

Form AR27

Trade Union and Labour Relations (Consolidation) Act 1992

Annual Return for an Employers' Association

Name of Employers' Association:	Welsh Local Government Association				
Year ended:	31st of March 2020				
List No:	258E				
Head or Main Office:	Local Government House				
	Drake Walk				
	Cardiff				
Postcode	CF10 4LG				
Website address (if available)	www.wlga.gov.uk				
Has the address changed during the year to which the return relates?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	('X' in appropriate box)
General Secretary:					
Contact name for queries regarding the completion of this return:	Gaynor Williams				
Telephone Number:	029 2046 8611				
E-mail:	gaynor.williams@wlga.gov.uk				

Please follow the guidance notes in the completion of this return

Any difficulties or problems in the completion of this return should be directed to the Certification Office as below or by telephone to: 0330 1093602

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

For Employers' Associations based in England and Wales: returns@certoffice.org

For Employers' Associations based in Scotland: ymw@tcyoung.co.uk

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Return of Members

(see note 9)

Number of members at the end of the year				
Great Britain	Northern Ireland	Irish Republic	Elsewhere Abroad (Including Channel Islands)	Totals
28				28

Change of Officers

Please complete the following to record any changes of officers during the twelve months covered by this return.

Position held	Name of Officer ceasing to hold office	Name of Officer appointed	Date of Change
Head of Employment	Jonathan Lloyd	None	

Revenue Account / General Fund

(see notes 11 to 16)

Previous Year			£	£
	Income			
2,274,165	From Members	Subscriptions, levies, etc	2,281,339	2,281,339
	Investment income	Interest and dividends (gross)		
6,964		Bank interest (gross)	12,149	12,149
		Other (specify)		
		Total Investment Income	12,149	12,149
	Other Income	Rents received	43,500	43,500
		Insurance commission		
		Consultancy fees		
		Publications/Seminars	25,532	25,532
10,622,933		Miscellaneous receipts (specify)		
		RSG top Slice 3,086,027	12,934,424	12,934,424
		Project Costs £7,766,948 see page 20		
		Deferred Income £1,708,168 see page 21		
		Total of other income		13,003,456
12,947,562		Total income		15,296,944
		Interfund Transfers IN		
	Expenditure			
3,915,350	Administrative expenses	Remuneration and expenses of staff	4,718,778	4,718,778
382,600		Occupancy costs	370,739	370,739
20,360		Printing, Stationery, Post	15,378	15,378
25,121		Telephones	23,754	23,754
59,765		Legal and Professional fees	9,000	9,000
		Miscellaneous (specify)		
183,900		ICT Outsourcing	97,851	97,851
		GDPR Support	16,375	16,375
71,443		Translation Costs	35,738	35,738
817,454		Other Expenses	734,647	734,647
		Total of Admin expenses		6,022,260
	Other Charges	Bank charges	720	720
		Depreciation		
		Sums written off		
		Affiliation fees		
		Donations		
49,893		Conference and meeting fees	45,048	45,048
		Expenses		
		Miscellaneous (specify)		
5,481,520		Project Costs & Consultancy	7,766,948	7,766,948
2,046,629		Top Slice	2,067,500	2,067,500
		Actuarial pension liability costs	214,000	214,000
7,752,736		Total of other charges		10,094,216
		Taxation		
13,228,729		Total expenditure		16,116,476
		Interfund Transfers OUT		
-281,167		Surplus/Deficit for year		-819,532
		Amount of fund at beginning of year		
-281,167		Amount of fund at end of year		-819,532

Accounts other than Revenue Account/General Fund

(see notes 17 to 18)

Account 2		Fund Account		
Name of account:		£	£	
Income	From members			
	Investment income			
	Other Income (specify)			
			Total Income	
Expenditure	Administrative expenses			
	Other expenditure (specify)			
			Total Expenditure	
		Surplus (Deficit) for the year		
		Amount of fund at beginning of year		
		Amount of fund at the end of year (as Balance Sheet)		

Account 3		Fund Account		
Name of account:		£	£	
Income	From members			
	Investment income			
	Other income (specify)			
			Total Income	
Expenditure	Administrative expenses			
	Other expenditure (specify)			
			Total Expenditure	
		Surplus (Deficit) for the year		
		Amount of fund at beginning of year		
		Amount of fund at the end of year (as Balance Sheet)		

Accounts other than Revenue Account/General Fund

(see notes 17 to 18)

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

Account 7		Fund Account	
Name of account:		£	£
Income	From members		
	Investment income		
	Other income (specify)		
		Total Income	
	Interfund Transfers IN		
Expenditure	Administrative expenses		
	Other expenditure (specify)		
		Total Expenditure	
	Interfund Transfers OUT		
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

Balance Sheet as at []

(see notes 19 and 20)

Previous Year		£	£
	Fixed Assets (as at Page 8)		
	Investments (as per analysis on page 9)		
	Quoted (Market value £) as at Page 9		
	Unquoted (Market value £) as at Page 9		
	Total Investments		
	Other Assets		
1,776,727	Sundry debtors	1,605,486	1,605,486
5,549,790	Cash at bank and in hand	5,366,006	5,366,006
	Stocks of goods		
	Others (specify)		
	Total of other assets	6,971,492	6,971,492
7,326,517			
		Total Assets	6,971,492
	Revenue Account/ General Fund	-819,532	
	Revaluation Reserve		
	Liabilities		
1,085,357	Trade creditors	1,089,895	
2,856,728	Accruals and deferred income	2,461,176	
90,600	Other creditors	37,710	
8,527,000	Pension liability (long term)	7,707,000	
	Total Liabilities		11,295,781
12,559,685			
7,326,517		Total Assets	6,971,492

