>FOR THE YEAR, NET OF INCOME TAX</b> | <u>(2,040,000)</u>        | <u>1,723,000</u>      |
| <b>TOTAL COMPREHENSIVE INCOME<br/>FOR THE YEAR</b>                    | <u><u>(2,374,604)</u></u> | <u><u>903,468</u></u> |

**WELSH LOCAL GOVERNMENT ASSOCIATION  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2021**

|                                 | Retained<br>earnings<br>£ | Total<br>equity<br>£ |
|---------------------------------|---------------------------|----------------------|
| <b>Balance as 1 April 2019</b>  | (5,227,757)               | (5,227,757)          |
| <b>Changes in Equity</b>        |                           |                      |
| Total comprehensive income      | <u>903,468</u>            | <u>903,468</u>       |
| <b>Balance at 31 March 2020</b> | <u>(4,324,289)</u>        | <u>(4,324,289)</u>   |
| <b>Changes in Equity</b>        |                           |                      |
| Total comprehensive income      | <u>(2,374,604)</u>        | <u>(2,374,604)</u>   |
| <b>Balance at 31 March 2021</b> | <u>(6,698,893)</u>        | <u>(6,698,893)</u>   |



**WELSH LOCAL GOVERNMENT ASSOCIATION  
STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED 31 MARCH 2021**

|   | Notes | 2021<br>£                | 2020<br>£               |
|---|-------|--------------------------|-------------------------|
| <b>Cash flows from operating activities</b>           |       |                          |                         |
| Cash generated from operations                        | 1     | <u>5,487,666</u>         | <u>(201,344)</u>        |
| Net cash from operating activities                    |       | <u>5,487,666</u>         | <u>(201,344)</u>        |
| <b>Cash flows from investing activities</b>           |       |                          |                         |
| Interest received                                     |       | <u>4,225</u>             | <u>12,149</u>           |
| Net cash from investing activities                    |       | <u>5,491,891</u>         | <u>(189,195)</u>        |
| Increase in cash and cash equivalents                 |       |                          |                         |
| <b>Cash and cash equivalents at beginning of year</b> | 2     | <u>5,366,006</u>         | <u>5,555,201</u>        |
| <b>Cash and cash equivalents at end of year</b>       | 2     | <u><u>10,857,897</u></u> | <u><u>5,366,006</u></u> |

**WELSH LOCAL GOVERNMENT ASSOCIATION  
NOTES TO THE STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2021**

**1 RECONCILIATION OF OPERATING DEFICIT TO CASH GENERATED FROM OPERATIONS**

|                                       | <b>2021</b><br>£        | <b>2020</b><br>£        |
|---------------------------------------|-------------------------|-------------------------|
| Operating Deficit for the year        | (338,829)               | (831,681)               |
| Pension adjustment                    | 811,000                 | 1,362,000               |
| Pension contributions paid            | (476,000)               | (633,000)               |
| Other finance income/costs            | 180,000                 | 174,000                 |
|                                       | <u>176,171</u>          | <u>71,319</u>           |
| (Increase) / Decrease in debtors      | (8,395,859)             | 171,241                 |
| Increase/ (Decrease) in creditors     | 13,707,354              | (443,904)               |
| <b>Cash generated from operations</b> | <u><u>5,487,666</u></u> | <u><u>(201,344)</u></u> |

**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:

|                                 |                          |                         |
|---------------------------------|--------------------------|-------------------------|
| <b>Year ended 31 March 2021</b> | 31.03.21<br>£            | 01.04.20<br>£           |
| Cash and cash equivalents       | <u><u>10,857,897</u></u> | <u><u>5,366,006</u></u> |
| <b>Year ended 31 March 2020</b> | 31.03.20<br>£            | 01.04.19<br>£           |
| Cash and cash equivalents       | <u><u>5,366,006</u></u>  | <u><u>5,555,201</u></u> |

**WELSH LOCAL GOVERNMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**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. The accounts present information solely about the Association as an individual undertaking and not about its group.

**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.

**WELSH LOCAL GOVERNMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**1 ACCOUNTING POLICIES - CONT.**

**Fixed Assets**

The Association does not capitalise fixed assets but charges them to the income and expenditure account in the year of acquisition. The Association purchased furniture and equipment during the year of £6,425 (2020 £4,200).

**Deferred Income**

Income received which relates to projects is released to the income and expenditure account to match the expenditure incurred by the projects. This gives rise to a deferred income figure which is shown as a short term creditor in the accounts.

**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.

**WELSH LOCAL GOVERNMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**1 ACCOUNTING POLICIES - CONT.**

**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.

**Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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

**WELSH LOCAL GOVERNMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**1 ACCOUNTING POLICIES - CONT.**

**Going Concern**

After reviewing the Association's forecasts and projections, the members have a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. The Association therefore continues to adopt the going concern basis in preparing its financial statements

**2 SUBSCRIPTIONS**

All of the 22 unitary local authorities were in membership with the Association in 2020/21. 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 2021**

| <b>3 WELSH GOVERNMENT AND OTHER PROJECT INCOME</b>         | <b>2021</b>       | <b>2020</b>       |
|--|-------------------|-------------------|
|  | <b>£</b>          | <b>£</b>          |
| RSG Top Slice Retained: Welsh Local Government Association | 923,600           | 874,800           |
| RSG Top Slice: National Eisteddfod                         | 349,900           | 339,700           |
| RSG Top Slice: Urdd Eisteddfod                             | 139,400           | 135,300           |
| RSG Top Slice: Royal Welsh Agricultural Society            | 80,200            | 77,900            |
| RSG Top Slice: Data Cymru                                  | 422,500           | 405,100           |
| RSG Top Slice: National Adoption Service                   | 459,200           | 325,200           |
| RSG Top Slice: Looked After Children                       | 460,000           | 585,000           |
| RSG Top Slice: LGA Workforce support                       | 200,000           | 200,000           |
| RSG Top Slice: Food in Schools                             | 170,607           | 190,966           |
| Improvement fund   | -                 | 31,032            |
| National Exercise Referral Scheme                          | 154,920           | 162,327           |
| Waste Improvement  | 320,760           | 335,801           |
| National Autism Team                                       | 599,117           | 663,793           |
| Education Training Standards Wales                         | 42,328            | 45,128            |
| Supporting Service Children in Wales                       | 286,830           | 363,846           |
| Regional Skills Partnership                                | 526,497           | 466,094           |
| Armed Forces Free Swimming                                 | 6,465             | 53,180            |
| Resilience and Safety                                      | 94,348            | 103,799           |
| Unaccompanied Asylum Seeking Children                      | 10,134            | 335,303           |
| Horizon 2020   | 58,288            | 4,112             |
| Combined Education Grant                                   | 1,021,690         | 2,428,599         |
| Local Authority Social Services                            | 143,000           | 16,329            |
| National Commissioning Board                               | 155,544           | 42,897            |
| Food and Fun (School Holiday Enrichment Programme)         | 105,759           | 771,373           |
| Wales Strategic Migration Partnership                      | 238,161           | 232,000           |
| EU Transition Funding                                      | 1,244,311         | 1,299,302         |
| Unadopted Roads Project                                    | 24,302            | 42,901            |
| Life Long Learning Grant                                   | 204               | 9,342             |
| Safer Communities project                                  | 39,754            | 83,173            |
| Taxi Licencing Project                                     | 78,445            | 34,822            |
| EU Transition Food Provision                               | 2,000,000         | 1,250,000         |
| EU Settled Status  |                   | 224,000           |
| Homelessness EUTF  | 151,305           | 57,500            |
| Armed Forces Covenant                                      | 11,637            | 622               |
| Armed Forces Liaison Officer                               | 250,000           | 250,000           |
| NRW Green Recovery   | 4,201,955         | -                 |
| Decarb support programme                                   | 6,600,000         | -                 |
| Digital team   | 262,740           | -                 |
| Improvement Support Programme                              | 149,222           | -                 |
| Education Support Covid-19                                 | 7,013,172         | -                 |
| All Wales SCN  | 94,512            | -                 |
|  | <u>29,090,807</u> | <u>12,441,241</u> |

**WELSH LOCAL GOVERNMENT ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

|  |                |                |
|--|----------------|----------------|
| <b>4 OTHER INCOME</b>                        | <b>2021</b>    | <b>2020</b>    |
| Conference Fees, Charges and Training Events | 2,083          | 25,532         |
| Policy                                       | 51,808         | 19,305         |
| ADEW Support Officer                         | 40,000         | 30,000         |
| Directors of Public Protection               | 77,718         | 83,391         |
| Principal Youth Officers Group               | 9,439          | 7,328          |
| SWT Policy Officer                           | -              | 73,694         |
| Rental income                                | 43,500         | 43,500         |
| Secondment recharges                         | 420,972        | 262,815        |
| Local Authority Support Arrangements         | -              | 16,650         |
|  | <u>645,520</u> | <u>562,215</u> |

**5 STAFF COSTS**

At the year end, the Association's Secretariat was staffed with 70 (2020 - 61) employees.

|  |                  |                  |
|--|------------------|------------------|
|  | <b>2021</b>      | <b>2020</b>      |
| Total staff costs were as follows:                       | <b>£</b>         | <b>£</b>         |
| Salaries (including redundancy & early retirement costs) | 3,471,027        | 2,971,079        |
| Employers National Insurance                             | 335,765          | 286,242          |
| Training   | 6,711            | 6,967            |
| Travel and Subsistence                                   | 7,965            | 89,048           |
| Recruitment and Advertising                              | 31,323           | 3,442            |
|  | <u>3,852,791</u> | <u>3,356,778</u> |

Included in the above staff costs are early retirement costs of £15,518 (2020 £42,944).

