

# 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)

[www.wlga.gov.uk](http://www.wlga.gov.uk)

Has the address changed during the year to which the return relates?

Yes

No

('X' in appropriate box)

General Secretary:

Contact name for queries regarding the completion of this return:

Gaynor Williams

Telephone Number:

7407070462

E-mail:

[gaynor.williams@wlga.gov.uk](mailto:gaynor.williams@wlga.gov.uk)

#### Please follow the guidance notes in the completion of this return

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

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

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

## 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>			
2,347,018	From Members	Subscriptions, levies, etc	2,379,187	2,379,187
	Investment income	Interest and dividends (gross)		
4,225		Bank interest (gross)	2,695	2,695
		Other (specify)		
		Total Investment Income	2,695	2,695
	Other Income	Rents received	44,000	44,000
43,500		Insurance commission		
		Consultancy fees		
2,083		Publications/Seminars	450	450
		Miscellaneous receipts (specify)		
29,090,807		See pages 20 & 21 in the Financial Statements	34,059,629	34,059,629
		Total of other income		34,104,079
		<b>Total income</b>		<b>36,485,961</b>
		<b>Interfund Transfers IN</b>		
	<b>Expenditure</b>			
3,852,791	Administrative expenses	Remuneration and expenses of staff	4,222,381	4,222,381
572,318		Occupancy costs	505,552	505,552
3,115		Printing, Stationery, Post	7,587	7,587
24,822		Telephones	25,175	25,175
4,040		Legal and Professional fees	16,435	16,435
		Miscellaneous (specify)		
63,816		ICT Out-Sourcing	27,967	27,967
17,565		GDPR Support	17,195	17,195
24,856		Translation Costs	13,041	13,041
780,633		Other Expenses		
28,959,230		Total of Admin expenses		4,835,333
	Other Charges	Bank charges	1,027	1,027
720		Depreciation	45,000	45,000
		Sums written off		
		Affiliation fees		
		Donations		
		Conference and meeting fees		
		Expenses	681,752	681,752
		Miscellaneous (specify)		
2,115,758		Top Slice	2,152,874	2,152,874
23,971,490		Project Costs & Consultancy	27,563,009	27,563,009
		Total of other charges		30,443,662
		Taxation		
		<b>Total expenditure</b>		<b>35,278,995</b>
		<b>Interfund Transfers OUT</b>		
		Surplus/Deficit for year		1,206,966
		Amount of fund at beginning of year		
		Amount of fund at end of year		1,206,966



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

(see notes 17 to 18)

Account 4		Fund Account	
Name of account:		£	£
<b>Income</b>			
From members			
Investment income			
Other income (specify)			
		<b>Total Income</b>	
<b>Interfund Transfers IN</b>			
<b>Expenditure</b>			
Administrative expenses			
Other expenditure (specify)			
		<b>Total Expenditure</b>	
<b>Interfund Transfers OUT</b>			
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

Account 5		Fund Account	
Name of account:		£	£
<b>Income</b>			
From members			
Investment income			
Other income (specify)			
		<b>Total Income</b>	
<b>Interfund Transfers IN</b>			
<b>Expenditure</b>			
Administrative expenses			
Other expenditure (specify)			
		<b>Total Expenditure</b>	
<b>Interfund Transfers OUT</b>			
		Surplus (Deficit) for the year	
		Amount of fund at beginning of year	
		Amount of fund at the end of year (as Balance Sheet)	

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

(see notes 17 to 18)

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

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



**Balance Sheet as at [ ]**

(see notes 19 and 20)

Previous Year		£	£
	<b>Fixed Assets</b> (as at Page 8)		
	<b>Investments</b> (as per analysis on page 9)		
	Quoted (Market value £                   ) as at Page 9		
	Unquoted (Market value £                   ) as at Page 9		
	<b>Total Investments</b>		
	<b>Other Assets</b>		
	Sundry debtors		
	Cash at bank and in hand		
	Stocks of goods		
	Others (specify)		
	<b>Total of other assets</b>		
	<b>Total Assets</b>		
	Revenue Account/ General Fund	1,206,966	
	Revaluation Reserve		
	<b>Liabilities</b>		
	<b>Total Liabilities</b>		
	<b>Total Assets</b>		

## Fixed Assets account

(see note 21)

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

# Analysis of Investments

(see note 22)

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

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



## Summary Sheet

(see notes 24 to 33)

	All Funds	Total Funds
	£	£
<b>Income</b>		
From Members	2,379,187	2,379,187
From Investments	2,695	2,695
Other Income (including increases by revaluation of assets)	34,104,079	34,104,079
<b>Total Income</b>	<b>36,485,961</b>	<b>36,485,961</b>
<b>Expenditure</b> (including decreases by revaluation of assets)		
<b>Total Expenditure</b>	<b>35,278,995</b>	<b>35,278,995</b>
<b>Funds at beginning of year</b> (including reserves)		
<b>Funds at end of year</b> (including reserves)	1,206,966	1,206,966
<b>ASSETS</b>		
Fixed Assets		
Investment Assets		
Other Assets		
<b>Total Assets</b>		
<b>Liabilities</b>		
<b>Total Liabilities</b>		-1,206,966
<b>Net Assets (Total Assets less Total Liabilities)</b>		<b>1,206,966</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>		
<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.