Fixed Assets account

(see note 21)

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

Analysis of Investments

(see note 22)

Quoted		Other Funds
	British Government & British Government Guaranteed Securities	
	British Municipal and County Securities	
	Other quoted securities (to be specified)	
	Total Quoted (as Balance Sheet)	
	Market Value of Quoted Investments	
Unquoted	British Government Securities	
	British Municipal and County Securities	
	Mortgages	
	Other unquoted investments (to be specified)	
	Total Unquoted (as Balance Sheet)	
	Market Value of Unquoted Investments	

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

Analysis of investment income (Controlling interests)

(see note 23)

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

Yes	X	No	
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If Yes name the relevant companies:

Company name	Company registration number (if not registered in England & Wales, state where registered)
Local Government Data Unit - trading as Data Cymru	4082312

Incorporated Employers' Associations

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

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

Company name	Names of shareholders

Unincorporated Employers' Associations

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

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

Company name	Names of shareholders
No Shares	None

Summary Sheet

(see notes 24 to 33)

	All Funds	Total Funds
		£
Income		
From Members	2,281,339	2,281,339
From Investments	12,149	12,149
Other Income (including increases by revaluation of assets)	13,003,456	13,003,456
Total Income	15,296,944	15,296,944
Expenditure (including decreases by revaluation of assets)		
Total Expenditure	16,116,476	16,116,476
Funds at beginning of year (including reserves)		
Funds at end of year (including reserves)	-819,532	-819,532
ASSETS		
Fixed Assets		
Investment Assets		
Other Assets		6,971,492
Total Assets		6,971,492
Liabilities		
Total Liabilities		7,791,024
Net Assets (Total Assets less Total Liabilities)		-819,532

Notes to the accounts

(see note 34)

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

Please see audited accounts attached

Accounting policies

(see notes 35 & 36)



Please see audited accounts attached

Signatures to the annual return

(see notes 37 and 38)

Including the accounts and balance sheet contained in the return.

Please copy and paste your electronic signature here

Secretary's Signature: 	Chairman's Signature: 
Name: Dr Chris Llewelyn	Name: Andrew Morgan
Date: 12/10/2020	Date: 12 October 2020

Checklist

(see note 39)

(please enter 'X' as appropriate)

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

Checklist for auditor's report

(see notes 41 to 44)

The checklist below is for guidance. A report is still required either set out overleaf or by way of an attached auditor's report that covers the 1992 Act requirements.

1. In the opinion of the auditors or auditor do the accounts they have audited and which are contained in this return give a true and fair view of the matters to which they relate? (See section 36(1) and (2) of the 1992 Act and notes 43 and 44)

Please explain in your report overleaf or attached.

2. Are the auditors or auditor of the opinion that the union has complied with section 28 of the 1992 Act and has:

- a. kept proper accounting records with respect to its transactions and its assets and liabilities; and
- b. established and maintained a satisfactory system of control of its accounting records, its cash holding and all its receipts and remittances.

(See section 36(4) of the 1992 Act set out in note 43)

Please explain in your report overleaf or attached.

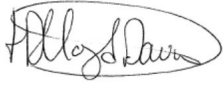
3. Your auditors or auditor must include in their report the following wording:

In our opinion the financial statements:

- give a true and fair view of the matters to which they relate to.
- have been prepared in accordance with the requirements of the sections 28, 32 and 36 of the Trade Union and Labour Relations (consolidation) Act 1992.

Auditor's report (continued)

Audit report included in audited accounts attached

Signature(s) of auditor or auditors:		12/10/2020
Name(s):	HENRI LLOYD DAVIES	
Profession(s) or Calling(s):	ACA	
Address(es)	BEVAN BUCKLAND LLP LANGDON HOUSE LANGDON ROAD SWANSEA WATERFRONT SA1 8QY	
Date:		
Contact name for enquiries and telephone number:	JOHNATAHN DIGT	01792 484551

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

WELSH LOCAL GOVERNMENT ASSOCIATION
STRATEGIC REPORT, REPORT OF THE CHIEF EXECUTIVE
AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

Bevan Buckland LLP
Chartered Accountants
and Statutory Auditors
Langdon House, Langdon Road
SA1 Swansea Waterfront
Swansea

WELSH LOCAL GOVERNMENT ASSOCIATION

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**WELSH LOCAL GOVERNMENT ASSOCIATION
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

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 owned 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

The Covid-19 crisis has dominated the WLGA's work for the last 6 months and indeed most of this calendar year. It is difficult therefore not to focus on the crisis even though this report covers the year to the end of March 2020.

The WLGA's leadership changed during the autumn of 2019-20 with Cllr Andrew Morgan elected WLGA Leader replacing Cllr Debbie Wilcox when she was elevated to the House of Lords as Baroness Wilcox of Newport. Baroness Wilcox's leadership laid firm foundations for the WLGA and helped recast a relationship with Welsh Government focused on partnership and mutual respect

2019-20 was dominated by discussions on planning for Brexit and regional reform as the Local Government and Elections (Wales) Bill was introduced in the Senedd. There were some notable achievements and progress, not least the negotiation of the best local government settlement in over a decade. However, the impact of some of the worst winter floods and their impact on communities and authorities dominated the last quarter of 2020.