The remuneration of the Chief Executive of the Association, together with employer's pension contributions amounted to £168,116 (2020 - £158,456), which can be analysed as follows:-

|                               |                |                |
|-------------------------------|----------------|----------------|
|                               | <b>2021</b>    | <b>2020</b>    |
|                               | <b>£</b>       | <b>£</b>       |
| Gross Salary                  | 128,865        | 125,211        |
| Employer's National Insurance | 16,571         | 16,091         |
| Employer's Superannuation     | 22,680         | 17,154         |
|                               | <u>168,116</u> | <u>158,456</u> |



**WELSH LOCAL GOVERNMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

| <b>6 PENSION INCOME &amp; EXPENDITURE CHARGE</b> | <b>2021</b>    | <b>2020</b>      |
|--|----------------|------------------|
|  | <b>£</b>       | <b>£</b>         |
| Current service cost                             | 797,000        | 768,000          |
| Past service costs                               | -              | 543,000          |
| Curtailments                                     | -              | 39,000           |
| Administration expenses                          | 14,000         | 12,000           |
|  | <u>811,000</u> | <u>1,362,000</u> |

**7 OFFICE ACCOMMODATION**

During the year ended 31 March 2021, the Association occupied the Local Government House, Drake Walk, Atlantic Wharf, Cardiff under a tenancy agreement from Doublet Holdings Limited. The rent payable is £176,800 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 £8,200 (2020 - £8,000). Also included are amounts relating to non audit fees of £4,000 (2020 - £4,150).

**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.

| <b>10 RSG TOP SLICE COSTS</b>                   | <b>2021</b>      | <b>2020</b>      |
|---|------------------|------------------|
|   | <b>£</b>         | <b>£</b>         |
| RSG Top Slice: National Eisteddfod              | 349,900          | 339,000          |
| RSG Top Slice: Urdd Eisteddfod                  | 139,400          | 135,300          |
| RSG Top Slice: Royal Welsh Agricultural Society | 80,200           | 77,900           |
| RSG Top Slice: Data Cymru                       | 422,500          | 405,100          |
| RSG Top Slice: National Adoption Service        | 463,728          | 450,200          |
| RSG Top Slice: Looked after children            | 460,000          | 460,000          |
| RSG Top Slice: LGA Workforce Support            | 200,000          | 200,000          |
|   | <u>2,115,728</u> | <u>2,067,500</u> |

**WELSH LOCAL GOVERNMENT ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**11 WELSH GOVERNMENT OTHER PROJECT COSTS (excluding employee costs)**

|  | <b>2021</b>       | <b>2020</b>      |
|--|-------------------|------------------|
|  | <b>£</b>          | <b>£</b>         |
| Improvement fund                                   | -                 | 31,032           |
| Waste Improvement                                  | 38,299            | 49,149           |
| National Exercise Referral Scheme                  | 27,373            | 12,995           |
| National Autism Team                               | 139,498           | 188,508          |
| Education Training Standards Wales                 | 23,370            | 13,739           |
| Supporting Service Children in Education           | 219,566           | 268,721          |
| Regional Skills Partnership                        | 526,497           | 466,094          |
| Armed Forces Free Swimming                         | 6,465             | 53,180           |
| Resilience and Safety                              | 26,872            | 34,169           |
| Food and Fun (School Holiday Enrichment Programme) | 2,275             | 673,485          |
| Unaccompanied Asylum Seeking Children              | 10,134            | 335,303          |
| Wales Strategic Migration Partnership              | 17,280            | 24,376           |
| Local Authority Social Services                    | 175,004           | 16,329           |
| National Commissioning Board                       | 34,122            | 42,897           |
| Armed Forces Covenant                              | 637               | 600              |
| Combined Education Grant                           | 1,026,690         | 2,394,531        |
| Life long learning grant                           | 204               | 9,342            |
| Unadopted Roads Project                            | 4,062             | 15,181           |
| EU Transition funding                              | 1,145,113         | 1,268,387        |
| EU Transition Food Provision                       | 2,000,000         | 1,250,000        |
| EU Settled Status                                  | -                 | 224,000          |
| Homelessness EUTF                                  | 151,305           | 52,500           |
| Armed Forces Liaison Officer                       | 250,000           | 250,000          |
| Food in Schools                                    | 69,102            | 87,187           |
| Safer Communities project                          | 663               | 1,131            |
| Horizon 2020                                       | 1,191             | 4,112            |
| Taxi Licence Project                               | 866               | -                |
| NRW Green Recovery                                 | 4,201,955         | -                |
| Decarb support programme                           | 6,600,000         | -                |
| Digital Team                                       | 111,613           | -                |
| Improvement Support Programme                      | 145,755           | -                |
| Education Support Covid-19                         | 6,981,520         | -                |
| All Wales SCN                                      | 34,059            | -                |
|  | <u>23,971,490</u> | <u>7,766,948</u> |

**WELSH LOCAL GOVERNMENT ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

| <b>12 OTHER EXPENSES</b>                                 | <b>2021</b>    | <b>2020</b>    |
|--|----------------|----------------|
|  | <b>£</b>       | <b>£</b>       |
| Information communication technology                     | 83,632         | 97,851         |
| Website expenses   | 3,519          | 4,000          |
| Research   | 2,250          | 3,075          |
| Translation costs  | 24,584         | 35,738         |
| Data Cymru (formerly Local Government Data Unit - Wales) | 70,000         | 80,000         |
| Professional and Consultancy fees                        | 150,170        | 9,000          |
| Conferences & events                                     | -              | 45,048         |
| Local Government Association                             | 235,020        | 230,412        |
| Directors of Public Protection                           | 97,492         | 83,391         |
| Principal Youth Officers Group                           | 64             | 12,688         |
| Miscellaneous expenses                                   | 9,259          | 37,419         |
| WLGA Conference  | -              | 1,875          |
| Project costs  | 72,663         | 70,084         |
| LA Support Arrangements                                  | -              | 62,355         |
| SWT Policy Officer                                       | -              | 4,467          |
|  | <u>748,653</u> | <u>777,403</u> |

| <b>13 DEBTORS</b> | <b>2021</b>       | <b>2020</b>      |
|-------------------|-------------------|------------------|
|                   | <b>£</b>          | <b>£</b>         |
| Trade Debtors     | 172,134           | 117,664          |
| Grant Debtors     | 9,625,167         | 1,302,252        |
| Sundry Debtors    | 62,290            | 59,583           |
| VAT               | 141,754           | 125,987          |
|                   | <u>10,001,345</u> | <u>1,605,486</u> |

| <b>14 CREDITORS</b>                | <b>2021</b>       | <b>2020</b>      |
|------------------------------------|-------------------|------------------|
|                                    | <b>£</b>          | <b>£</b>         |
| Trade Creditors                    | 5,113,340         | 1,089,895        |
| Accruals                           | 9,646,411         | 753,008          |
| Deferred Income                    | 2,536,384         | 1,708,168        |
| Amounts owed to group undertakings | -                 | 37,710           |
|                                    | <u>17,296,135</u> | <u>3,588,781</u> |

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

|   | <b>2021</b> | <b>2020</b>   |
|---|-------------|---------------|
|   | <b>£</b>    | <b>£</b>      |
| Local Government Data Unit - Wales - (Data Cymru) | -           | 37,710        |
|   | <u>-</u>    | <u>37,710</u> |

**WELSH LOCAL GOVERNMENT ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

| 15 <b>RESERVES</b>                              | <b>General<br/>£</b> | <b>Designated<br/>£</b> | <b>Total<br/>£</b> |
|---|----------------------|-------------------------|--------------------|
| Balance brought forward<br>as previously stated | (5,298,934)          | 974,645                 | (4,324,289)        |
| Deficit for the year                            | (334,604)            | -                       | (334,604)          |
| Remeasurement (liabilities & assets)            | (2,040,000)          | -                       | (2,040,000)        |
| Transfers                                       | 974,645              | (974,645)               | -                  |
|   | <hr/>                | <hr/>                   | <hr/>              |
| At 31 March 2021                                | <u>(6,698,893)</u>   | <u>-</u>                | <u>(6,698,893)</u> |

**16 FINANCIAL COMMITMENT**

The Association has entered into a financial commitment with Cardiff County Council to pay £94,455 for Information and Communication Technology services up to 30 September 2021.

**17 OPERATING LEASE COMMITMENT**

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

|                            | <b>2021</b>    | <b>2020</b>    |
|----------------------------|----------------|----------------|
| Land and Buildings         |                |                |
| Within one year            | -              | 201,927        |
| Between one and five years | 424,125        | 100,863        |
|                            | <u>424,125</u> | <u>302,790</u> |

**WELSH LOCAL GOVERNMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**18 SUBSIDIARY COMPANIES**

**Data Cymru** (formerly Local Government Data Unit - Wales)

|   | <b>2021</b>      | <b>2020</b>      |
|---|------------------|------------------|
|   | <b>£</b>         | <b>£</b>         |
| Deficit for the year                          | <u>(199,083)</u> | <u>(326,136)</u> |
| Capital and Reserves (after pension creditor) | <u>(886,705)</u> | <u>(177,622)</u> |

Reserves before the pension deficit amounted to £913,295 (2020 £862,378). The pension deficit is not expected to crystallise in the short or medium term.

Included in creditors in the balance sheet are amounts owed to Data Cymru of £nil (2020 - £98,710).

During the year the Association was charged £525,277 (2020 - £328,910) by Data Cymru in the normal course of business.

During the year the Association paid a grant over to Data Cymru amounting to £422,500 (2020 - £405,100)

The results of the Data Cymru have not been consolidated into these financial statements. The results shown within these financial statements are that of the Welsh Local Government Association only.

**19 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.

**WELSH LOCAL GOVERNMENT ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**20 PENSION SCHEME**

| <b>Balance sheet items</b> | <b>2021<br/>£000s</b> | <b>2020<br/>£000s</b> |
|----------------------------|-----------------------|-----------------------|
| Market Value of Assets     | 25,973                | 21,779                |
| Liabilities                | 36,235                | 29,486                |
| (Deficit)                  | <u>(10,262)</u>       | <u>(7,707)</u>        |

Deferred taxation has been ignored.