## Accounting policies

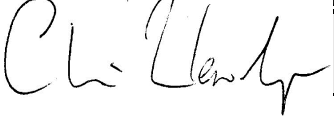

(see notes 35 & 36)

## Signatures to the annual return

(see notes 37 and 38)

Including the accounts and balance sheet contained in the return.

and paste your electronic signature here

Secretary's Signature:			Chairman's Signature	
				(or other official whose position should be stated)
Name:	Dr Chris Llewelyn		Name:	Huw David
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	<b>X</b>	No	
Has the auditor's report been completed? (see Note 41)	Yes	<b>X</b>	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	<b>X</b>	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:

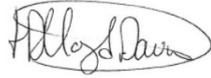
**In our opinion the financial statements:**

- 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:

22 February 2023

Contact name for enquiries and telephone number:

JESSICA LEWIS

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

**Double- click on icon to open guidance**

**WELSH LOCAL GOVERNMENT ASSOCIATION**  
**STRATEGIC REPORT, REPORT OF THE CHIEF EXECUTIVE**  
**AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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 2022**

The Chief Executive presents his strategic report for the year ended 31 March 2022.

## **REVIEW OF BUSINESS**

The WLGA is rooted in 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. Never has this been more evident than during the recent period of unprecedented global crises.

The WLGA's work during 2021-22 has been dominated by the demands of extraordinary international crises. Covid-19 has again overshadowed the work of the WLGA for most of 2020-21 as it has for the since its emergence in early 2020. Even though vaccines have helped to ease the pandemic, the pressure on council services and the work of the WLGA has continued. At the same time, the war in Ukraine and the ensuing global economic crisis has presented enormous challenges and the economic and financial impact of Brexit continues to be felt.

The pandemic has demonstrated the importance of local democracy and local delivery experience and operational expertise. Councils have demonstrated that they are uniquely placed at the heart of their communities and public service delivery and are invariably the first port of call for the most vulnerable or those in need of support or assurance.

Councils have demonstrated flexibility, innovation, resilience and responsiveness and the crisis demonstrated councils' ability to respond irrespective of scale and reaffirmed the WLGA's stance on the importance of subsidiarity and localism, with elected members and officers rooted in their local communities.

Throughout the pandemic, the WLGA has sought to provide an interface between leaders and cabinet members and Ministers, sharing information and intelligence, providing a sounding board for approaches and escalating local issues of concern.

Negotiating the local government revenue and capital settlements continue to be a big part of the WLGA's work. During the past year, we undertook powerful and consistent evidence-based lobbying to show the value of local services. This contributed to one of the best settlements since devolution, with an increase in RSG of £438m or 9.4%. Core funding for local government topped £5 billion for the first time ever and is £1 billion higher, in cash terms, than the 2017-18 baseline at start of the term.

With persistent lobbying by the WLGA, the Welsh Government has produced a multiyear settlement providing indicative allocations of an additional £177m (3.5%) in 2023-24 and £128m (2.4%) in 2024-25. This will take core funding to £5.4 billion in 2024-25, some £1.3 billion higher than it was at the start of this term.

For the first time in nearly 10 years, the settlement outcomes in both 2020-21 and 2021-22 significantly addressed the evidenced cost pressures set out to the Finance Sub-Group. The 2021-22 settlement has also been topped up with an additional £60m and with the help of Treasurers, Leaders made a strong case for a £50m fund to address winter pressures and social care overspends.

The operation of the hardship fund in Wales differed from elsewhere in the UK and during 2020-21, in the first full year of the pandemic, led to an additional £400m being made available for pressures and £190m for lost income. The available budget for 2021-22 was £368m. As a claims-based scheme, the fund ensured that funding went to those authorities in most in need. The scheme provided funding for income lost and additional pressures and grew from an initial £30m fund in response to requests from WLGA leaders.

In addition to the hardship fund, the Welsh Government has provided just over £53m in support of the pressures councils have faced over the past two years due to reduced council tax collection rates and larger numbers of Council Tax Reduction Scheme (CTRS) claimants. The funding has come with maximum flexibility.

**WELSH LOCAL GOVERNMENT ASSOCIATION  
STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2022**

**REVIEW OF BUSINESS (CONT.)**

The WLGA has worked closely with the Welsh Government and a wide range of other partners throughout the Covid-19 and Ukraine crises and the scale and scope of political engagement between local and central government in Wales has been a key feature of recent years. The WLGA helped create a relationship of partnership and mutual respect with the Welsh Government during the Covid period and this has been sustained through the Ukraine and cost of living crises.

