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# 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:	31 March 2021				
List No:					
Head or Main Office:	One Canal Parade				
	Dumballs Road				
	Cardiff				
Postcode	CF10 5BF				
Website address (if available)	<a href="http://www.wlga.gov.uk">www.wlga.gov.uk</a>				
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:	7407070462				
E-mail:	<a href="mailto:gaynor.williams@wlga.gov.uk">gaynor.williams@wlga.gov.uk</a>				

### 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](mailto:returns@certoffice.org)

For Employers' Associations based in Scotland: [ymw@tcyoung.co.uk](mailto: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



## Revenue Account / General Fund

(see notes 11 to 16)

Previous Year			£	£
	<b>Income</b>			
2,281,339	From Members	Subscriptions, levies, etc	2,347,018	2,347,018
	Investment income	Interest and dividends (gross)		0
12,149		Bank interest (gross)	4,225	4,225
		Other (specify)		0
				0
				0
		Total Investment Income	4,225	4,225
	Other Income	Rents received	43,500	43,500
43,500		Insurance commission		0
		Consultancy fees		0
25,532		Publications/Seminars	2,083	2,083
		Miscellaneous receipts (specify)		
12,934,424		RSG Top Slice £3,205,407 see page 20	29,690,744	29,690,744
		Project Costs £23,841,953 see page 20		0
		Deferred Income £2,643,384 see page 25		0
		Total of other income		29,736,327
		<b>Total income</b>		<b>32,087,570</b>
		<b>Interfund Transfers IN</b>		
	<b>Expenditure</b>			
4,718,778	Administrative expenses	Remuneration and expenses of staff	4,663,791	4,663,791
370,739		Occupancy costs	572,318	572,318
15,378		Printing, Stationery, Post	3,115	3,115
23,754		Telephones	24,822	24,822
9,000		Legal and Professional fees	4,040	4,040
		Miscellaneous (specify)		
97,851		ICT Outsourcing	63,816	63,816
16,375		GDPR Support	17,565	17,565
35,738		Translation Costs	24,856	24,856
734,647		Other Expenses	780,633	780,633
				0
		Total of Admin expenses		6,154,956
	Other Charges	Bank charges		0
720		Depreciation		0
		Sums written off		0
		Affiliation fees		0
		Donations		0
45,048		Conference and meeting fees	0	0
		Expenses		0
		Miscellaneous (specify)		
7,766,948		Project Costs & Consultancy	23,971,490	23,971,490
2,067,500		Top Slice	2,115,728	2,115,728
				0
214,000		Actuarial pension liability costs	180,000	180,000
		Total of other charges		26,267,218
		Taxation		0
		<b>Total expenditure</b>		<b>32,422,174</b>
		<b>Interfund Transfers OUT</b>		
		Surplus/Deficit for year		-334,604
		Amount of fund at beginning of year		-819,532
		Amount of fund at end of year		-1,154,136

**Accounts other than Revenue Account/General Fund**

(see notes 17 to 18)

Account 2		Fund Account	
Name of account:		£	£
<b>Income</b>			
From members			0
Investment income			0
Other Income (specify)			
		0	0
		<b>Total Income</b>	0
	<b>Interfund Transfers IN</b>		
<b>Expenditure</b>			
Administrative expenses			0
Other expenditure (specify)			
		0	0
		<b>Total Expenditure</b>	0
	<b>Interfund Transfers OUT</b>		
		Surplus (Deficit) for the year	0
		Amount of fund at beginning of year	0
		Amount of fund at the end of year (as Balance Sheet)	0

Account 3		Fund Account	
Name of account:		£	£
<b>Income</b>			
From members			0
Investment income			0
Other income (specify)			
		0	0
		<b>Total Income</b>	0
	<b>Interfund Transfers IN</b>		
<b>Expenditure</b>			
Administrative expenses			0
Other expenditure (specify)			
		0	0
		<b>Total Expenditure</b>	0
	<b>Interfund Transfers OUT</b>		
		Surplus (Deficit) for the year	0
		Amount of fund at beginning of year	0
		Amount of fund at the end of year (as Balance Sheet)	0







## Fixed Assets account

(see note 21)

	Land and Buildings	Fixtures & Fittings	Motor Vehicles & Equipment	Total £
<b>Cost or Valuation</b>				
At start of period				0
Additions during period				0
Less: Disposals				0
Less: Depreciation				0
Total to end of period	0	0	0	0
<b>Book Amount</b> at end of period	0	0	0	0
Freehold				0
Leasehold (50 or more years unexpired)				0
Leasehold (less than 50 years unexpired)				0
<b>Total of Fixed Assets</b>	0	0	0	0

# 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)	0
	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)	0
	Market Value of Unquoted Investments	

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



## Summary Sheet

(see notes 24 to 33)