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

|                  | <b>Assets at 31 March 2021</b> |          | <b>Assets at 31 March 2020</b> |          |
|------------------|--------------------------------|----------|--------------------------------|----------|
|                  | <b>£000s</b>                   | <b>%</b> | <b>£000s</b>                   | <b>%</b> |
| Equities         | 13,272                         | 51.1     | 11,281                         | 51.8     |
| Government Bonds | 338                            | 1.3      | 1,829                          | 8.4      |
| Other Bonds      | 2,987                          | 11.5     | 1,133                          | 5.2      |
| Property         | 2,338                          | 9.01     | 2,047                          | 9.4      |
| Cash/Liquidity   | 571                            | 2.2      | 414                            | 1.9      |
| Other            | 6,467                          | 24.9     | 5,075                          | 23.3     |
|                  | <u>25,973</u>                  |          | <u>21,779</u>                  |          |

| <b>Movement in Deficit</b>             | <b>2021<br/>£000s</b> | <b>2020<br/>£000s</b> |
|--|-----------------------|-----------------------|
| (Deficit) at beginning of year         | (7,707)               | (8,527)               |
| Current Service Costs                  | (797)                 | (768)                 |
| Past service costs                     | -                     | (543)                 |
| Employer Contributions                 | 476                   | 673                   |
| Net interest on pension liabilities    | (180)                 | (214)                 |
| Administration expense                 | (14)                  | (12)                  |
| Effects of curtailments                | -                     | (39)                  |
| Remeasurements on liabilities & assets | (2,040)               | 1,723                 |
| (Deficit) at End of Year               | <u>(10,262)</u>       | <u>(7,707)</u>        |

| <b>Analysis of Pension Scheme Adjustment</b> | <b>2021<br/>£000s</b> | <b>2020<br/>£000s</b> |
|--|-----------------------|-----------------------|
| Current Service Costs                        | (797)                 | (768)                 |
| Past service costs                           | -                     | (543)                 |
| Curtailments                                 | -                     | (39)                  |
| Employer Contributions                       | 476                   | 673                   |
| Net Interest/Return on Assets                | (180)                 | (214)                 |
| Administration expense                       | (14)                  | (12)                  |
| <b>Net Profit / (Loss)</b>                   | <u>(515)</u>          | <u>(903)</u>          |

**WELSH LOCAL GOVERNMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**20 PENSION SCHEME (CONT.)**

| <b>Analysis of Net Interest/Return on Assets</b> | <b>2021<br/>£000s</b> | <b>2020<br/>£000s</b> |
|--|-----------------------|-----------------------|
| Interest on plan assets                          | 526                   | 569                   |
| Interest on Pensionable Liabilities              | (706)                 | (783)                 |
| Net Profit / (Loss)                              | <u>(180)</u>          | <u>(214)</u>          |

**Main Assumptions (cont.)**

| <b>Financial:</b>            | <b>2021</b> | <b>2020</b> |
|------------------------------|-------------|-------------|
| CPI inflation                | 2.7%        | 2.1%        |
| Rate of increase in salaries | 4.2%        | 3.6%        |
| Rate of increase in pensions | 2.8%        | 2.2%        |
| Discount rate                | 2.1%        | 2.4%        |

**Split of assets between investment categories:**

|                  |       |       |
|------------------|-------|-------|
| Equities         | 51.1% | 51.8% |
| Government Bonds | 1.3%  | 8.4%  |
| Other Bonds      | 11.5% | 5.2%  |
| Property         | 9.0%  | 9.4%  |
| Cash/Liquidity   | 2.2%  | 1.9%  |
| Other            | 24.9% | 23.3% |

**WELSH LOCAL GOVERNMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**20 PENSION SCHEME (CONT.)**

|  | <b>2021</b>  | <b>2020</b>  |
|--|--|--|
| <b>Post retirement mortality assumptions</b> |  |  |
| Non-retired members                          | S3PA CMI_2018_(1.75%)<br>(131% males,106% females) | S3PA CMI_2018_(1.75%)<br>(131% males,106% females) |
| Retired members                              | S3PA CMI_2018_(1.75%)<br>(124% males,104% females) | S3PA CMI_2018_(1.75%)<br>(124% males,104% females) |
| <b>Life expectancy of a male (female)</b>    |  |  |
| - future pensioner age 65 in 20 years time   | 22.6 (26) years                                    | 22.5 (25.9)years                                   |
| - current pensioner age 65                   | 21 (24.1) years                                    | 20.9 (24) years                                    |



**WELSH LOCAL GOVERNMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2021**

**21 EFFECT OF PENSION SCHEME ON THE DEFICIT FOR THE YEAR**

|   |   | <b>2021<br/>£</b>     | <b>2020<br/>£</b>    |
|---|---|-----------------------|----------------------|
| Deficit per accounts  |   | (334,604)             | (819,532)            |
| <b>PENSION SCHEME INCLUDED IN THE INCOME &amp; EXPENSE ACCOUNT</b>          |   |                       |                      |
| Pension adjustment  | 6 | 811,000               | 1,362,000            |
| Expected return on pension scheme assets                                    |   | (526,000)             | (569,000)            |
| Interest on pension scheme liabilities                                      |   | 706,000               | 783,000              |
| Employers Pension contributions<br>eliminated as a result of Pension scheme |   | (476,000)             | (673,000)            |
| <b>ADJUSTED DEFICIT</b>   |   | <u>180,396</u>        | <u>83,468</u>        |
| Transfer from / (to) designated reserves                                    |   | -                     | -                    |
|   |   | <u><u>180,396</u></u> | <u><u>83,468</u></u> |

**22 GOING CONCERN**

The financial statements currently show that the Association has negative reserves of £6,862,531. The primary reason for the Association having negative reserves is the long term pension deficit of £10,646,000. This deficit is an estimate of the expected shortfall of assets over liabilities in the Association pension scheme and as such the liability is not expected to crystallise in the short term. Excluding the pension deficit the Association has reserves of £3,783,469. This gives the Chief Executive confidence that the Association can continue as a going concern for the foreseeable future.

**WELSH LOCAL GOVERNMENT ASSOCIATION**  
**STRATEGIC REPORT, REPORT OF THE CHIEF EXECUTIVE**  
**AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

Bevan Buckland LLP  
Chartered Accountants  
and Statutory Auditors  
Ground Floor, Cardigan House,  
Castle Court, Swansea Enterprise Park,  
Swansea  
SA7 9LA

# **WELSH LOCAL GOVERNMENT ASSOCIATION**

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# **WELSH LOCAL GOVERNMENT ASSOCIATION STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021**

## **STRATEGIC REPORT, REPORT OF THE CHIEF EXECUTIVE**

The Welsh Local Government Association was established on 1st April 1996 by the twenty two unitary authorities in Wales. The three national park authorities, 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 scene through associate membership of the Local Government Association.

## **GROUP FINANCIAL STATEMENTS**

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

## **REVIEW OF BUSINESS**

Other notable achievements included another successful local government settlement. The 2021-22 settlement was again very positive and built on the foundation of 2020-21. Negotiation of the local government revenue settlement is a big part of the WLGA's work and two years of positive revenue settlements have been very welcome after years of cuts and austerity.

The WLGA continues to align itself around the needs of local government as they focus their services on response and recovery. The WLGA's structure and work programme reflect these changing and uncertain times. Throughout this period, the WLGA has worked tirelessly in support of local councils as they provide essential services to their communities and the people they serve.

The WLGA has however reinitiated the implementation of organisational changes that were begun before the pandemic, which sought to reform and refresh the organisation in preparedness for the establishment of the new Association for the new municipal term from May 2022. The WLGA is in the process of relocating to a new, smaller office location in Cardiff which will provide opportunities for efficiencies, a reduced carbon footprint and a more agile and collaborative approach to work. As part of this process, the WLGA has started reviewing organisational and HR policies and commissioned new WLGA branding to be introduced in 2021-22 alongside a new website to support our communications and public affairs activities.

The WLGA published a bold 'Manifesto for Localism' and a separate Rural Manifesto ahead of the 2021 Senedd Elections, which articulated the local government's core policy priorities:

- Promotion of well-being and encourage healthy, sustainable and vibrant communities:
- Improving outcomes for children and young people and learners:
- Delivering good quality and sustainable social care services for the future:
- Creating good quality homes and safer communities for people to live and work, and
- Supporting sustainable, inclusive growth and a green post-COVID recover.

The Manifesto also promoted our core principles calling for mutual respect and the concept of subsidiarity. Most of the main political parties' manifestos recognised the contribution of local government during the pandemic and included several pledges which aligned with some of the WLGA's core aims.

The WLGA is founded on the belief that public services should be delivered through a democratic framework of local accountability and the conviction that local government is best placed to make decisions about how local services are organised, delivered and managed. This has never been more evident than during this crisis.

**WELSH LOCAL GOVERNMENT ASSOCIATION  
STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2021**

**PRINCIPAL RISKS AND UNCERTAINTIES**

The great strength of the WLGA and local government as a whole is its capacity to respond to changing circumstances and continue to deliver high quality services even at a time of crisis. The Covid-19 Pandemic, Brexit, floods, landslides and years of budget cuts and austerity have all been immensely challenging, but the Association and local government have continued to deliver for the people and communities of Wales. These challenges and pressures are set to continue as the response and recovery processes make increasing demands on services stretched to breaking point. While the WLGA is not a direct service provider, it is susceptible to the same workforce pressures and cuts in income and grant funding.

During the forthcoming year, the Association will move to its new accommodation in One Canal Parade and simultaneously will be implementing its new Agile Working Policy. There is also the prospect of a new Association following the local government elections in May 2021, and on-going pressures of Covid-19 and the continuing impact of Brexit. There is therefore continuing uncertainty ahead but the WLGA will continue to be flexible and fleet of foot, as it has been for the last 25 years in adapting to these and other challenges and continuing to add value to the work of its member authorities.