Engagement with Ministers and the Welsh Government has been intense but proportionate and almost always productive and constructive. Local Government and Finance Minister Rebecca Evans continued to meet local government leaders frequently on a regular basis and facilitated opportunities for other ministers to join those meetings as appropriate, 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

Regular engagement with ministers in health and social care, education, and the economy, has also been a feature of the last year. Increasing demand for services, across both Adults and Children's Services, with increased complexity of cases and support packages required, along with workforce challenges and funding levels that have not keep pace with demand, all these issues have been key challenges facing social care services over the past term and key areas of activity for the WLGA.

The Covid-19 pandemic, while hugely challenging for social care staff and those in receipt of services, truly demonstrated the real value and worth of social care and increased public understanding of the roles social care undertake in supporting vulnerable people. Ensuring staff were protected with the necessary PPE, advising on testing regimes for the workforce and residential care residents, developing and supporting implementation of the shielding scheme and inputting to the development of policy and guidance were areas of work WLGA engaged with during this time, supporting the workforce to undertake their roles safely.

Brexit remained a feature of the WLGA's work during 2021-22. An extensive £1.2m support programme was secured by WLGA to help local authorities to prepare for the UK's momentous exit from the EU. We worked intensively with UK Government, Welsh Government, and regional partnerships on replacement EU funding to maximise potential of the Shared Prosperity Fund in Wales and avoid gaps in provision.

The WLGA's partnership with the Welsh Government to deliver sector-led improvement support continued to flourish during the year as did the work of the Digital Team.

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. 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 continued reviewing organisational and HR policies and new WLGA branding was introduced in 2021-22 in advance of a new website to support our communications and public affairs activities

In late 2021, the WLGA moved to new, modern offices at One Canal Parade co-locating with public service partners. The new office promotes and supports a culture of collaboration and agile working and will deliver annual savings and a significantly reduced carbon footprint, incorporating recycled furniture through local suppliers and community-owned enterprises

**WELSH LOCAL GOVERNMENT ASSOCIATION  
STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2022**

**REVIEW OF BUSINESS (CONT.)**

We have adopted new ways of working, reflecting the approaches of councils by moving to remote and recently hybrid working. Working with partner authorities, we promoted and pioneered the approach to bilingual online meetings, including transition from Teams to Zoom and we are currently working with Microsoft in the development of simultaneous interpretation via Teams.

Leaders and wider members became more engaged in and led WLGA business, with more regular leaders' meetings, the establishment of regular Group Leaders' meetings to discuss emerging issues or forthcoming business, and the increased involvement of Deputy Spokespersons in regular bilateral dialogue with Ministers as well as regular cabinet member meetings to extend the engagement.

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

**PRINCIPAL RISKS AND UNCERTAINTIES**

The WLGA and local government continues to respond to changing circumstances and to deliver high quality services even at the time of crisis. As the cost-of living crisis follows the Covid-19 pandemic, Brexit, floods, and a decade of austerity, the local government community has had to rise to each of these challenges. 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 cost-of-living crisis and soaring inflation stretch communities to breaking point and present immense financial challenges. Whilst the WLGA is not a direct service provider, it is susceptible to the same pressures and risks to funding.

During 21-22, the Association moved to its new accommodation in One Canal Parade and simultaneously introduced a new Agile Working Policy. There will be continued opportunities for achieving better with flexible working and greater collaboration with other tenants in the building around corporate support functions. The ferocity of the cost-of-living crisis shows there is no let-up in future uncertainty and the WLGA must continue to adapt, as it has been for the last 25 years and to add value to the work of its member authorities and the reputation of the sector.

The detailed budget for 2022-23 was considered by the WLGA Council in March 2022 where a balanced position was presented. In future years, a modest surplus will be generated up to 2025-26 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 this has increased with the expansion of grant funded teams coming into the organisation. These teams put increasing pressure on the WLGA's corporate functions, and we will continue to look for ways to share the full economic cost of these, in a fair and transparent way so that the subscriber is not subsidising these functions.

Our medium-term financial plan puts the Association on a solid and sustainable footing over the next 3 years. During the next couple of years, the cost of the accommodation will stabilise around £280k to £290k and the full cost shared with the grant funded teams, Local Partnerships and Data Cymru.

We are still in discussion with our former landlord on the extent of dilapidations for 3-8 Drake Walk and at the time of writing these are not concluded. A final area of uncertainty remains around the triennial revaluation of the Local Government Pension Scheme. As further detail is published at the end of this year, it may lead to an increase in the employer contributions for future years.



**WELSH LOCAL GOVERNMENT ASSOCIATION  
STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2022**

**FINANCIAL REVIEW FOR THE YEAR**

The WLGA collects subscriptions from its members. In 2021-22 subscriptions were increased by 1.4% to £2.139m. Overall subscriptions amount to £2.379m when the LGA share of the subscription is added. Since 2009-10, subscription income has fallen by 23%, or just under a quarter, in real terms.