	All Funds	Total Funds
		£
<b>Income</b>		
From Members	2,347,018	2,347,018
From Investments	4,225	4,225
Other Income (including increases by revaluation of assets)	29,736,327	29,736,327
<b>Total Income</b>	<b>32,087,570</b>	<b>32,087,570</b>
<b>Expenditure</b> (including decreases by revaluation of assets)		
<b>Total Expenditure</b>	<b>32,422,174</b>	<b>32,422,174</b>
<b>Funds at beginning of year</b> (including reserves)	-819,532	-819,532
<b>Funds at end of year</b> (including reserves)	-1,154,136	-1,154,136
<b>ASSETS</b>		
Fixed Assets		0
Investment Assets		0
Other Assets		20,859,242
<b>Total Assets</b>		<b>20,859,242</b>
<b>Liabilities</b>		
<b>Total Liabilities</b>		<b>22,013,378</b>
<b>Net Assets (Total Assets less Total Liabilities)</b>		<b>-1,154,136</b>

# Summary Sheet

(see notes 24 to 33)

	All Funds	Total Funds
	£	£
<b>Income</b>		
From Members		
From Investments		
Other Income (including increases by revaluation of assets)		
<b>Total Income</b>		
<b>Expenditure</b> (including decreases by revaluation of assets)		
<b>Total Expenditure</b>		
<b>Funds at beginning of year</b> (including reserves)		
<b>Funds at end of year</b> (including reserves)		
<b>ASSETS</b>		
Fixed Assets		
Investment Assets		
Other Assets		
<b>Total Assets</b>		
<b>Liabilities</b>		
<b>Total Liabilities</b>		0
<b>Net Assets (Total Assets less Total Liabilities)</b>		

**Notes to the accounts**

(see note 34)

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

A large, empty rectangular box with a thin black border, intended for the user to enter or attach notes to the accounts. The interior of the box is light gray.

# Accounting policies

(see notes 35 & 36)

## Signatures to the annual return

(see notes 37 and 38)

Including the accounts and balance sheet contained in the return.

Please copy and paste your electronic signature here

Secretary's Signature:		Chairman's Signature:	
			<small>(or other official whose position should be stated)</small>
Name:	Dr Chris Llewelyn	Name:	Andrew Morgan
Date:		Date:	

## Checklist

(see note 39)

(please enter 'X' as appropriate)

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



Name(s):

HENRI LLOYD DAVIES

Profession(s) or Calling(s):

ACA

Address(es)

BEVAN BUCKLAND LLP  
GROUND FLOOR  
CARIGAN HOUSE  
CASTLE COURT  
SWANSEA ENTERPRISE PARK,  
SWANSEA, SA7 9LA

Date:

03 February 2022

Contact name for enquiries and telephone number:

JESSICA LEWIS

01792 957717

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 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**

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 that 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 it's 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 sections 28, 32 and 36 of the Trade Union and Labour Relations (consolidation) Act 1992
- 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.

**REPORT OF THE INDEPENDENT AUDITORS**

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.

**TO THE MEMBERS OF THE  
WELSH LOCAL GOVERNMENT ASSOCIATION**

**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

**REPORT OF THE INDEPENDENT AUDITORS**

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.

**TO THE MEMBERS OF THE  
WELSH LOCAL GOVERNMENT ASSOCIATION**

## **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 £	2020 £
<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
		32,083,345	15,284,795
<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
		32,242,174	15,902,476
<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
		32,422,174	16,116,476
<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>		<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 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 £	2020 £
<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)
<b>NET LIABILITIES INCLUDING PENSION LIABILITY</b>			
		<u><u>(6,698,893)</u></u>	<u><u>(4,324,289)</u></u>
 <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</b>	<b>2020</b>
	<b>£</b>	<b>£</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 FOR THE YEAR, NET OF INCOME TAX</b>	<u>(2,040,000)</u>	<u>1,723,000</u>
<b>TOTAL COMPREHENSIVE INCOME 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 earnings £	Total equity £
<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 £	2020 £
<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>	<b>2020</b>
	<b>£</b>	<b>£</b>
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	01.04.20
	£	£
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	01.04.19
	£	£
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. The impairment reversal is recognised in profit or loss.

**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>
	<b>£</b>	<b>£</b>
Total staff costs were as follows:		
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)	2021	2020
	£	£
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**

<b>15 RESERVES</b>	<b>General £</b>	<b>Designated £</b>	<b>Total £</b>
Balance brought forward 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  
FOR THE YEAR ENDED 31 MARCH 2021**

**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 £000s</b>	<b>2020 £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 £000s</b>	<b>2020 £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 £000s</b>	<b>2020 £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 £000s</b>	<b>2020 £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%) (131% males,106% females)	S3PA CMI_2018_(1.75%) (131% males,106% females)
Retired members	S3PA CMI_2018_(1.75%) (124% males,104% females)	S3PA CMI_2018_(1.75%) (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</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Deficit per accounts	(334,604)	(819,532)
<b>PENSION SCHEME INCLUDED IN THE INCOME &amp; EXPENSE ACCOUNT</b>		
Pension adjustment	6	811,000
Expected return on pension scheme assets	(526,000)	1,362,000
Interest on pension scheme liabilities	706,000	(569,000)
Employers Pension contributions eliminated as a result of Pension scheme	(476,000)	783,000
<b>ADJUSTED SURPLUS</b>	<b>180,396</b>	<b>83,468</b>
Transfer from / (to) designated reserves	-	-
	<b>180,396</b>	<b>83,468</b>