**FINANCIAL REVIEW OF THE YEAR**

The Welsh Local Government Association collects subscriptions from its members. In 2020/21 subscriptions were not increased. Since 2009-10, subscription income has fallen by nearly a third in real terms.

The Association also receives grant income from the Welsh Government and other bodies for a number of specific activities in support of Welsh local authorities. In 2020-21 the Association's grant income increased by £16.6m in comparison with the previous financial year. Full details of Welsh Government and other grants can be found on page 20.

In 2020-21 the Association provided funding from the Revenue Support Grant Top Slice of over £3.2m to support the activities of the National and Urdd Eisteddfodau, Data Cymru, the Royal Welsh Show and a number of national social care functions set out on page 20.

The Group shows a reduced deficit of £533,687 for 2020-21 compared to £1,145,668 in previous reporting period. The deficit is mainly due to the accounting treatment of the pensions and a breakdown is shown on page 33.

**STRATEGIC REPORT, REPORT OF THE CHIEF EXECUTIVE**

The detailed budget for 2021-22 was considered by the WLGA Council where a balanced position was presented. Going forward there are some forecast shortfalls in subsequent years which will require modest use of some of the reserves to smooth them out.

The WLGA spends a large proportion of its budget on staff and changes continue although with a decreasing number of voluntary departures. Spending on staff costs and governance, including members services, continues to fall compared with previous years.

Our 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 in to 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.

**WELSH LOCAL GOVERNMENT ASSOCIATION  
STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2021**

**GOING CONCERN**

The financial statements currently show that the Group has negative reserves of £7,585,598. The primary reason for the Group having negative reserves is the long term pension liability of £12,062,000. This deficit is an estimate of the expected shortfall of assets over liabilities in the Association's pension scheme and as such the liability is not expected to crystallise in the short term. Excluding the pension deficit, the group has reserves of £4,476,402. There is no planned crystallisation of the pension liability and therefore the liability remains long term.

The Group has a strong cash position at the year end with a balance of £12,021,132, although, £2,886,829 is included as deferred income. This still leaves the Group in a strong cash position, and with the Association prepaying its pension deficit payments, this will have a positive impact on its cash position moving forward.

Therefore, even though the financial position shows a negative reserve position at the year end the Chief Executive is confident that the Group can continue as a going concern for the foreseeable future.

ON BEHALF OF THE MEMBERS

.....  
CHIEF EXECUTIVE - CHRIS LLEWELYN

DATE.....

**WELSH LOCAL GOVERNMENT ASSOCIATION  
REPORT OF THE CHIEF EXECUTIVE  
FOR THE YEAR ENDED 31 MARCH 2021**

The Chief Executive presents his report with the financial statements of the Consolidated accounts for the year ended 31 March 2021.

**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  
REPORT OF THE CHIEF EXECUTIVE  
FOR THE YEAR ENDED 31 MARCH 2021**

**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 2021 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

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

.....  
DATE



## **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 for the year ended 31 March 2021 which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, Statement of cashflows 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 2021 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 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**

We draw your attention to note 23 in the financial statements, which indicates that the group is insolvent with negative reserves of £7,585,598. This is primarily due to the long term pension scheme deficit of £12,062,000 in which the group participates. This deficit is an estimate of the expected shortfall of assets over liabilities in the pension scheme and as such the liability is not expected to crystallise in the short term. This indicates that a material uncertainty exists that may cast significant doubt on the group's long term ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **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.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Chief Executive for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Chief Executive has been prepared in accordance with applicable legal requirements.

### **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 4, 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](http://www.frc.org.uk/auditorsresponsibilities)]. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the 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 2021**

|   | Notes | 2021<br>£               | 2020<br>£                 |
|---|-------|-------------------------|---------------------------|
| <b>INCOME</b>   |       |                         |                           |
| Subscriptions   | 2     | 2,347,018               | 2,281,339                 |
| Grant Income  | 3     | 29,460,017              | 12,967,929                |
| Other Income  | 4     | 730,520                 | 649,983                   |
|   |       | <u>32,537,555</u>       | <u>15,899,251</u>         |
| <b>EXPENDITURE</b>  |       |                         |                           |
| Staff Costs   | 5     | 4,876,854               | 4,302,530                 |
| Pension charge  | 6     | 1,101,000               | 1,782,000                 |
| Office Accommodation  | 7     | 573,852                 | 372,011                   |
| Office Services   | 8     | 147,927                 | 177,901                   |
| Member Services   | 9     | 25,742                  | 28,506                    |
| Furniture and Equipment   |       | 6,425                   | 4,200                     |
| RSG Top Slice Costs   | 10    | 1,693,228               | 1,662,400                 |
| Welsh Government Other Grant Costs                                | 11    | 23,595,619              | 7,766,948                 |
| Other Expenses  | 12    | 843,297                 | 712,270                   |
| Depreciation  |       | 11,523                  | 14,302                    |
|   |       | <u>32,875,467</u>       | <u>16,823,068</u>         |
| <b>OTHER FINANCE INCOME/COSTS - PENSION LIABILITY</b>             |       |                         |                           |
| Expected return on pension scheme assets                          |       | (526,000)               | (569,000)                 |
| Interest on pension scheme liabilities                            |       | 726,000                 | 803,000                   |
|   |       | <u>33,075,467</u>       | <u>17,057,068</u>         |
| <b>OPERATING (DEFICIT) FOR THE YEAR</b>                           |       | <b>(537,912)</b>        | <b>(1,157,817)</b>        |
| Interest Receivable   |       | 4,225                   | 12,149                    |
| <b>(DEFICIT) ON ORDINARY ACTIVITIES</b>                           | 22    | <b>(533,687)</b>        | <b>(1,145,668)</b>        |
| Transfers to/(from) Designated reserves                           | 16    | -                       | -                         |
| <b>(DEFICIT) AFTER TRANSFER TO/(FROM)<br/>DESIGNATED RESERVES</b> |       | <u><b>(533,687)</b></u> | <u><b>(1,145,668)</b></u> |

A note reconciling the movement of the deficit as a result of the pension liability adjustment can be found on page 33, note 22.

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

The notes on pages 17 - 33 form part of these financial statements.

**WELSH LOCAL GOVERNMENT ASSOCIATION**  
**ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE ENDED 31 MARCH 2021**

|   | Notes | 2021<br>£         | 2020<br>£         |
|---|-------|-------------------|-------------------|
| <b>INCOME</b>   |       |                   |                   |
| Subscriptions   | 2     | 2,347,018         | 2,281,339         |
| Project Income  | 3     | 29,090,807        | 12,441,241        |
| Other Income  | 4     | 645,520           | 562,215           |
|   |       | <u>32,083,345</u> | <u>15,284,795</u> |
| <b>EXPENDITURE</b>  |       |                   |                   |
| Staff Costs   | 5     | 3,852,791         | 3,356,778         |
| Pension scheme charge                                       | 6     | 811,000           | 1,362,000         |
| Office Accommodation  | 7     | 572,318           | 370,739           |
| Office Services   | 8     | 138,027           | 168,402           |
| Member Services   | 9     | 25,742            | 28,506            |
| Furniture and Equipment                                     |       | 6,425             | 4,200             |
| RSG Top Slice Costs   | 10    | 2,115,728         | 2,067,500         |
| Welsh Government Other Grant Costs                          | 11    | 23,971,490        | 7,766,948         |
| Other Expenses  | 12    | 748,653           | 777,403           |
|   |       | <u>32,242,174</u> | <u>15,902,476</u> |
| <b>OTHER FINANCE INCOME/COSTS</b>                           |       |                   |                   |
| Expected return on pension scheme assets                    |       | (526,000)         | (569,000)         |
| Interest on pension scheme liabilities                      |       | 706,000           | 783,000           |
|   |       | <u>32,422,174</u> | <u>16,116,476</u> |
| <b>OPERATING DEFICIT FOR THE YEAR</b>                       |       | <b>(338,829)</b>  | <b>(831,681)</b>  |
| Interest Receivable   |       | 4,225             | 12,149            |
| <b>DEFICIT ON ORDINARY ACTIVITIES</b>                       | 22    | <b>(334,604)</b>  | <b>(819,532)</b>  |
| Transfers to/(from) Designated reserves                     | 16    | -                 | -                 |
| <b>DEFICIT AFTER TRANSFER TO/(FROM) DESIGNATED RESERVES</b> |       | <b>(334,604)</b>  | <b>(819,532)</b>  |

A note reconciling the movement of the deficit as a result of pension scheme adjustment can be found on page 33, note 22.

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

The notes on pages 17 - 33 form part of these financial statements.