The Association also receives grant income from the Welsh Government and other bodies for specific activities supporting council functions. In 2021-22 the Association's grant income increased by £4.5m in comparison with the previous financial year, taking the total to an historic high of £33.6m. Apart from the RSG top slices, income comes from nearly 30 different grant schemes. Some of the largest such as the £10m Independent Living Grant are passported straight to councils. Full details of Welsh Government and other grants can be found on page 20

In 2021-22, the Association provided funding from the Revenue Support Grant Top Slice of over £2.2m to support the activities of the National and Urdd Eisteddfodau, Data Cymru, the Royal Welsh Show, LGA Employment services, and a number of national social care functions that are set out on page 22.

The Association shows a deficit of £395,377 for 2021-22 compared to a deficit of £334,604 in previous reporting period. This is due to a higher than anticipated overspend in 21-22 and the accounting treatment of the pensions. A breakdown is shown on page 30.

**GOING CONCERN**

The financial statements currently show that the Association has negative reserves of £4,270,270. The primary reason for the Association having negative reserves is the long-term pension liability of £8,277,000. 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. As noted in the previous section, we expect to see the results of the LGPS triennial revaluation later this year which may impact on expenditure if a decision is made to increase employer contributions.

Excluding the pension deficit, the Association has reserves of £4,006,730 equivalent to the net current assets of the Association. We will work up a reserves policy with the Audit Committee, that will set a target for reserves of between 80% to 100% of net income. This will be subject to the view of the Audit Committee.

In conclusion, 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



.....  
PRESIDING OFFICER - CLLR HUW DAVID

DATE.....25th November 2022.....

**WELSH LOCAL GOVERNMENT ASSOCIATION  
REPORT OF THE CHIEF EXECUTIVE  
FOR THE YEAR ENDED 31 MARCH 2022**

The Chief Executive presents his report with the financial statements of the Association for the year ended 31 March 2022.

**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 2022**

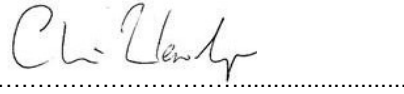
**CHIEF EXECUTIVE'S CERTIFICATE**

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 2022 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

25th November 2022

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

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

**Opinion**

We have audited the financial statements of Welsh Local Government Association for the year ended 31 March 2022 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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting
- 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'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 23 in the financial statements, which indicates that the Association is insolvent with negative reserves of £4,270,270. This is primarily due to the long term pension scheme deficit of £8,277,000 in which the Association participates. This deficit is an estimate of the expected shortfall of assets over liabilities in the pension scheme and as such the liability is not expected to crystallise in the short term. This indicates that a material uncertainty exists that may cast significant doubt on the Association's long term ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

**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

**Responsibilities of director**

As explained more fully in the Statement of Chief Executive's Responsibilities set out on page 4, the Chief Executive is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Executive determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Executive either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

**Our responsibilities for the audit of the financial statements**

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

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

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

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

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

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

### **Identifying and assessing potential risks related to irregularities.**

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

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

### **Audit response to risks identified**

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

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

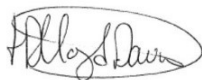
**REPORT OF THE INDEPENDENT AUDITORS  
TO THE MEMBERS OF THE  
WELSH LOCAL GOVERNMENT ASSOCIATION**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

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



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

Date: .....25th November 2022.....

**WELSH LOCAL GOVERNMENT ASSOCIATION  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	2022 £	2021 £
<b>INCOME</b>			
Subscriptions	2	2,379,187	2,347,018
Project Income	3	33,557,833	29,090,807
Other Income	4	<u>546,246</u>	<u>645,520</u>
		36,483,266	32,083,345
<b>EXPENDITURE</b>			
Staff Costs	5	4,222,381	3,852,791
Pension scheme charge	6	1,195,000	811,000
Office Accommodation	7	466,359	572,318
Office Services	8	310,530	138,027
Member Services	9	26,645	25,742
Furniture and Equipment		3,788	6,425
RSG Top Slice Costs	10	2,152,874	2,115,728
Welsh Government Other Grant Costs	11	27,563,009	23,971,490
Other Expenses	12	681,752	748,653
Depreciation	13	50,000	
		<u>36,672,338</u>	<u>32,242,174</u>
<b>OTHER FINANCE INCOME/COSTS</b>			
Expected return on pension scheme assets		(549,000)	(526,000)
Interest on pension scheme liabilities		758,000	706,000
		<u>36,881,338</u>	<u>32,422,174</u>
<b>OPERATING DEFICIT FOR THE YEAR</b>		<b>(398,072)</b>	<b>(338,829)</b>
Interest Receivable		2,695	4,225
<b>DEFICIT ON ORDINARY ACTIVITIES</b>	20	<b>(395,377)</b>	<b>(334,604)</b>
Transfers to/(from) Designated reserves	15	-	-
<b>DEFICIT AFTER TRANSFER TO/(FROM) DESIGNATED RESERVES</b>		<u><u>(395,377)</u></u>	<u><u>(334,604)</u></u>

A note reconciling the movement of the deficit as a result of pension scheme adjustment can be found on page 31, note 20.