The challenges of flooding were followed by the outbreak of Covid-19 which represents the biggest global crisis for generations and the challenges it presents to local government, the people and communities of Wales are immense and relentless.

With the onset of Autumn, there is no sign of any respite and the forthcoming Winter is full of challenges for local government and public services in Wales. It seems clear that this global pandemic is going to be with us for some time to come and increasing infection rates resulting in further local lockdowns create more unease and uncertainty and makes planning with any certainty difficult.

Local government services are needed now more than ever before, and the WLGA has realigned itself, both its structure and work programme, to support the local government response to the coronavirus pandemic. 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.

**WELSH LOCAL GOVERNMENT ASSOCIATION
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

REVIEW OF BUSINESS

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.

All 22 councils across Wales continue to work heroically to deliver core public services to their communities. They have demonstrated that they are rooted in their communities and that they understand and are responsive to the needs of the people they serve. Whether in creating education hubs for the vulnerable or the children of key workers at the start of the pandemic; sustaining free school meals services; supporting vulnerable adults through the *Shielding* scheme, supporting their local economies through the small businesses grant or setting up contact tracing systems in partnership with health boards they have performed and delivered magnificently. Whatever the need, whatever the challenge local government has risen and successfully delivered.

The WLGA has in turn supported all 22 local authorities in their efforts and looked to add value wherever possible in support of local government. The aim of the Association is always to promote, protect, support and advance local government and its associate members. That role has never been more important than it is now and in the coming months.

FINANCIAL REVIEW OF THE YEAR

The Welsh Local Government Association collects subscriptions from its members. In 2019/20 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 2019-20 the Association's grant income increased by £2.2m in comparison with the previous financial year. Full details of Welsh Government and other grants can be found on page 17.

In 2019-20 the Association provided funding from the Revenue Support Grant Top Slice of over £2.0m 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 19.

The Group shows a reduced deficit of £1,145,668 for 2019-20 compared to £461,430 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 underlying operating surplus is £127,332 and is within planning assumptions after taking account of additional severance payments.

STRATEGIC REPORT, REPORT OF THE CHIEF EXECUTIVE

Across the UK and in Wales, local government continues to bear the brunt of austerity and the WLGA must shoulder its share of burdens. One of the strengths of the organisation is its ability to adapt and it has changed significantly since it was established in 1996. This has helped us cope with substantial reductions in subscription and grant income. Over the next period we face similar challenges as our members income will continue to decline in real terms, while we face the inescapable pressures of workforce and demand on top of the uncertainties of Brexit.

**WELSH LOCAL GOVERNMENT ASSOCIATION
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

STRATEGIC REPORT, REPORT OF THE CHIEF EXECUTIVE (CONTINUED)

The detailed budget for 2020-21 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.

The focus on increased member support and improved communications continues but as with so many aspects of the Association's work this has been overtaken by the Covid-19 crisis. Similarly, while the organisation has been aligning its capacity to support the revised corporate strategy and business plan but like all 22 local authorities, we have had to readjust our capacity to support authorities in their response to the crisis.

Our medium-term financial plan puts the Association on a solid and sustainable footing over the next 3 years. Over the current year will continue to assess our needs for office accommodation when the lease expires in September 2021 and work has been completed to baseline the information that will be required to advise the Association of future options for its location

GOING CONCERN

The financial statements currently show that the Group has negative reserves of £4,501,910. The primary reason for the Group having negative reserves is the long term pension liability of £8,747,000. 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 £4,245,090. 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 £6,393,890, although, £2,457,405 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 Group can continue as a going concern for the foreseeable future.

ON BEHALF OF THE MEMBERS



.....
CHIEF EXECUTIVE - CHRIS LLEWELYN

DATE..... 23 October 2020

**WELSH LOCAL GOVERNMENT ASSOCIATION
REPORT OF THE CHIEF EXECUTIVE
FOR THE YEAR ENDED 31 MARCH 2020**

The Chief Executive presents his report with the financial statements of the Consolidated accounts for the year ended 31 March 2020

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 2020**

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 2020 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

..... 23 October 2020

DATE

LOCAL GOVERNMENT HOUSE
DRAKE WALK
CARDIFF
CF10 4LG

**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 2020 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 2020 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 £4,501,910. This is primarily due to the long term pension scheme deficit of £8,747,000 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.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Other information

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, 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.

Strategic report, Report of the Chief Executive

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
- the Chief Executive was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Chief Executive.

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**

Auditors' 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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
Langdon House
Langdon Road
SA1 Swansea Waterfront
Swansea
SA1 8QY

Date: 23 October 2020

**WELSH LOCAL GOVERNMENT ASSOCIATION
GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
INCOME			
Subscriptions	2	2,281,339	2,274,165
Grant Income	3	12,967,929	10,768,356
Other Income	4	649,983	535,535
		15,899,251	13,578,056
EXPENDITURE			
Staff Costs	5	4,302,530	4,163,521
Pension charge	6	1,782,000	908,000
Office Accommodation	7	372,011	383,840
Office Services	8	177,901	168,763
Member Services	9	28,506	59,765
Furniture and Equipment		4,200	18,000
RSG Top Slice Costs	10	1,662,400	1,642,489
Welsh Government Other Grant Costs	11	7,766,948	5,481,520
Other Expenses	12	712,270	1,011,173
Depreciation		14,302	15,379
		16,823,068	13,852,450
OTHER FINANCE INCOME/COSTS - PENSION LIABILITY			
Expected return on pension scheme assets		(569,000)	(569,000)
Interest on pension scheme liabilities		803,000	763,000
		17,057,068	14,046,450
OPERATING (DEFICIT) FOR THE YEAR		(1,157,817)	(468,394)
Interest Receivable		12,149	6,964
(DEFICIT) ON ORDINARY ACTIVITIES		(1,145,668)	(461,430)
Transfers to/(from) Designated reserves		-	-
(DEFICIT) AFTER TRANSFER TO/(FROM) DESIGNATED RESERVES		(1,145,668)	(461,430)

A note reconciling the movement of the deficit as a result of the pension liability adjustment can be found on page 30, note 22.