**WELSH LOCAL GOVERNMENT ASSOCIATION  
GROUP OTHER COMPREHENSIVE INCOME  
AS AT 31 MARCH 2021**

|   | <b>2021</b>               | <b>2020</b>           |
|---|---------------------------|-----------------------|
|   | <b>£</b>                  | <b>£</b>              |
| <b>WELSH LOCAL GOVERNMENT ASSOCIATION</b>                             |                           |                       |
| Group (deficit) for the financial year                                | (533,687)                 | (1,145,668)           |
| <b>OTHER COMPREHENSIVE INCOME</b>                                     |                           |                       |
| Remeasurements on assets  | 4,859,000                 | 2,982,000             |
| Remeasurements on liabilities   | (7,409,000)               | (1,189,000)           |
|   | <hr/>                     | <hr/>                 |
| <b>OTHER COMPREHENSIVE INCOME<br/>FOR THE YEAR, NET OF INCOME TAX</b> | <u>(2,550,000)</u>        | <u>1,793,000</u>      |
|   | <hr/>                     | <hr/>                 |
| <b>TOTAL COMPREHENSIVE INCOME<br/>FOR THE YEAR</b>                    | <u><u>(3,083,687)</u></u> | <u><u>647,332</u></u> |

**WELSH LOCAL GOVERNMENT ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2021**

|  |              | <b>GROUP</b>       |                    | <b>Association</b> |                    |
|--|--------------|--------------------|--------------------|--------------------|--------------------|
|  | <b>Notes</b> | <b>2021</b>        | <b>2020</b>        | <b>2021</b>        | <b>2020</b>        |
|  |              | <b>£</b>           | <b>£</b>           | <b>£</b>           | <b>£</b>           |
| <b>FIXED ASSETS</b>                                |              |                    |                    |                    |                    |
| Tangible assets                                    | 13           | 15,447             | 16,762             | -                  | -                  |
| <b>CURRENT ASSETS</b>                              |              |                    |                    |                    |                    |
| Debtors  | 14           | 10,026,128         | 1,607,100          | 10,001,345         | 1,605,486          |
| Cash at Bank and in hand                           |              | <u>12,021,132</u>  | <u>6,418,451</u>   | <u>10,857,897</u>  | <u>5,366,006</u>   |
|  |              | 22,047,260         | 8,025,551          | 20,859,242         | 6,971,492          |
| <b>CURRENT LIABILITIES</b>                         | 15           | <u>17,586,305</u>  | <u>3,797,223</u>   | <u>17,296,135</u>  | <u>3,588,781</u>   |
| <b>NET ASSETS EXCLUDING PENSION LIABILITY</b>      |              | 4,476,402          | 4,245,090          | 3,563,107          | 3,382,711          |
| <b>PENSION LIABILITY</b>                           | 21           | (12,062,000)       | (8,747,000)        | (10,262,000)       | (7,707,000)        |
| <b>NET LIABILITIES INCLUDING PENSION LIABILITY</b> |              | <u>(7,585,598)</u> | <u>(4,501,910)</u> | <u>(6,698,893)</u> | <u>(4,324,289)</u> |
| <b>FINANCED BY:</b>                                |              |                    |                    |                    |                    |
| Reserves   | 16           | (7,585,598)        | (4,501,910)        | (6,698,893)        | (4,324,289)        |
|  |              | <u>(7,585,598)</u> | <u>(4,501,910)</u> | <u>(6,698,893)</u> | <u>(4,324,289)</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

The notes on pages 17 - 33 form part of these financial statements.



**WELSH LOCAL GOVERNMENT ASSOCIATION  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2021**

|                                 | Retained<br>earnings<br>£ | Total<br>equity<br>£ |
|---------------------------------|---------------------------|----------------------|
| <b>Balance as 1 April 2019</b>  | (5,149,242)               | (5,149,242)          |
| <b>Changes in Equity</b>        |                           |                      |
| Total comprehensive income      | <u>647,332</u>            | <u>647,332</u>       |
| <b>Balance at 31 March 2020</b> | <u>(4,501,910)</u>        | <u>(4,501,910)</u>   |
| <b>Changes in Equity</b>        |                           |                      |
| Total comprehensive income      | <u>(3,083,687)</u>        | <u>(3,083,687)</u>   |
| <b>Balance at 31 March 2021</b> | <u>(7,585,598)</u>        | <u>(7,585,598)</u>   |

**WELSH LOCAL GOVERNMENT ASSOCIATION  
GROUP STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED 31 MARCH 2021**

|   | Notes | 2021<br>£                | 2020<br>£               |
|---|-------|--------------------------|-------------------------|
| <b>Cash flows from operating activities</b>           |       |                          |                         |
|   | 1     | <u>5,608,664</u>         | <u>13,370</u>           |
| Net cash from operating activities                    |       | <u>5,608,664</u>         | <u>13,370</u>           |
| <b>Cash flows from investing activities</b>           |       |                          |                         |
| Interest received                                     |       | 4,225                    | 12,149                  |
| Purchase of tangible fixed assets                     |       | <u>(10,208)</u>          | <u>(958)</u>            |
|   |       | (5,983)                  | 11,191                  |
| Net cash from investing activities                    |       | <u>5,602,681</u>         | <u>24,561</u>           |
| Increase in cash and cash equivalents                 |       |                          |                         |
| <b>Cash and cash equivalents at beginning of year</b> | 2     | <u>6,418,451</u>         | <u>6,393,890</u>        |
| <b>Cash and cash equivalents at end of year</b>       | 2     | <u><u>12,021,132</u></u> | <u><u>6,418,451</u></u> |

**WELSH LOCAL GOVERNMENT ASSOCIATION**  
**NOTES TO THE GROUP STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

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

|                                       | <b>2021</b><br><b>£</b> | <b>2020</b><br><b>£</b> |
|---------------------------------------|-------------------------|-------------------------|
| Operating (Deficit) for the year      | (537,912)               | (1,157,817)             |
| Depreciation                          | 11,523                  | 14,302                  |
| FRS17 Pension adjustment              | 1,101,000               | 1,782,000               |
| Pension contributions paid            | (536,000)               | (703,000)               |
| Other finance income/costs            | 200,000                 | 194,000                 |
|                                       | <u>238,611</u>          | <u>129,485</u>          |
| (Increase) / Decrease in debtors      | (8,419,028)             | 272,496                 |
| Increase/ (Decrease) in creditors     | 13,789,081              | (388,611)               |
| <b>Cash generated from operations</b> | <u><u>5,608,664</u></u> | <u><u>13,370</u></u>    |

**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:

|                                 |                          |                         |
|---------------------------------|--------------------------|-------------------------|
| <b>Year ended 31 March 2021</b> | 31.03.21<br>£            | 01.04.20<br>£           |
| Cash and cash equivalents       | <u><u>12,021,132</u></u> | <u><u>6,418,451</u></u> |
| <b>Year ended 31 March 2020</b> | 31.03.20<br>£            | 01.04.19<br>£           |
| Cash and cash equivalents       | <u><u>6,418,451</u></u>  | <u><u>6,393,890</u></u> |

**WELSH LOCAL GOVERNMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**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

**Group financial statements**

The financial statements consolidate the results of the Association and its wholly owed 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 does not capitalise fixed assets but charges them to the income and expenditure account in the year of acquisition. The Association purchased furniture and equipment during the year of £6,425 (2020 £4,200).

**WELSH LOCAL GOVERNMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**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 2021**

**1 ACCOUNTING POLICIES - CONT.**

**Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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

**2 SUBSCRIPTIONS**

All of the 22 unitary local authorities were in membership with the Association in 2020/21. 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 2021**

| 3 | <b>WELSH GOVERNMENT AND OTHER<br/>PROJECT INCOME</b> | <b>Group</b>      |                   | <b>Association</b> |                   |
|---|--|-------------------|-------------------|--------------------|-------------------|
|   |  | <b>2021</b>       | <b>2020</b>       | <b>2021</b>        | <b>2020</b>       |
|   |  | <b>£</b>          | <b>£</b>          | <b>£</b>           | <b>£</b>          |
|   | RSG Top Slice Retained                               | 923,600           | 874,800           | 923,600            | 874,800           |
|   | RSG Top Slice: National Eisteddfod                   | 349,900           | 339,700           | 349,900            | 339,700           |
|   | RSG Top Slice: Urdd Eisteddfod                       | 139,400           | 135,300           | 139,400            | 135,300           |
|   | RSG Top Slice: Royal Welsh Show                      | 80,200            | 77,900            | 80,200             | 77,900            |
|   | RSG Top Slice: Data Cymru                            | 422,500           | 405,100           | 422,500            | 405,100           |
|   | RSG Top Slice: National Adoption Service             | 459,200           | 325,200           | 459,200            | 325,200           |
|   | RSG Top Slice: Looked after Children                 | 460,000           | 585,000           | 460,000            | 585,000           |
|   | RSG Top Slice: LGA Workforce support                 | 200,000           | 200,000           | 200,000            | 200,000           |
|   | RSG Top Slice: Food in Schools                       | 170,607           | 190,966           | 170,607            | 190,966           |
|   | Improvement fund                                     | -                 | 31,032            | -                  | 31,032            |
|   | National Exercise Referral Scheme                    | 154,920           | 162,327           | 154,920            | 162,327           |
|   | Waste Improvement                                    | 320,760           | 335,801           | 320,760            | 335,801           |
|   | National Autism Team                                 | 599,117           | 663,793           | 599,117            | 663,793           |
|   | Education Training Standards Wales                   | 42,328            | 45,128            | 42,328             | 45,128            |
|   | Supporting Service Children in Wales                 | 286,830           | 363,846           | 286,830            | 363,846           |
|   | Data Unit Specific Project Income                    | 369,210           | 526,688           | -                  | -                 |
|   | Regional Skills Partnership                          | 526,497           | 466,094           | 526,497            | 466,094           |
|   | Armed Forces Free Swimming                           | 6,465             | 53,180            | 6,465              | 53,180            |
|   | Resilience and Safety                                | 94,348            | 103,799           | 94,348             | 103,799           |
|   | Unaccompanied Asylum Seeking Children                | 10,134            | 335,303           | 10,134             | 335,303           |
|   | Horizon 2020   | 58,288            | 4,112             | 58,288             | 4,112             |
|   | Combined Education Grant                             | 1,021,690         | 2,428,599         | 1,021,690          | 2,428,599         |
|   | Local Authority Social Services                      | 143,000           | 16,329            | 143,000            | 16,329            |
|   | National Commissioning Board                         | 155,544           | 42,897            | 155,544            | 42,897            |
|   | Food and Fun   | 105,759           | 771,373           | 105,759            | 771,373           |
|   | Wales Strategic Migration Partnership                | 238,161           | 232,000           | 238,161            | 232,000           |
|   | EU Transition Funding                                | 1,244,311         | 1,299,302         | 1,244,311          | 1,299,302         |
|   | Unadopted Roads Project                              | 24,302            | 42,901            | 24,302             | 42,901            |
|   | Life Long Learning Grant                             | 204               | 9,342             | 204                | 9,342             |
|   | Safer Communities project                            | 39,754            | 83,173            | 39,754             | 83,173            |
|   | Taxi Licencing Project                               | 78,445            | 34,822            | 78,445             | 34,822            |
|   | EU Transition Food Provision                         | 2,000,000         | 1,250,000         | 2,000,000          | 1,250,000         |
|   | EU Settled Status                                    | -                 | 224,000           | -                  | 224,000           |
|   | Homelessness EUTF                                    | 151,305           | 57,500            | 151,305            | 57,500            |
|   | Armed Forces Covenant                                | 11,637            | 622               | 11,637             | 622               |
|   | Armed Forces Liaison Officer                         | 250,000           | 250,000           | 250,000            | 250,000           |
|   | NRW Green Recovery                                   | 4,201,955         | -                 | 4,201,955          | -                 |
|   | Decarb support programme                             | 6,600,000         | -                 | 6,600,000          | -                 |
|   | Digital team   | 262,740           | -                 | 262,740            | -                 |
|   | Improvement Support Programme                        | 149,222           | -                 | 149,222            | -                 |
|   | Education Support Covid-19                           | 7,013,172         | -                 | 7,013,172          | -                 |
|   | All Wales SCN  | 94,512            | -                 | 94,512             | -                 |
|   |  | <u>29,460,017</u> | <u>12,967,929</u> | <u>29,090,807</u>  | <u>12,441,241</u> |