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

The notes on pages 17 - 31 form part of these financial statements.



**WELSH LOCAL GOVERNMENT ASSOCIATION  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2022**

	Notes	2022 £	2021 £
<b>FIXED ASSETS</b>			
Leasehold Improvements	13	450,000	-
<b>CURRENT ASSETS</b>			
Debtors	14	5,676,665	10,001,345
Cash at Bank and in hand		<u>9,774,711</u>	<u>10,857,897</u>
		15,451,376	20,859,242
<b>CURRENT LIABILITIES</b>			
	15	<u>11,894,646</u>	<u>17,296,135</u>
<b>NET CURRENT ASSETS</b>		3,556,730	3,563,107
<b>TOTAL ASSETS EXCLUDING PENSION LIABILITY</b>		<u>4,006,730</u>	<u>3,563,107</u>
<b>PENSION LIABILITY</b>	20	(8,277,000)	(10,262,000)
<b>NET LIABILITIES INCLUDING PENSION LIABILITY</b>		<u>(4,270,270)</u>	<u>(6,698,893)</u>
 <b>FINANCED BY:</b>			
Reserves	16	(4,270,270)	(6,698,893)
		<u>(4,270,270)</u>	<u>(6,698,893)</u>

Approved by the Association and signed on its behalf on 25th November 2022



PRESIDING OFFICER - CLLR HUW DAVID

The notes on pages 17 - 31 form part of these financial statements.

**WELSH LOCAL GOVERNMENT ASSOCIATION  
OTHER COMPREHENSIVE INCOME  
AS AT 31 MARCH 2022**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Deficit for the financial year	(395,377)	(334,604)
<b>OTHER COMPREHENSIVE INCOME</b>		
Remeasurements on assets	1,879,000	3,399,000
Remeasurements on liabilities	945,000	(5,439,000)
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>	<u>2,824,000</u>	<u>(2,040,000)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u><u>2,428,623</u></u>	<u><u>(2,374,604)</u></u>

**WELSH LOCAL GOVERNMENT ASSOCIATION  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2022**

	Retained earnings £	Total equity £
<b>Balance as 1 April 2020</b>	(4,324,289)	(4,324,289)
<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>
<b>Changes in Equity</b>		
Total comprehensive income	<u>2,428,623</u>	<u>2,428,623</u>
<b>Balance at 31 March 2022</b>	<u>(4,270,270)</u>	<u>(4,270,270)</u>

**WELSH LOCAL GOVERNMENT ASSOCIATION  
STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	<u>(585,881)</u>	<u>5,487,666</u>
Net cash from operating activities		<u>(585,881)</u>	<u>5,487,666</u>
<b>Cash flows from investing activities</b>			
Interest received		2,695	4,225
Capital expenditure		(500,000)	-
Net cash from investing activities		<u>(1,083,186)</u>	<u>5,491,891</u>
Increase in cash and cash equivalents			
<b>Cash and cash equivalents at beginning of year</b>	2	<u>10,857,897</u>	<u>5,366,006</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>9,774,711</u></u>	<u><u>10,857,897</u></u>

**WELSH LOCAL GOVERNMENT ASSOCIATION  
NOTES TO THE STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2022**

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Operating Deficit for the year	(398,072)	(338,829)
Depreciation Charges	50,000	-
Pension adjustment	1,195,000	811,000
Pension contributions paid	(565,000)	(476,000)
Other finance income/costs	209,000	180,000
	<u>490,928</u>	<u>176,171</u>
(Increase) / Decrease in debtors	4,324,680	(8,395,859)
Increase/ (Decrease) in creditors	(5,401,489)	13,707,354
<b>Cash generated from operations</b>	<u><u>(585,881)</u></u>	<u><u>5,487,666</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 2022</b>	31.03.22	01.04.21
	£	£
Cash and cash equivalents	<u>9,774,711</u>	<u>10,857,897</u>
<b>Year ended 31 March 2021</b>	31.03.21	01.04.20
	£	£
Cash and cash equivalents	<u>10,857,897</u>	<u>5,366,006</u>

**WELSH LOCAL GOVERNMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

**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 2022**

**1 ACCOUNTING POLICIES - CONT.**

**Fixed Assets**

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

The Association does not capitalise computer equipment but charges them to the income and expenditure account in the year of acquisition. The Association purchased furniture and equipment during the year of £3,788 (2021 £6,425).