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

The notes on pages 15 - 30 form part of these financial statements.

**WELSH LOCAL GOVERNMENT ASSOCIATION
ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME
FOR THE ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
INCOME			
Subscriptions	2	2,281,339	2,274,165
Project Income	3	12,441,241	10,172,419
Other Income	4	562,215	494,014
		15,284,795	12,940,598
EXPENDITURE			
Staff Costs	5	3,356,778	3,247,350
Pension scheme charge	6	1,362,000	668,000
Office Accommodation	7	370,739	382,600
Office Services	8	168,402	159,285
Member Services	9	28,506	59,765
Furniture and Equipment		4,200	18,000
RSG Top Slice Costs	10	2,067,500	2,046,629
Welsh Government Other Grant Costs	11	7,766,948	5,481,520
Other Expenses	12	777,403	991,580
		15,902,476	13,054,729
OTHER FINANCE INCOME/COSTS			
Expected return on pension scheme assets		(569,000)	(569,000)
Interest on pension scheme liabilities		783,000	743,000
		16,116,476	13,228,729
OPERATING DEFICIT FOR THE YEAR		(831,681)	(288,131)
Interest Receivable		12,149	6,964
DEFICIT ON ORDINARY ACTIVITIES		(819,532)	(281,167)
Transfers to/(from) Designated reserves	15	-	-
DEFICIT AFTER TRANSFER TO/(FROM) DESIGNATED RESERVES		(819,532)	(281,167)

A note reconciling the movement of the deficit as a result of pension scheme adjustment can be found on page 27, note 21.

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

The notes on pages 15 - 27 form part of these financial statements.

**WELSH LOCAL GOVERNMENT ASSOCIATION
GROUP OTHER COMPREHENSIVE INCOME
AS AT 31 MARCH 2020**

	2020	2019
	£	£
WELSH LOCAL GOVERNMENT ASSOCIATION		
Group (deficit) for the financial year	(1,145,668)	(461,430)
OTHER COMPREHENSIVE INCOME		
Remeasurements on assets	2,982,000	(1,661,000)
Remeasurements on liabilities	(1,189,000)	685,000
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	<u>1,793,000</u>	<u>(976,000)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>647,332</u></u>	<u><u>(1,437,430)</u></u>

**WELSH LOCAL GOVERNMENT ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020**

		GROUP		Association	
	Notes	2020 £	2019 £	2020 £	2019 £
FIXED ASSETS					
Tangible assets	13	16,762	30,106	-	-
CURRENT ASSETS					
Amounts falling due within one year	14	1,607,100	1,830,006	1,605,486	1,776,727
Cash at Bank and in hand		<u>6,418,451</u>	<u>6,393,890</u>	<u>5,366,006</u>	<u>5,555,201</u>
		8,025,551	8,223,896	6,971,492	7,331,928
CURRENT LIABILITIES	15	<u>3,797,223</u>	<u>4,136,244</u>	<u>3,588,781</u>	<u>4,032,685</u>
NET ASSETS EXCLUDING PENSION LIABILITY		4,245,090	4,117,758	3,382,711	3,299,243
PENSION LIABILITY	21	(8,747,000)	(9,267,000)	(7,707,000)	(8,527,000)
NET LIABILITIES INCLUDING PENSION LIABILITY		<u>(4,501,910)</u>	<u>(5,149,242)</u>	<u>(4,324,289)</u>	<u>(5,227,757)</u>
FINANCED BY:					
Reserves	16	(4,501,910)	(5,149,242)	(4,324,289)	(5,227,757)
		<u>(4,501,910)</u>	<u>(5,149,242)</u>	<u>(4,324,289)</u>	<u>(5,227,757)</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

.....
23 October 2020

A. Morgan

.....
PRESIDING OFFICER - Cllr Andrew Morgan

The notes on pages 15 - 30 form part of these financial statements.

**WELSH LOCAL GOVERNMENT ASSOCIATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Retained earnings £	Total equity £
Balance as 1 April 2018	(3,711,812)	(3,711,812)
Changes in Equity		
Total comprehensive income	<u>(1,437,430)</u>	<u>(1,437,430)</u>
Balance at 31 March 2019	<u>(5,149,242)</u>	<u>(5,149,242)</u>
Changes in Equity		
Total comprehensive income	<u>647,332</u>	<u>647,332</u>
Balance at 31 March 2020	<u>(4,501,910)</u>	<u>(4,501,910)</u>

**WELSH LOCAL GOVERNMENT ASSOCIATION
GROUP STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
Cash flows from operating activities			
	1	<u>13,370</u>	<u>1,681,023</u>
Net cash from operating activities		<u>13,370</u>	<u>1,681,023</u>
Cash flows from investing activities			
Interest received		12,149	6,964
Purchase of tangible fixed assets		<u>(958)</u>	<u>(29,250)</u>
		11,191	(22,286)
Net cash from investing activities		<u>24,561</u>	<u>1,658,737</u>
Increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year	2	<u>6,393,890</u>	<u>4,735,153</u>
Cash and cash equivalents at end of year	2	<u><u>6,418,451</u></u>	<u><u>6,393,890</u></u>