**WELSH LOCAL GOVERNMENT ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

| 4 OTHER INCOME                               | Group          |                | Association    |                |
|--|----------------|----------------|----------------|----------------|
|  | 2021           | 2020           | 2021           | 2020           |
|  | £              | £              | £              | £              |
| Conference Fees, Charges and Training Events | 2,083          | 25,532         | 2,083          | 25,532         |
| Policy                                       | 51,808         | 19,305         | 51,808         | 19,305         |
| ADEW Support Officer                         | 40,000         | 30,000         | 40,000         | 30,000         |
| Directors of Public Protection               | 77,718         | 83,391         | 77,718         | 83,391         |
| Principal Youth Officers Group               | 9,439          | 7,328          | 9,439          | 7,328          |
| SWT Policy Officer                           | -              | 73,694         | -              | 73,694         |
| Rental income                                | 3,500          | 43,500         | 43,500         | 43,500         |
| Data Unit other income                       | 125,000        | 87,768         | -              | -              |
| Candidates survey                            | -              | -              | -              | -              |
| Secondment costs                             | 420,972        | 262,815        | 420,972        | 262,815        |
| Local Authority Support Arrangements         | -              | 16,650         | -              | 16,650         |
|  | <u>730,520</u> | <u>649,983</u> | <u>645,520</u> | <u>562,215</u> |

**5 STAFF COSTS**

|                                       | Group            |                  | Association      |                  |
|---------------------------------------|------------------|------------------|------------------|------------------|
|                                       | 2021             | 2020             | 2021             | 2020             |
| Average monthly number of employees   | <u>95</u>        | <u>85</u>        | <u>70</u>        | <u>61</u>        |
|                                       |                  |                  |                  |                  |
|                                       | Group            |                  | Association      |                  |
|                                       | 2021             | 2020             | 2021             | 2020             |
|                                       | £                | £                | £                | £                |
| Total staff costs were as follows:    |                  |                  |                  |                  |
| Salaries (including redundancy costs) | 4,386,121        | 3,793,120        | 3,471,027        | 2,971,079        |
| Employers National Insurance          | 431,254          | 372,269          | 335,765          | 286,242          |
| Training                              | 8,522            | 9,651            | 6,711            | 6,967            |
| Travel and Subsistence                | 12,151           | 103,982          | 7,965            | 89,048           |
| Recruitment and Advertising           | 38,806           | 23,508           | 31,323           | 3,442            |
|                                       | <u>4,876,854</u> | <u>4,302,530</u> | <u>3,852,791</u> | <u>3,356,778</u> |

Included in the above staff costs are early retirement costs of £15,518 (2020 £42,944).

The remuneration of the Chief Executive of the Association, together with employer's pension contributions amounted to £168,116 (2020 - £158,456), which can be analysed as follows:-



**WELSH LOCAL GOVERNMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

|                               |                |                |
|-------------------------------|----------------|----------------|
| <b>5 STAFF COSTS - Cont.</b>  | <b>2021</b>    | <b>2020</b>    |
|                               | <b>£</b>       | <b>£</b>       |
| Gross Salary                  | 128,865        | 125,211        |
| Employer's National Insurance | 16,571         | 16,091         |
| Employer's Superannuation     | 22,680         | 17,154         |
|                               | <u>168,116</u> | <u>158,456</u> |

| <b>6 PENSION SCHEME INCOME &amp; EXPENDITURE CHARGE</b> | <b>Group</b>     |                  | <b>Association</b> |                  |
|---|------------------|------------------|--------------------|------------------|
|   | <b>2021</b>      | <b>2020</b>      | <b>2021</b>        | <b>2020</b>      |
|   | <b>£</b>         | <b>£</b>         | <b>£</b>           | <b>£</b>         |
| Current service cost                                    | 1,087,000        | 1,188,000        | 797,000            | 768,000          |
| Past service costs                                      | -                | 543,000          | -                  | 543,000          |
| Curtailments  | -                | 39,000           | -                  | 39,000           |
| Administration expenses                                 | 14,000           | 12,000           | 14,000             | 12,000           |
|   | <u>1,101,000</u> | <u>1,782,000</u> | <u>811,000</u>     | <u>1,362,000</u> |

**7 OFFICE ACCOMMODATION**

During the year ended 31 March 2021, the Association occupied the Local Government House, Drake Walk, Atlantic Wharf, Cardiff under a tenancy agreement from Doublet Holdings Limited. The rent payable is £176,800 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 £13,320 (2020 - £12,166). Also included are amounts relating to non audit fees of £4,000 (2020 - £4,150).

**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.

| <b>10 RSG TOP SLICE COSTS</b>            | <b>Group</b>     |                  | <b>Association</b> |                  |
|--|------------------|------------------|--------------------|------------------|
|  | <b>2021</b>      | <b>2020</b>      | <b>2021</b>        | <b>2020</b>      |
|  | <b>£</b>         | <b>£</b>         | <b>£</b>           | <b>£</b>         |
| RSG Top Slice: National Eisteddfod       | 349,900          | 339,000          | 349,900            | 339,000          |
| RSG Top Slice: Urdd Eisteddfod           | 139,400          | 135,300          | 139,400            | 135,300          |
| RSG Top Slice: Royal Welsh Show          | 80,200           | 77,900           | 80,200             | 77,900           |
| RSG Top Slice: Local Government Data Ur  | -                | -                | 422,500            | 405,100          |
| RSG Top Slice: National Adoption Service | 463,728          | 450,200          | 463,728            | 450,200          |
| RSG Top Slice: Looked after children     | 460,000          | 460,000          | 460,000            | 460,000          |
| RSG Top Slice: LGA                       | 200,000          | 200,000          | 200,000            | 200,000          |
|  | <u>1,693,228</u> | <u>1,662,400</u> | <u>2,115,728</u>   | <u>2,067,500</u> |

**WELSH LOCAL GOVERNMENT ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**11 WELSH GOVERNMENT OTHER PROJECT COSTS (EXCLUDING EMPLOYEE COSTS)**

|  | <b>Group</b>      |                  | <b>Association</b> |                  |
|--|-------------------|------------------|--------------------|------------------|
|  | <b>2021</b>       | <b>2020</b>      | <b>2021</b>        | <b>2020</b>      |
|  | <b>£</b>          | <b>£</b>         | <b>£</b>           | <b>£</b>         |
| Improvement fund                         |                   | 31,032           |                    | 31,032           |
| Waste Improvement                        | 28,299            | 49,149           | 38,299             | 49,149           |
| National Exercise Referral Scheme        | 27,373            | 12,995           | 27,373             | 12,995           |
| National Autism Team                     | 121,498           | 188,508          | 139,498            | 188,508          |
| Education Training Standards Wales       | 23,370            | 13,739           | 23,370             | 13,739           |
| Supporting Service Children in Education | 219,566           | 268,721          | 219,566            | 268,721          |
| Regional Skills Partnership              | 476,647           | 466,094          | 526,497            | 466,094          |
| Armed Forces Free Swimming               | 6,465             | 53,180           | 6,465              | 53,180           |
| Resilience and Safety                    | 21,622            | 34,169           | 26,872             | 34,169           |
| Food and Fun                             | 2,275             | 673,485          | 2,275              | 673,485          |
| Unaccompanied Asylum Seeking Children    | 10,134            | 335,303          | 10,134             | 335,303          |
| Wales Strategic Migration Partnership    | 4,330             | 24,376           | 17,280             | 24,376           |
| Local Authority Social Services          | 42,004            | 16,329           | 175,004            | 16,329           |
| National Commissioning Board             | 14,921            | 42,897           | 34,122             | 42,897           |
| Armed Forces Covenant                    | 637               | 600              | 637                | 600              |
| Combined Education Grant                 | 1,006,690         | 2,394,531        | 1,026,690          | 2,394,531        |
| Life long learning grant                 | 204               | 9,342            | 204                | 9,342            |
| Unadopted Roads Project                  | 4,062             | 15,181           | 4,062              | 15,181           |
| EU Transition funding                    | 1,145,113         | 1,268,387        | 1,145,113          | 1,268,387        |
| EU Transition Food Provision             | 2,000,000         | 1,250,000        | 2,000,000          | 1,250,000        |
| EU Settled Status                        | -                 | 224,000          | -                  | 224,000          |
| Homelessness EUTF                        | 151,305           | 52,500           | 151,305            | 52,500           |
| Armed Forces Liaison Officer             | 250,000           | 250,000          | 250,000            | 250,000          |
| Food in Schools                          | 57,832            | 87,187           | 69,102             | 87,187           |
| Safer Communities project                | 663               | 1,131            | 663                | 1,131            |
| Horizon 2020                             | 1,191             | 4,112            | 1,191              | 4,112            |
| Taxi Licence Project                     | 866               | -                | 866                | -                |
| NRW Green Recovery                       | 4,201,955         | -                | 4,201,955          | -                |
| Decarb support programme                 | 6,600,000         | -                | 6,600,000          | -                |
| Digital Team                             | 111,613           | -                | 111,613            | -                |
| Improvement Support Programme            | 77,705            | -                | 145,755            | -                |
| Education Support Covid-19               | 6,953,220         | -                | 6,981,520          | -                |
| All Wales SCN                            | 34,059            | -                | 34,059             | -                |
|  | <b>23,595,619</b> | <b>7,766,948</b> | <b>23,971,490</b>  | <b>7,766,948</b> |