**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 2022**

**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 and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

**Other financial liabilities**

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

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

**Derecognition of financial liabilities**

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

**Equity instruments**

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



**WELSH LOCAL GOVERNMENT ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

**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

**Cash at Bank and in Hand**

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

**Debtors**

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

**Creditors**

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

**Employee Benefits**

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

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

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

**2 SUBSCRIPTIONS**

All of the 22 unitary local authorities were in membership with the Association in 2021/22. 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 2022**

<b>3 WELSH GOVERNMENT AND OTHER PROJECT INCOME</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
RSG Top Slice Retained: Welsh Local Government Association	968,618	923,600
RSG Top Slice: National Eisteddfod	356,900	349,900
RSG Top Slice: Urdd Eisteddfod	142,200	139,400
RSG Top Slice: Royal Welsh Agricultural Society	81,800	80,200
RSG Top Slice: Data Cymru	438,555	422,500
RSG Top Slice: National Adoption Service	473,000	459,200
RSG Top Slice: Looked After Children	400,000	460,000
RSG Top Slice: LGA Workforce support	200,000	200,000
RSG Top Slice - Reflect Project Newport	60,000	-
RSG Top Slice: Food in Schools	199,989	170,607
National Exercise Referral Scheme	165,367	154,920
Waste Improvement	339,781	320,760
National Autism Team	632,123	599,117
Education Training Standards Wales	83,145	42,328
Supporting Service Children in Wales	370,807	286,830
Regional Skills Partnership	806,683	526,497
Armed Forces Free Swimming	28,716	6,465
Resilience and Safety	135,720	94,348
Unaccompanied Asylum Seeking Children	390,411	10,134
Horizon 2020	21,376	58,288
Combined Education Grant	8,987,779	1,021,690
Local Authority Social Services	42,000	143,000
National Commissioning Board	187,587	155,544
Food and Fun (School Holiday Enrichment Programme)	2,610,535	105,759
Wales Strategic Migration Partnership	259,158	238,161
EU Transition Funding	1,119,400	1,244,311
Unadopted Roads Project	79,918	24,302
Life Long Learning Grant	68,720	204
Safer Communities project	-	39,754
Taxi Licencing Project	75,000	78,445
EU Transition Food Provision	-	2,000,000
Homelessness EUTF	-	151,305
Armed Forces Covenant	-	11,637
Armed Forces Liaison Officer	299,000	250,000
NRW Green Recovery	-	4,201,955
Decarb support programme	117,014	6,600,000
Digital team	992,375	262,740
Improvement Support Programme	519,608	149,222
Education Support Covid-19	16,992	7,013,172
All Wales SCN	233,343	94,512
Household Support	1,500,000	-
Independent Living	10,000,000	-
Food in Schools	154,213	-
	<u>33,557,833</u>	<u>29,090,807</u>

**WELSH LOCAL GOVERNMENT ASSOCIATION  
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<b>4</b>	<b>OTHER INCOME</b>	<b>2022</b>	<b>2021</b>
	Conference Fees, Charges and Training Events	450	2,083
	Policy	13,128	51,808
	ADEW Support Officer	40,000	40,000
	Directors of Public Protection	91,640	77,718
	Principal Youth Officers Group	-	9,439
	SWT Policy Officer	30,000	-
	Rental income	44,000	43,500
	Secondment recharges	327,028	420,972
		<u>546,246</u>	<u>645,520</u>

**5 STAFF COSTS**

At the year end, the Association's Secretariat was staffed with 83 (2021 - 70) employees.

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Total staff costs were as follows:		
Salaries (including redundancy & early retirement costs)	3,748,586	3,471,027
Employers National Insurance	369,903	335,765
Training	84,542	6,711
Travel and Subsistence	6,030	7,965
Recruitment and Advertising	13,320	31,323
	<u>4,222,381</u>	<u>3,852,791</u>

Included in the above staff costs are early retirement costs of £29,012 (2021 £15,518) and redundancy/serverance costs of £64,822 (2021: NIL)

The remuneration of the Chief Executive of the Association, together with employer's pension contributions amounted to £154,099 (2021 - £168,116), which can be analysed as follows:-

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Gross Salary	118,126	128,865
Employer's National Insurance	15,183	16,571
Employer's Superannuation	20,790	22,680
	<u>154,099</u>	<u>168,116</u>

**WELSH LOCAL GOVERNMENT ASSOCIATION  
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<b>6</b>	<b>PENSION INCOME &amp; EXPENDITURE CHARGE</b>	<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>£</b>
	Current service cost	1,157,000	797,000
	Past service costs	22,000	-
	Curtailments	-	-
	Administration expenses	16,000	14,000
		<u>1,195,000</u>	<u>811,000</u>

**7 OFFICE ACCOMMODATION**

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

**8 OFFICE SERVICES**

These include printing, stationery, all communications costs and audit fees. Auditors' remuneration is £8,500 (2021 - £8,200). Also included are amounts relating to non audit fees of £5,595 (2021 - £4,000).