**WELSH LOCAL GOVERNMENT ASSOCIATION
NOTES TO THE GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020**

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

	2020	2019
	£	£
Operating (Deficit) for the year	(1,157,817)	(468,394)
Depreciation	14,302	15,379
FRS17 Pension adjustment	1,782,000	908,000
Pension contributions paid	(703,000)	(703,000)
Other finance income/costs	194,000	194,000
	<u>129,485</u>	<u>(54,015)</u>
Decrease / (Increase) in debtors	272,496	1,225,233
(Decrease) / Increase in creditors	(388,611)	509,805
Cash generated from operations	<u><u>13,370</u></u>	<u><u>1,681,023</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:

Year ended 31 March 2020	31.03.20	01.04.19
	£	£
Cash and cash equivalents	<u><u>6,418,451</u></u>	<u><u>6,393,890</u></u>
Year ended 31 March 2019	31.03.19	01.04.18
	£	£
Cash and cash equivalents	<u><u>6,393,890</u></u>	<u><u>4,735,153</u></u>

**WELSH LOCAL GOVERNMENT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

1 ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Group financial statements

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

Turnover/Income

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

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

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

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.

**WELSH LOCAL GOVERNMENT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

1 ACCOUNTING POLICIES - CONT.

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 £18,000 (2019 £2,895).

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.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of an trade discounts due.

Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial Instruments

The Association only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2 SUBSCRIPTIONS

All of the 22 unitary local authorities were in membership with the Association in 2019/20. 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 2020

3	WELSH GOVERNMENT AND OTHER PROJECT INCOME	Group		Association	
		2020 £	2019 £	2020 £	2019 £
	RSG Top Slice Retained	874,800	871,270	874,800	871,270
	RSG Top Slice: National Eisteddfod	339,700	340,750	339,700	340,750
	RSG Top Slice: Urdd Eisteddfod	135,300	135,680	135,300	135,680
	RSG Top Slice: Royal Welsh Show	77,900	78,160	77,900	78,160
	RSG Top Slice: Data Cymru	405,100	404,140	405,100	404,140
	RSG Top Slice: National Adoption Service	325,200	318,800	325,200	318,800
	RSG Top Slice: Looked after Children	585,000	585,000	585,000	585,000
	RSG Top Slice: LGA Workforce support	200,000	200,000	200,000	200,000
	RSG Top Slice: Food in Schools	190,966	185,186	190,966	185,186
	Improvement fund	31,032	38,845	31,032	38,845
	National Exercise Referral Scheme	162,327	166,994	162,327	166,994
	Waste Improvement	335,801	394,314	335,801	394,314
	National Autism Team	663,793	701,817	663,793	701,817
	Education Training Standards Wales	45,128	37,779	45,128	37,779
	Supporting Service Children in Wales	363,846	307,351	363,846	307,351
	Data Unit Specific Project Income	526,688	595,936	-	-
	Regional Skills Partnership	466,094	508,359	466,094	508,359
	Armed Forces Free Swimming	53,180	49,479	53,180	49,479
	Resilience and Safety	103,799	100,008	103,799	100,008
	Supporting People Programme	-	26,225	-	26,225
	Unaccompanied Asylum Seeking Children	335,303	513	335,303	513
	Horizon 2020	4,112	887	4,112	887
	Combined Education Grant	2,428,599	376,282	2,428,599	376,282
	Education ICT Funding Grant	-	1,700,000	-	1,700,000
	Music Education Provision Grant	-	1,400,000	-	1,400,000
	National Youth Arts Wales	-	100,000	-	100,000
	Local Authority Social Services	16,329	43,606	16,329	43,606
	Ministerial Advisory Group on Children	-	70,195	-	70,195
	National Commissioning Board	42,897	94,762	42,897	94,762
	Food and Fun	771,373	497,038	771,373	497,038
	Wales Strategic Migration Partnership	232,000	199,800	232,000	199,800
	Cyber Essentials	-	95,000	-	95,000
	EU Transition Funding	1,299,302	73,132	1,299,302	73,132
	Unadopted Roads Project	42,901	26,036	42,901	26,036
	Life Long Learning Grant	9,342	23,516	9,342	23,516
	Safer Communities project	83,173	21,496	83,173	21,496
	Taxi Licencing Project	34,822	-	34,822	-
	EU Transition Food Provision	1,250,000	-	1,250,000	-
	EU Settled Status	224,000	-	224,000	-
	Homelessness EUTF	57,500	-	57,500	-
	Armed Forces Covenant	622	-	622	-
	Armed Forces Liaison Officer	250,000	-	250,000	-
		12,967,929	10,768,356	12,441,241	10,172,419

**WELSH LOCAL GOVERNMENT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

4 OTHER INCOME	Group		Association	
	2020 £	2019 £	2020 £	2019 £
Conference Fees, Charges and Training Even	25,532	51,317	25,532	51,317
Policy	19,305	38,871	19,305	40,365
ADEW Support Officer	30,000	30,000	30,000	30,000
Directors of Public Protection	83,391	72,238	83,391	72,238
Principal Youth Officers Group	7,328	10,399	7,328	10,399
Youth Officer	-	10,000	-	10,000
SWT Policy Officer	73,694	43,872	73,694	43,872
Rental income	43,500	3,500	43,500	43,500
Data Unit other income	87,768	83,015	-	-
Candidates survey	-	12,950	-	12,950
Secondment costs	262,815	179,373	262,815	179,373
Local Authority Support Arrangements	16,650	-	16,650	-
	<u>649,983</u>	<u>535,535</u>	<u>562,215</u>	<u>494,014</u>