**WELSH LOCAL GOVERNMENT ASSOCIATION**  
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| 12 OTHER EXPENSES                    | Group          |                | Association    |                |
|--------------------------------------|----------------|----------------|----------------|----------------|
|                                      | 2021<br>£      | 2020<br>£      | 2021<br>£      | 2020<br>£      |
| Information communication technology | 83,632         | 97,851         | 83,632         | 97,851         |
| Website expenses                     | 19             | 4,000          | 3,519          | 4,000          |
| Research                             | 2,250          | 3,075          | 2,250          | 3,075          |
| Translation costs                    | 24,584         | 35,738         | 24,584         | 35,738         |
| Local Government Data Unit - Wales   | -              | -              | 70,000         | 80,000         |
| Professional and Consultancy fees    | 150,170        | 9,000          | 150,170        | 9,000          |
| Conferences & events                 | -              | 45,048         | -              | 45,048         |
| Local Government Association         | 235,020        | 230,412        | 235,020        | 230,412        |
| Directors of Public Protection       | 97,492         | 83,391         | 97,492         | 83,391         |
| Principal Youth Officers Group       | 64             | 12,688         | 64             | 12,688         |
| Miscellaneous expenses               | 9,259          | 37,419         | 9,259          | 37,419         |
| WLGA Conference                      | -              | 1,875          | -              | 1,875          |
| Project costs                        | 240,807        | 70,084         | 72,663         | 70,084         |
| LA Support Arrangements              | -              | 77,222         | -              | 62,355         |
| SWT Policy Officer                   | -              | 4,467          | -              | 4,467          |
|                                      | <u>843,297</u> | <u>712,270</u> | <u>748,653</u> | <u>777,403</u> |

| <b>FIXED ASSETS</b>   | <b>(GROUP)</b> | <b>Office &amp;<br/>Computer<br/>Equipment<br/>£</b> |
|-----------------------|----------------|--|
| At 1 April 2020       |                | 124,883  |
| Additions             |                | 10,208   |
| Disposals             |                | -  |
| At 31 March 2021      |                | <u>135,091</u>                                       |
| <b>DEPRECIATION</b>   |                |  |
| At 1 April 2020       |                | 108,121  |
| Charge for Year       |                | 11,523   |
| Elimated on disposal  |                | -  |
| At 31 March 2021      |                | <u>119,644</u>                                       |
| <b>NET BOOK VALUE</b> |                |  |
| At 31 March 2021      |                | <u>15,447</u>  |
| At 31 March 2020      |                | <u>16,762</u>  |

**WELSH LOCAL GOVERNMENT ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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| 14 DEBTORS     | Group             |                  | Association       |                  |
|----------------|-------------------|------------------|-------------------|------------------|
|                | 2021<br>£         | 2020<br>£        | 2021<br>£         | 2020<br>£        |
| Trade Debtors  | 230,936           | 168,318          | 172,134           | 117,664          |
| Grant Debtors  | 9,675,167         | 1,338,077        | 9,625,167         | 1,302,252        |
| Sundry Debtors | 62,290            | 59,583           | 62,290            | 59,583           |
| VAT            | 57,735            | 41,122           | 141,754           | 125,987          |
|                | <u>10,026,128</u> | <u>1,607,100</u> | <u>10,001,345</u> | <u>1,605,486</u> |

| 15 CREDITORS                       | Group             |                  | Association       |                  |
|------------------------------------|-------------------|------------------|-------------------|------------------|
|                                    | 2021<br>£         | 2020<br>£        | 2021<br>£         | 2020<br>£        |
| Trade Creditors                    | 5,136,630         | 1,204,461        | 5,113,340         | 1,089,895        |
| Accruals                           | 9,562,846         | 708,849          | 9,539,411         | 753,008          |
| Deferred Income                    | 2,886,829         | 1,883,913        | 2,643,384         | 1,708,168        |
| Amounts owed to group undertakings |                   | -                |                   | 37,710           |
|                                    | <u>17,586,305</u> | <u>3,797,223</u> | <u>17,296,135</u> | <u>3,588,781</u> |

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

|  | 2021<br>£ | 2020<br>£ | 2021<br>£ | 2020<br>£     |
|--|-----------|-----------|-----------|---------------|
| Local Government Data Unit - Wales<br>(Data Cymru) | -         | -         | -         | 37,710        |
|  | <u>-</u>  | <u>-</u>  | <u>-</u>  | <u>37,710</u> |

| 16 RESERVES - GROUP                  | General<br>£       | Designated<br>£ | Total<br>£         |
|--------------------------------------|--------------------|-----------------|--------------------|
| Balance brought forward              | (5,476,555)        | 974,645         | (4,501,910)        |
| Deficit for the year                 | (533,688)          | -               | (533,688)          |
| Remeasurement (liabilities & assets) | (2,550,000)        | -               | (2,550,000)        |
| Transfer between reserves            | -                  | -               | -                  |
| At 31 March 2021                     | <u>(8,560,243)</u> | <u>974,645</u>  | <u>(7,585,598)</u> |

**WELSH LOCAL GOVERNMENT ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

| 16 RESERVES - Association            | General<br>£       | Designated<br>£ | Total<br>£         |
|--------------------------------------|--------------------|-----------------|--------------------|
| Balance brought forward              | (5,298,934)        | 974,645         | (4,324,289)        |
| Deficit for the year                 | (334,604)          | -               | (334,604)          |
| Remeasurement (liabilities & assets) | (2,040,000)        | -               | (2,040,000)        |
| Transfer between reserves            | -                  | -               | -                  |
|                                      | <hr/>              | <hr/>           | <hr/>              |
| At 31 March 2021                     | <u>(7,673,538)</u> | <u>974,645</u>  | <u>(6,698,893)</u> |

£180,000 of designated reserves represent reserves for Information and Communication Technology

£244,645 of designated reserves represent reserves for Invest to Save measures.

£550,000 of designated reserves represent reserves for future pension liabilities.

**17 FINANCIAL COMMITMENT**

The Association has entered into a financial commitment with Cardiff County Council to pay £94,455 for Information and Communication Technology services up to 30 September 2021.

**18 OPERATING LEASE COMMITMENT**

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

|                            | 2021<br>£            | 2020<br>£            |
|----------------------------|----------------------|----------------------|
| Land and Buildings         |                      |                      |
| Within one year            | -                    | 201,927              |
| Between one and five years | 424,125              | 100,863              |
|                            | <hr/> <u>424,125</u> | <hr/> <u>302,790</u> |

**19 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.

**20 SUBSIDIARIES**

The following was a subsidiary of the parent company Welsh Local Government Association at 31 March 2021;

Local Government Data Unit - Wales

**WELSH LOCAL GOVERNMENT ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**20 PENSION SCHEME - ASSOCIATION**

| <b>Balance sheet items</b> | <b>2021<br/>£000s</b> | <b>2020<br/>£000s</b> |
|----------------------------|-----------------------|-----------------------|
| Market Value of Assets     | 25,973                | 21,779                |
| Liabilities                | 36,235                | 29,486                |
| (Deficit)                  | <u>(10,262)</u>       | <u>(7,707)</u>        |

Deferred taxation has been ignored.

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

|                  | <b>Assets at 31 March 2021</b> |          | <b>Assets at 31 March 2020</b> |          |
|------------------|--------------------------------|----------|--------------------------------|----------|
|                  | <b>£000s</b>                   | <b>%</b> | <b>£000s</b>                   | <b>%</b> |
| Equities         | 13,272                         | 51.1     | 11,281                         | 51.8     |
| Government Bonds | 338                            | 1.3      | 1,829                          | 8.4      |
| Other Bonds      | 2,987                          | 11.5     | 1,133                          | 5.2      |
| Property         | 2,338                          | 9.01     | 2,047                          | 9.4      |
| Cash/Liquidity   | 571                            | 2.2      | 414                            | 1.9      |
| Other            | 6,467                          | 24.9     | 5,075                          | 23.3     |
|                  | <u>25,973</u>                  |          | <u>21,779</u>                  |          |

|  | <b>2021<br/>£000s</b> | <b>2020<br/>£000s</b> |
|--|-----------------------|-----------------------|
| <b>Movement in Deficit</b>             |                       |                       |
| (Deficit) at beginning of year         | (7,707)               | (8,527)               |
| Current Service Costs                  | (797)                 | (768)                 |
| Past service costs                     | -                     | (543)                 |
| Employer Contributions                 | 476                   | 673                   |
| Net interest on pension liabilities    | (180)                 | (214)                 |
| Administration expense                 | (14)                  | (12)                  |
| Effects of curtailments                | -                     | (39)                  |
| Remeasurements on liabilities & assets | (2,040)               | 1,723                 |
| (Deficit) at End of Year               | <u>(10,262)</u>       | <u>(7,707)</u>        |

| <b>Analysis of Pension Scheme Adjustment</b> | <b>2021<br/>£000s</b> | <b>2020<br/>£000s</b> |
|--|-----------------------|-----------------------|
| Current Service Costs                        | (797)                 | (768)                 |
| Past service costs                           | -                     | (543)                 |
| Curtailments                                 | -                     | (39)                  |
| Employer Contributions                       | 476                   | 673                   |
| Net Interest/Return on Assets                | (180)                 | (214)                 |
| Administration expense                       | (14)                  | (12)                  |
| <b>Net Profit / (Loss)</b>                   | <u>(515)</u>          | <u>(903)</u>          |