**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</b>	<b>RSG TOP SLICE COSTS</b>	<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>£</b>
	RSG Top Slice: National Eisteddfod	356,900	349,900
	RSG Top Slice: Urdd Eisteddfod	142,200	139,400
	RSG Top Slice: Royal Welsh Agricultural Society	81,800	80,200
	RSG Top Slice: Data Cymru	438,555	422,500
	RSG Top Slice: National Adoption Service	473,419	463,728
	RSG Top Slice: Looked after children	460,000	460,000
	RSG Top Slice: LGA Workforce Support	200,000	200,000
		<u>2,152,874</u>	<u>2,115,728</u>

**WELSH LOCAL GOVERNMENT ASSOCIATION  
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<b>11 WELSH GOVERNMENT OTHER PROJECT COSTS (excluding employee costs)</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Improvement fund	-	-
Waste Improvement	55,251	38,299
National Exercise Referral Scheme	41,464	27,373
National Autism Team	188,580	139,498
Education Training Standards Wales	61,505	23,370
Supporting Service Children in Education	304,495	219,566
Regional Skills Partnership	806,683	526,497
Armed Forces Free Swimming	28,716	6,465
Resilience and Safety	69,377	26,872
Food and Fun (School Holiday Enrichment Programme)	2,507,719	2,275
Unaccompanied Asylum Seeking Children	390,411	10,134
Wales Strategic Migration Partnership	22,683	17,280
Local Authority Social Services	42,000	175,004
National Commissioning Board	27,711	34,122
Armed Forces Covenant	-	637
Combined Education Grant	8,987,779	1,026,690
Life long learning grant	1,720	204
Unadopted Roads Project	31,464	4,062
EU Transition funding	1,053,683	1,145,113
EU Transition Food Provision	-	2,000,000
Homelessness EUTF	-	151,305
Armed Forces Liaison Officer	299,000	250,000
Food in Schools	219,638	69,102
Safer Communities project	-	663
Horizon 2020	3,598	1,191
Taxi Licence Project	883	866
NRW Green Recovery	-	4,201,955
Decarb support programme	76,576	6,600,000
Digital Team	448,593	111,613
Improvement Support Programme	336,785	145,755
Education Support Covid-19	16,992	6,981,520
All Wales SCN	39,703	34,059
Household Support	1,500,000	-
Independent Living	10,000,000	-
	<u>27,563,009</u>	<u>23,971,490</u>

**WELSH LOCAL GOVERNMENT ASSOCIATION  
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<b>12 OTHER EXPENSES</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Information communication technology	27,967	83,632
Website expenses	3,500	3,519
Research	-	2,250
Translation costs	13,041	24,584
Data Cymru (formerly Local Government Data Unit - Wales)	70,000	70,000
Professional and Consultancy fees	126,593	150,170
Conferences & events	150	-
Local Government Association	239,720	235,020
Directors of Public Protection	91,865	97,492
Principal Youth Officers Group	5,412	64
Miscellaneous expenses	30,264	9,259
Project costs	73,240	72,663
	<u>681,752</u>	<u>748,653</u>
	<u><u>681,752</u></u>	<u><u>748,653</u></u>
 <b>13 TANGIBLE FIXED ASSETS</b>		
	<b>Leasehold Property Improvements</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
<b>Cost</b>		
At 1 April 2021	-	-
Additions	500,000	500,000
Disposals	-	-
Reclassification	-	-
<b>At 31 March 2022</b>	<u>500,000</u>	<u>500,000</u>
<b>Depreciation</b>		
At 1 April 2021	-	-
Charge for the year	50,000	50,000
Disposals	-	-
Reclassification	-	-
<b>At 31 March 2022</b>	<u>50,000</u>	<u>50,000</u>
<b>Net book value</b>		
At 31 March 2022	450,000	450,000
At 31 March 2021	-	-
	<u><u>450,000</u></u>	<u><u>450,000</u></u>
 <b>14 DEBTORS</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Trade Debtors	228,029	172,134
Grant Debtors	5,211,230	9,625,167
Sundry Debtors	1,095	62,290
VAT	236,311	141,754
	<u>5,676,665</u>	<u>10,001,345</u>
	<u><u>5,676,665</u></u>	<u><u>10,001,345</u></u>

**WELSH LOCAL GOVERNMENT ASSOCIATION  
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<b>15 CREDITORS</b>		<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>£</b>
Trade Creditors		6,051,426	5,113,340
Accruals		2,418,455	9,646,411
Deferred Income		3,424,765	2,536,384
		<u>11,894,646</u>	<u>17,296,135</u>

Included within creditors due within one year are amounts due to the following

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Local Government Data Unit - Wales - (Data Cymru)	225,626	-
	<u>225,626</u>	<u>-</u>

<b>16 RESERVES</b>		<b>General</b>	<b>Designated</b>	<b>Total</b>
		<b>£</b>	<b>£</b>	<b>£</b>
Balance brought forward as previously stated	(6,698,893)	-	(6,698,893)	
Deficit for the year	(395,377)	-	(395,377)	
Remeasurement (liabilities & assets)	2,824,000	-	2,824,000	
Transfers	-	-	-	
	<u>(4,270,270)</u>	<u>-</u>	<u>(4,270,270)</u>	
At 31 March 2022				

**17 OPERATING LEASE AND FINANCIAL COMMITMENT**

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

	<b>2022</b>	<b>2021</b>
Land and Buildings		
Within one year	-	-
Between one and five years	565,500	424,125
More than five years	848,250	989,625
	<u>1,413,750</u>	<u>1,413,750</u>

The Association has entered into a financial commitment with Cardiff County Council to pay £83,574 for Information and Communication Technology services up to 31 March 2023.