5 STAFF COSTS

	Group		Association	
	2020 £	2019 £	2020 £	2019 £
Average monthly number of employees	<u>85</u>	<u>81</u>	<u>61</u>	<u>58</u>

	Group		Association	
	2020 £	2019 £	2020 £	2019 £
Total staff costs were as follows:				
Salaries (including redundancy costs)	3,793,120	3,659,347	2,971,079	2,866,895
Employers National Insurance	372,269	354,219	286,242	273,780
Training	9,651	14,551	6,967	12,045
Travel and Subsistence	103,982	114,792	89,048	88,441
Recruitment and Advertising	23,508	20,612	3,442	6,189
	<u>4,302,530</u>	<u>4,163,521</u>	<u>3,356,778</u>	<u>3,247,350</u>

Included in the above staff costs are early retirement costs of £42,944 (2019 £30,739).

The remuneration of the Chief Executive of the Association, together with employer's pension contributions amounted to £158,456 (2019 - £193,268), which can be analysed as follows:-

**WELSH LOCAL GOVERNMENT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

5 STAFF COSTS - Cont.		2020	2019
		£	£
Gross Salary		125,211	125,312
Employer's National Insurance		16,091	20,372
Employer's Superannuation		17,154	16,845
Early retirement		-	30,739
		<u>158,456</u>	<u>193,268</u>

6 PENSION SCHEME INCOME & EXPENDITURE CHARGE	Group		Association	
	2020	2019	2020	2019
	£	£	£	£
Current service cost	1,188,000	896,000	768,000	656,000
Past service costs	543,000	-	543,000	-
Curtailments	39,000	-	39,000	-
Administration expenses	12,000	12,000	12,000	12,000
	<u>1,782,000</u>	<u>908,000</u>	<u>1,362,000</u>	<u>668,000</u>

7 OFFICE ACCOMMODATION

During the year ended 31 March 2002, 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 £12,166 (2019 - £11,363). Also included are amounts relating to non audit fees of £4,150 (2019 - £4,170).

9 MEMBERS' SERVICES

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

10 RSG TOP SLICE COSTS	Group		Association	
	2020	2019	2020	2019
	£	£	£	£
RSG Top Slice: National Eisteddfod	339,000	340,750	339,000	340,750
RSG Top Slice: Urdd Eisteddfod	135,300	135,680	135,300	135,680
RSG Top Slice: Royal Welsh Show	77,900	78,160	77,900	78,160
RSG Top Slice: Local Government Data Unit		-	405,100	404,140
RSG Top Slice: National Adoption Service	450,200	318,800	450,200	318,800
RSG Top Slice: Looked after children	460,000	569,099	460,000	569,099
RSG Top Slice: LGA	200,000	200,000	200,000	200,000
	<u>1,662,400</u>	<u>1,642,489</u>	<u>2,067,500</u>	<u>2,046,629</u>

**WELSH LOCAL GOVERNMENT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

11 WELSH GOVERNMENT OTHER PROJECT COSTS (EXCLUDING EMPLOYEE COSTS)

	Group		Association	
	2020 £	2019 £	2020 £	2019 £
Improvement fund	31,032	32,314	31,032	32,314
Sustainable Development	-	1,000	-	1,000
Waste Improvement	49,149	131,352	49,149	131,352
National Exercise Referral Scheme	12,995	26,738	12,995	26,738
National Autism Team	188,508	252,402	188,508	252,402
Education Training Standards Wales	13,739	15,235	13,739	15,235
Supporting Service Children in Education	268,721	250,370	268,721	250,370
Regional Skills Partnership	466,094	422,323	466,094	422,323
Armed Forces Free Swimming	53,180	40,491	53,180	40,491
Resilience and Safety	34,169	23,559	34,169	23,559
Supporting People Programme	-	3,733	-	3,733
Food and Fun	673,485	393,938	673,485	393,938
Unaccompanied Asylum Seeking Childre	335,303	513	335,303	513
Wales Strategic Migration Partnership	24,376	14,687	24,376	14,687
Local Authority Social Services	16,329	43,606	16,329	43,606
Ministerial Advisory Group on Children	-	65,195	-	65,195
National Commissioning Board	42,897	41,938	42,897	41,938
Armed Forces Covenant	600	8,979	600	8,979
Combined Education Grant	2,394,531	328,082	2,394,531	328,082
Education ICT Funding Grant	-	1,700,000	-	1,700,000
Music Education Provision Grant	-	1,400,000	-	1,400,000
National Youth Arts Wales	-	100,000	-	100,000
Cyber Essentials	-	95,000	-	95,000
Life long learning grant	9,342	19,621	9,342	19,621
Unadopted Roads Project	15,181	8,314	15,181	8,314
EU Transition funding	1,268,387	58,919	1,268,387	58,919
EU Transition Food Provision	1,250,000	325	1,250,000	325
EU Settled Status	224,000	-	224,000	-
Homelessness EUTF	52,500	-	52,500	-
Armed Forces Liaison Officer	250,000	-	250,000	-
Food in Schools	87,187	2,886	87,187	2,886
Safer Communities project	1,131	-	1,131	-
Horizon 2020	4,112	-	4,112	-
	7,766,948	5,481,520	7,766,948	5,481,520