**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 that 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 it's 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 be 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 sections 28,32 and 36 of the Trade Union and Labour Relations (Consolidation) Act 1992; and
- have been prepared in accordance with the requirements of the Association.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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 £	2020 £
<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
		32,537,555	15,899,251
<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
		32,875,467	16,823,068
<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
		33,075,467	17,057,068
<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) DESIGNATED RESERVES</b>		<b>(533,687)</b>	<b>(1,145,668)</b>

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 £	2020 £
<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
		32,083,345	15,284,795
<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
		32,242,174	15,902,476
<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
		32,422,174	16,116,476
<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>		<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)
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>	<u>(2,550,000)</u>	<u>1,793,000</u>
<b>TOTAL COMPREHENSIVE INCOME 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**

	Notes	GROUP		Association	
		2021 £	2020 £	2021 £	2020 £
<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 earnings £	Total equity £
<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 £	2020 £
<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>	<b>2020</b>
	<b>£</b>	<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	01.04.20
	£	£
Cash and cash equivalents	<u>12,021,132</u>	<u>6,418,451</u>
<b>Year ended 31 March 2020</b>	31.03.20	01.04.19
	£	£
Cash and cash equivalents	<u>6,418,451</u>	<u>6,393,890</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 owned subsidiary company, Local Government Data Unit - Wales. The trading results of the subsidiary undertakings are consolidated on a line by line basis within the consolidated statement of financial activities.

**Turnover/Income**

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

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

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

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

All other income is included on an accruals basis.

**Pension Costs**

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

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

**Operating Leases**

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

**Fixed Assets**

The Association 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	WELSH GOVERNMENT AND OTHER PROJECT INCOME	Group		Association	
		2021 £	2020 £	2021 £	2020 £
	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)**

	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
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	-
	<u>23,595,619</u>	<u>7,766,948</u>	<u>23,971,490</u>	<u>7,766,948</u>

**WELSH LOCAL GOVERNMENT ASSOCIATION  
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12 OTHER EXPENSES	Group		Association	
	2021 £	2020 £	2021 £	2020 £
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; Computer Equipment £</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  
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14 DEBTORS	Group		Association	
	2021 £	2020 £	2021 £	2020 £
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 £	2020 £	2021 £	2020 £
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 £	2020 £	2021 £	2020 £
Local Government Data Unit - Wales (Data Cymru)	-	-	-	37,710
	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,710</u>

16 RESERVES - GROUP	General £	Designated £	Total £
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  
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16 RESERVES - Association	General £	Designated £	Total £
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 £	2020 £
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  
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**20 PENSION SCHEME - ASSOCIATION**

<b>Balance sheet items</b>	<b>2021 £000s</b>	<b>2020 £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 £000s</b>	<b>2020 £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 £000s</b>	<b>2020 £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  
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**20 PENSION SCHEME (CONT.) - ASSOCIATION**

<b>Analysis of Net Interest/Return on Assets</b>	<b>2021 £000s</b>	<b>2020 £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  
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**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%) (131% males,106% females)	S3PA CMI_2018_(1.75%) (131% males,106% females)
Retired members	S3PA CMI_2018_(1.75%) (124% males,104% females)	S3PA CMI_2018_(1.75%) (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  
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**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 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	<u>(1,800,000)</u>	<u>(1,040,000)</u>
Deficit	<u>(1,800,000)</u>	<u>(1,040,000)</u>
Net liability	<u><u>(1,800,000)</u></u>	<u><u>(1,040,000)</u></u>

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

The amounts recognised in surplus are as follows:

	<b>Defined benefit 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>
<b>Actual return on plan assets</b>	<u>-</u>	<u>110,000</u>

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

	<b>Defined benefit 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 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
Assests other remeasurements	(80,000)	(240,000)
Benefits paid	1,460,000	(470,000)
	<u>6,600,000</u>	<u>5,040,000</u>

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

The amounts recognised in other comprehensive income are as follows:

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

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

	<b>Defined benefit 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%
	100.00%	100.00%
	100.00%	100.00%

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

	Group		Association	
	2021 £	2020 £	2021 £	2020 £
(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)
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<b>ADJUSTED SURPLUS (PRE PENSION SCHEME)</b>	<u>231,313</u>	<u>127,332</u>	<u>180,396</u>	<u>83,468</u>
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Transfer from / (to) designated reserves	-	-	-	-
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	<u><u>231,313</u></u>	<u><u>127,332</u></u>	<u><u>180,396</u></u>	<u><u>83,468</u></u>
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**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.