**WELSH LOCAL GOVERNMENT ASSOCIATION  
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**18 SUBSIDIARY COMPANIES**

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Deficit for the year	<u>397,595</u>	<u>(199,083)</u>
Capital and Reserves (after pension creditor)	<u>(374,300)</u>	<u>(886,705)</u>

Reserves before the pension deficit amounted to £915,700 (2021 £913,295). 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 £173,565 (2021 - NIL).

During the year the Association was charged £620,344 (2021 - £525,277) by Data Cymru in the normal course of business.

During the year the Association paid a grant over to Data Cymru amounting to £438,555 (2021 - £422,500)

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  
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**20 PENSION SCHEME**

<b>Balance sheet items</b>	<b>2022 £000s</b>	<b>2021 £000s</b>
Market Value of Assets	28,683	25,973
Liabilities	36,960	36,235
(Deficit)	<u>(8,277)</u>	<u>(10,262)</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 2022</b>		<b>Assets at 31 March 2021</b>	
	<b>£000s</b>	<b>%</b>	<b>£000s</b>	<b>%</b>
Equities	14,256	49.7	13,272	51.1
Government Bonds	2,696	9.4	338	1.3
Other Bonds	975	3.4	2,987	11.5
Property	2,754	9.6	2,338	9.01
Cash/Liquidity	602	2.1	571	2.2
Other	7,400	25.8	6,467	24.9
	<u>28,683</u>		<u>25,973</u>	

<b>Movement in Deficit</b>	<b>2022 £000s</b>	<b>2021 £000s</b>
(Deficit) at beginning of year	(10,262)	(7,707)
Current Service Costs	(1,157)	(797)
Past service costs	(22)	-
Employer Contributions	565	476
Net interest on pension liabilities	(209)	(180)
Administration expense	(16)	(14)
Effects of curtailments	-	-
Remeasurements on liabilities & assets	2,824	(2,040)
(Deficit) at End of Year	<u>(8,277)</u>	<u>(10,262)</u>

<b>Analysis of Pension Scheme Adjustment</b>	<b>2022 £000s</b>	<b>2021 £000s</b>
Current Service Costs	(1,157)	(797)
Past service costs	(22)	-
Curtailments	-	-
Employer Contributions	565	476
Net Interest/Return on Assets	(209)	(180)
Administration expense	(16)	(14)
<b>Net Profit / (Loss)</b>	<u>(839)</u>	<u>(515)</u>

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

<b>Analysis of Net Interest/Return on Assets</b>	<b>2022 £000s</b>	<b>2021 £000s</b>
Interest on plan assets	549	526
Interest on Pensionable Liabilities	(758)	(706)
Net Profit / (Loss)	<u>(209)</u>	<u>(180)</u>

**Main Assumptions (cont.)**

<b>Financial:</b>	<b>2022</b>	<b>2021</b>
CPI inflation	3.3%	2.7%
Rate of increase in salaries	4.8%	4.2%
Rate of increase in pensions	3.4%	2.8%
Discount rate	2.8%	2.1%

**Split of assets between investment categories:**

Equities	49.7%	51.1%
Government Bonds	9.4%	1.3%
Other Bonds	3.4%	11.5%
Property	9.6%	9.0%
Cash/Liquidity	2.1%	2.2%
Other	25.8%	24.9%

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

	<b>2022</b>	<b>2021</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	22.4 (25.9) years	22.6 (26) years
- current pensioner age 65	20.9 (24) years	21 (24.1) years

**WELSH LOCAL GOVERNMENT ASSOCIATION  
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**21 EFFECT OF PENSION SCHEME ON THE DEFICIT FOR THE YEAR**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Deficit per accounts	(395,377)	(334,604)
<b>PENSION SCHEME INCLUDED IN THE INCOME &amp; EXPENSE ACCOUNT</b>		
Pension adjustment	6	1,195,000
Expected return on pension scheme assets	(549,000)	(526,000)
Interest on pension scheme liabilities	758,000	706,000
 Employers Pension contributions eliminated as a result of Pension scheme	 (565,000)	 (476,000)
 <b>ADJUSTED SURPLUS</b>	 <u>443,623</u>	 <u>180,396</u>
 Transfer from / (to) designated reserves	 -	 -
	 <u><u>443,623</u></u>	 <u><u>180,396</u></u>

**22 GOING CONCERN**

The financial statements currently show that the Association has negative reserves of £4,270,270. The primary reason for the Association having negative reserves is the long term pension deficit of £8,277,000. 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 £4,006,730. This gives the Chief Executive confidence that the Association can continue as a going concern for the foreseeable future.