**WELSH LOCAL GOVERNMENT ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

12 OTHER EXPENSES	Group		Association	
	2020 £	2019 £	2020 £	2019 £
Information communication technology	97,851	183,900	97,851	183,900
Website expenses	4,000	5,200	4,000	5,200
Research	3,075	33,735	3,075	33,735
Translation costs	35,738	71,443	35,738	71,443
Local Government Data Unit - Wales	-	-	80,000	71,000
Professional and Consultancy fees	9,000	7,000	9,000	7,000
Conferences & events	45,048	49,893	45,048	49,893
Local Government Association	230,412	223,233	230,412	223,233
Directors of Public Protection	83,391	72,188	83,391	72,188
Principal Youth Officers Group	12,688	25,490	12,688	25,490
Miscellaneous expenses	37,419	46,166	37,419	46,166
WLGA Conference	1,875	23,828	1,875	23,828
Project costs	70,084	193,997	70,084	103,404
LA Support Arrangements	77,222	75,100	62,355	75,100
SWT Policy Officer	4,467	-	4,467	-
	<u>712,270</u>	<u>1,011,173</u>	<u>777,403</u>	<u>991,580</u>

FIXED ASSETS	(GROUP)	Office & Computer Equipment £
At 1 April 2019		123,925
Additions		958
Disposals		-
At 31 March 2020		<u>124,883</u>
DEPRECIATION		
At 1 April 2019		93,819
Charge for Year		14,302
Elimated on disposal		-
At 31 March 2020		<u>108,121</u>
NET BOOK VALUE		
At 31 March 2020		<u>16,762</u>
At 31 March 2019		<u>30,106</u>

**WELSH LOCAL GOVERNMENT ASSOCIATION
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14 DEBTORS	Group		Association	
	2020 £	2019 £	2020 £	2019 £
Trade Debtors	168,318	517,899	117,664	379,555
Grant Debtors	1,338,077	878,865	1,302,252	878,865
Sundry Debtors	59,583	372,155	59,583	372,155
VAT	41,122	61,087	125,987	146,152
	<u>1,607,100</u>	<u>1,830,006</u>	<u>1,605,486</u>	<u>1,776,727</u>

15 CREDITORS	Group		Association	
	2020 £	2019 £	2020 £	2019 £
Trade Creditors	1,204,461	1,098,433	1,089,895	1,085,357
Accruals	708,849	580,406	753,008	564,865
Deferred Income	1,883,913	2,457,405	1,708,168	2,291,863
Amounts owed to group undertakings	-	-	37,710	90,600
	<u>3,797,223</u>	<u>4,136,244</u>	<u>3,588,781</u>	<u>4,032,685</u>

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

	2020 £	2019 £	2020 £	2019 £
Local Government Data Unit - Wales (Data Cymru)	-	-	37,710	90,600
	<u>-</u>	<u>-</u>	<u>37,710</u>	<u>90,600</u>

16 RESERVES - GROUP	General £	Designated £	Total £
Balance brought forward	(6,123,887)	974,645	(5,149,242)
Deficit for the year	(1,145,668)	-	(1,145,668)
Remeasurement (liabilities & assets)	1,793,000	-	1,793,000
Transfer between reserves	-	-	-
At 31 March 2020	<u>(5,476,555)</u>	<u>974,645</u>	<u>(4,501,910)</u>

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16 RESERVES - Association	General £	Designated £	Total £
Balance brought forward	(6,202,402)	974,645	(5,227,757)
Deficit for the year	(819,532)	-	(819,532)
Remeasurement (liabilities & assets)	1,723,000	-	1,723,000
Transfer between reserves	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2020	<u>(5,298,934)</u>	<u>974,645</u>	<u>(4,324,289)</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

	2020 £	2019 £
Land and Buildings		
Within one year	201,927	201,927
Between one and five years	100,863	302,640
	<hr/> <u>302,790</u>	<hr/> <u>504,567</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 2020;

Local Government Data Unit - Wales

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20 PENSION SCHEME - ASSOCIATION

Balance sheet items	2020	2019
	£m	£m
Market Value of Assets	21,779	22,447
Liabilities	29,486	30,974
(Deficit)	<u>(7,707)</u>	<u>(8,527)</u>

Deferred taxation has been ignored.

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

	Assets at 31 March 2020		Assets at 31 March 2019	
	£000s	%	£000s	%
Equities	11,281	51.8	11,044	49.2
Government Bonds	1,829	8.4	808	3.6
Other Bonds	1,133	5.2	2,739	12.2
Property	2,047	9.4	2,132	9.5
Cash/Liquidity	414	1.9	651	2.9
Other	5,075	23.3	5,073	22.6
	<u>21,779</u>		<u>22,447</u>	

Movement in Deficit	2020	2019
	£000s	£000s
(Deficit) at beginning of year	(8,527)	(7,042)
Current Service Costs	(768)	(656)
Past service costs	(543)	-
Employer Contributions	673	633
Net interest on pension liabilities	(214)	(174)
Administration expense	(12)	(12)
Effects of curtailments	(39)	-
Remeasurements on liabilities & assets	1,723	(1,276)
(Deficit) at End of Year	<u>(7,707)</u>	<u>(8,527)</u>

Analysis of Pension Scheme Adjustment	2020	2019
	£000s	£000s
Current Service Costs	(768)	(656)
Past service costs	(543)	-
Curtailments	(39)	-
Employer Contributions	673	633
Net Interest/Return on Assets	(214)	(174)
Administration expense	(12)	(12)
Net Profit / (Loss)	<u>(903)</u>	<u>(209)</u>

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20 PENSION SCHEME (CONT.) - ASSOCIATION

Analysis of Net Interest/Return on Assets	2020 £000s	2019 £000s
Interest on plan assets	569	569
Interest on Pensionable Liabilities	(783)	(743)
Net Profit / (Loss)	<u>(214)</u>	<u>(174)</u>

Main Assumptions (cont.)