**WELSH LOCAL GOVERNMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**20 PENSION SCHEME (CONT.) - ASSOCIATION**

| <b>Analysis of Net Interest/Return on Assets</b> | <b>2021<br/>£000s</b> | <b>2020<br/>£000s</b> |
|--|-----------------------|-----------------------|
| Interest on plan assets                          | 526                   | 569                   |
| Interest on Pensionable Liabilities              | (706)                 | (783)                 |
| Net Profit / (Loss)                              | <u>(180)</u>          | <u>(214)</u>          |

**Main Assumptions (cont.)**

| <b>Financial:</b>            | <b>2021</b> | <b>2020</b> |
|------------------------------|-------------|-------------|
| CPI inflation                | 2.7%        | 2.1%        |
| Rate of increase in salaries | 4.2%        | 3.6%        |
| Rate of increase in pensions | 2.8%        | 2.2%        |
| Discount rate                | 2.1%        | 2.4%        |

**Split of assets between investment categories:**

|                  |       |       |
|------------------|-------|-------|
| Equities         | 51.1% | 51.8% |
| Government Bonds | 1.3%  | 8.4%  |
| Other Bonds      | 11.5% | 5.2%  |
| Property         | 9.0%  | 9.4%  |
| Cash/Liquidity   | 2.2%  | 1.9%  |
| Other            | 24.9% | 23.3% |

**WELSH LOCAL GOVERNMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**20 PENSION SCHEME (CONT.) - ASSOCIATION**

|  | <b>2021</b>  | <b>2020</b>  |
|--|--|--|
| <b>Post retirement mortality assumptions</b> |  |  |
| Non-retired members                          | S3PA CMI_2018_(1.75%)<br>(131% males,106% females) | S3PA CMI_2018_(1.75%)<br>(131% males,106% females) |
| Retired members                              | S3PA CMI_2018_(1.75%)<br>(124% males,104% females) | S3PA CMI_2018_(1.75%)<br>(124% males,104% females) |
| <b>Life expectancy of a male (female)</b>    |  |  |
| - future pensioner age 65 in 20 years time   | 22.6 (26) years                                    | 22.5 (25.9)years                                   |
| - current pensioner age 65                   | 21 (24.1) years                                    | 20.9 (24) years                                    |



**WELSH LOCAL GOVERNMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**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 2021**

The Employer's regular contributions to the Fund for the accounting period 31 March 2021 are estimated to be £0.06M. 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:**

|                                       | <b>Defined benefit<br/>pension plans</b> |             |
|---------------------------------------|--|-------------|
|                                       | <b>2021</b>                              | <b>2020</b> |
|                                       | <b>£</b>                                 | <b>£</b>    |
| Present value of funded obligations   | (8,400,000)                              | (6,080,000) |
| Fair value of plan assets             | 6,600,000                                | 5,040,000   |
| Present value of unfunded obligations | (1,800,000)                              | (1,040,000) |
| Deficit                               | (1,800,000)                              | (1,040,000) |
| Net liability                         | (1,800,000)                              | (1,040,000) |

**WELSH LOCAL GOVERNMENT ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**21 PENSION SCHEME - SUBSIDIARY (CONT.)**

The amounts recognised in surplus are as follows:

|   | <b>Defined benefit<br/>pension plans</b> |                    |
|---|--|--------------------|
|   | <b>2021</b>                              | <b>2020</b>        |
|   | <b>£</b>                                 | <b>£</b>           |
| Current service cost                              | 290,000                                  | 340,000            |
| <b>Financing</b>                                  |  |                    |
| Interest on net defined benefit liability         | 140,000                                  | 150,000            |
| Total expense in the Income & Expenditure account | <u>430,000</u>                           | <u>490,000</u>     |
| <br><b>Actual return on plan assets</b>           | <br><u>-</u>                             | <br><u>110,000</u> |

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

|                                      | <b>Defined benefit<br/>pension plans</b> |                  |
|--------------------------------------|--|------------------|
|                                      | <b>2021</b>                              | <b>2020</b>      |
|                                      | <b>£</b>                                 | <b>£</b>         |
| Opening defined benefit obligation   | 6,080,000                                | 6,290,000        |
| Current service cost                 |  | 340,000          |
| Contributions by scheme participants | -  | 80,000           |
| Interest cost                        | 140,000                                  | 150,000          |
| Actuarial losses/(gains)             | 1,970,000                                | (310,000)        |
| Benefits paid                        | (80,000)                                 | (470,000)        |
|                                      | <u>8,110,000</u>                         | <u>6,080,000</u> |

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

|                                     | <b>Defined benefit<br/>pension plans</b> |                  |
|-------------------------------------|--|------------------|
|                                     | <b>2021</b>                              | <b>2020</b>      |
|                                     | <b>£</b>                                 | <b>£</b>         |
| Opening fair value of scheme assets | 5,040,000                                | 5,550,000        |
| Contributions by employer           | 60,000                                   | 70,000           |
| Interest income on assets           | 120,000                                  | 130,000          |
| Assesses other remeasurements       | (80,000)                                 | (240,000)        |
| Benefits paid                       | <u>1,460,000</u>                         | <u>(470,000)</u> |
|                                     | <u>6,600,000</u>                         | <u>5,040,000</u> |

**WELSH LOCAL GOVERNMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**21 PENSION SCHEME - SUBSIDIARY (CONT.)**

The amounts recognised in other comprehensive income are as follows:

|                             | <b>Defined benefit<br/>pension plans</b> |             |
|-----------------------------|--|-------------|
|                             | <b>2021</b>                              | <b>2020</b> |
|                             | <b>£</b>                                 | <b>£</b>    |
| Assets other remeasurements | 1,460,000                                | (240,000)   |

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

|                  | <b>Defined benefit<br/>pension plans</b> |                |
|------------------|--|----------------|
|                  | <b>2021</b>                              | <b>2020</b>    |
| Equities         | 70.70%                                   | 68.10%         |
| Government bonds | 6.40%                                    | 7.50%          |
| Corporate bonds  | 9.10%                                    | 11.40%         |
| Cash             | 13.00%                                   | 11.80%         |
| Property         | 0.80%                                    | 1.20%          |
|                  | <u>100.00%</u>                           | <u>100.00%</u> |

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

|                                      | <b>2021</b> | <b>2020</b> |
|--------------------------------------|-------------|-------------|
| Discount rate                        | 2.10%       | 2.30%       |
| CPI Inflation                        | 2.60%       | 1.80%       |
| Pension increases                    | 2.60%       | 1.80%       |
| Pension accounts revaluation rate    | 2.60%       | 1.80%       |
| Rate of general increase in salaries | 3.85%       | 3.05%       |

**WELSH LOCAL GOVERNMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2021**

**22 EFFECT OF PENSION SCHEME ON THE SURPLUS FOR THE YEAR**

|                        | <b>Group</b> |             | <b>Association</b> |             |
|------------------------|--------------|-------------|--------------------|-------------|
|                        | <b>2021</b>  | <b>2020</b> | <b>2021</b>        | <b>2020</b> |
|                        | <b>£</b>     | <b>£</b>    | <b>£</b>           | <b>£</b>    |
| (Deficit) per accounts | (533,687)    | (1,145,668) | (334,604)          | (819,532)   |

**PENSION SCHEME INCLUDED IN THE INCOME AND EXPENSE ACCOUNT**

|  |          |           |           |           |           |
|--|----------|-----------|-----------|-----------|-----------|
| Pension adjustment                       | <b>6</b> | 1,101,000 | 1,782,000 | 811,000   | 1,362,000 |
| Expected return on pension scheme assets |          | (526,000) | (569,000) | (526,000) | (569,000) |
| Interest on pension scheme liabilities   |          | 726,000   | 803,000   | 706,000   | 783,000   |

|  |  |           |           |           |           |
|--|--|-----------|-----------|-----------|-----------|
| Employers Pension contributions eliminated as a result of pension scheme |  | (536,000) | (743,000) | (476,000) | (673,000) |
|--|--|-----------|-----------|-----------|-----------|

|  |  |                |                |                |               |
|--|--|----------------|----------------|----------------|---------------|
| <b>ADJUSTED SURPLUS (PRE PENSION SCHEME)</b> |  | <u>231,313</u> | <u>127,332</u> | <u>180,396</u> | <u>83,468</u> |
|--|--|----------------|----------------|----------------|---------------|

|  |  |   |   |   |   |
|--|--|---|---|---|---|
| Transfer from / (to) designated reserves |  | - | - | - | - |
|--|--|---|---|---|---|

|  |  |                       |                       |                       |                      |
|--|--|-----------------------|-----------------------|-----------------------|----------------------|
|  |  | <u><u>231,313</u></u> | <u><u>127,332</u></u> | <u><u>180,396</u></u> | <u><u>83,468</u></u> |
|--|--|-----------------------|-----------------------|-----------------------|----------------------|

**23 GOING CONCERN**

The financial statements currently show that the Group has negative reserves of £7,585,598. The primary reason for the Group having negative reserves is the long term pension deficit of £12,062,000. This deficit is an estimate of the expected shortfall of assets over liabilities in the Group pension scheme and as such the liability is not expected to crystallise in the short term. Excluding the pension deficit the Group has reserves of £4,476,402. This gives the Chief Executive confidence that the Group can continue as a going concern for the foreseeable future.