Financial:	2020	2019
CPI inflation	2.1%	2.2%
Rate of increase in salaries	3.6%	3.7%
Rate of increase in pensions	2.2%	2.3%
Discount rate	2.4%	2.5%

Split of assets between investment categories:

Equities	51.8%	49.2%
Government Bonds	8.4%	3.6%
Other Bonds	5.2%	12.2%
Property	9.4%	9.5%
Cash/Liquidity	1.9%	2.9%
Other	23.3%	22.6%

**WELSH LOCAL GOVERNMENT ASSOCIATION
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20 PENSION SCHEME (CONT.) - ASSOCIATION

	2020	2019
Post retirement mortality assumptions		
Non-retired members	S3PA CMI_2018_(1.75%) (131% males,106% females)	S2PA CMI_2015_[1.75%] (107%) males, S2PA CMI_2015_1.5% (92%) females
Retired members	S3PA CMI_2018_(1.75%) (124% males,104% females)	S2PA CMI_2015_[1.75%] (112%) males, S2PA CMI_2015_1.5% (99%) females
Life expectancy of a male (female)		
- future pensioner age 65 in 20 years time	22.5 (25.9)years	25.2 (27.9) years
- current pensioner age 65	20.9 (24) years	22.2 (25) years

**WELSH LOCAL GOVERNMENT ASSOCIATION
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22 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 2020

The Employer's regular contributions to the Fund for the accounting period 31 March 2020 are estimated to be £0.07M. In addition, Strain on Fund Contributions may be required.

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

Assumptions

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

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Present value of funded obligations	(6,080,000)	(6,290,000)
Fair value of plan assets	5,040,000	5,550,000
Present value of unfunded obligations	(1,040,000)	(740,000)
Deficit	(1,040,000)	(740,000)
Net liability	(1,040,000)	(740,000)

**WELSH LOCAL GOVERNMENT ASSOCIATION
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22 PENSION SCHEME - SUBSIDIARY (CONT.)

The amounts recognised in surplus are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Current service cost	340,000	240,000
Financing		
Interest on net defined benefit liability	150,000	150,000
Total expense in the Income & Expenditure account	490,000	390,000
Actual return on plan assets	110,000	500,000

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

	Defined benefit pension plans	
	2020	2019
	£	£
Opening defined benefit obligation	6,290,000	5,850,000
Current service cost	340,000	240,000
Contributions by scheme participants	80,000	60,000
Interest cost	150,000	150,000
Actuarial losses/(gains)	(310,000)	70,000
Benefits paid	(470,000)	(80,000)
	6,080,000	6,290,000

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

	Defined benefit pension plans	
	2020	2019
	£	£
Opening fair value of scheme assets	5,550,000	5,000,000
Contributions by employer	70,000	70,000
Contributions by scheme participants	-	60,000
Interest income on assets	130,000	130,000
Assests other remeasurements	(240,000)	370,000
Benefits paid	(470,000)	(80,000)
	5,040,000	5,550,000

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22 PENSION SCHEME - SUBSIDIARY (CONT.)

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Assets other remeasurements	(240,000)	370,000

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

	Defined benefit pension plans	
	2020	2019
Equities	68.10%	64.50%
Government bonds	7.50%	6.90%
Corporate bonds	11.40%	13.50%
Cash	11.80%	11.60%
Property	1.20%	3.50%
	100.00%	100.00%

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

	2020	2019
Discount rate	2.30%	2.50%
CPI Inflation	1.80%	2.10%
Pension increases	1.80%	2.10%
Pension accounts revaluation rate	1.80%	2.00%
Rate of general increase in salaries	3.05%	3.35%

**WELSH LOCAL GOVERNMENT ASSOCIATION
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22 EFFECT OF PENSION SCHEME ON THE SURPLUS FOR THE YEAR

	Group		Association	
	2020 £	2019 £	2020 £	2019 £
(Deficit) per accounts	(1,145,668)	(461,430)	(819,532)	(281,167)

PENSION SCHEME INCLUDED IN THE INCOME AND EXPENSE ACCOUNT

Pension adjustment	6	1,782,000	908,000	1,362,000	668,000
Expected return on pension scheme assets		(569,000)	(569,000)	(569,000)	(569,000)
Interest on pension scheme liabilities		803,000	763,000	783,000	743,000
Employers Pension contributions eliminated as a result of pension scheme		(743,000)	(703,000)	(673,000)	(633,000)
ADJUSTED SURPLUS (PRE PENSION SCHEME)		<u>127,332</u>	<u>(62,430)</u>	<u>83,468</u>	<u>(72,167)</u>
Transfer from / (to) designated reserves		-	-	-	-
		<u><u>127,332</u></u>	<u><u>(62,430)</u></u>	<u><u>83,468</u></u>	<u><u>(72,167)</u></u>

23 GOING CONCERN

The financial statements currently show that the Group has negative reserves of £4,501,910. The primary reason for the Group having negative reserves is the long term pension deficit of £8,747,000. 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 £4,245,090. This gives the Chief Executive confidence that the Group can continue as a going concern for the foreseeable future.