

**GwE Joint Committee**  
**(Conwy, Denbighshire, Flintshire, Gwynedd,**  
**Anglesey and Wrexham Councils)**

**STATEMENT OF**  
**ACCOUNTS**  
**2020/21**  
**(Subject to Audit)**

Finance Department  
Gwynedd Council  
[www.gwynedd.llyw.cymru](http://www.gwynedd.llyw.cymru)

## INDEX

	<b>Page</b>
Narrative Report	2 – 6
Statement of Responsibilities	7
Expenditure and Funding Analysis	8
Comprehensive Income and Expenditure Statement	9
Movement in Reserves Statement	10
Balance Sheet	11
Cash Flow Statement	12
Notes to the Accounts	13 - 36
Glossary	37 - 38

# NARRATIVE REPORT

## INTRODUCTION

The Regional School Effectiveness and Improvement Service (GwE) has been established in partnership between the six North Wales authorities, being Conwy County Borough Council, Denbighshire County Council, Flintshire County Council, Gwynedd Council, Isle of Anglesey County Council and Wrexham County Borough Council, to be accountable to the Councils and undertake the statutory function of the Councils in respect of school improvement and effectiveness. This includes the duty to monitor, challenge, provide support services for curriculum continued professional development and management of schools, and in addition provide services that can be commissioned by schools and local authorities.

Gwynedd Council has been appointed as host authority in implementing and maintaining the service, and the Joint Committee of all the partners oversees the management of the service.

The GwE Joint Committee accounts for the year 2020/21 are presented here on pages 8 to 35. The Statements of Accounts are prepared in accordance with CIPFA's *Code of Practice on Local Authority Accounting in the United Kingdom 2020/21*.

The Statement of Accounts consist of:

- **Expenditure and Funding Analysis** – Whilst this is not a statutory statement, it shows how annual expenditure is used and funded in accordance with generally accepted accounting practices.
- **Comprehensive Income and Expenditure Statement** - This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices. The income and expenditure has been split between the six councils as follows for 2020/21 :

Conwy	15.30%
Denbighshire	15.30%
Flintshire	22.68%
Gwynedd	17.63%
Anglesey	10.15%
Wrexham	18.94%
<b>Total</b>	<b>100%</b>

- **Movement in Reserves Statement** – This statement shows the movement in year on the different reserves held by the Joint Committee, analysed into 'usable reserves' and 'unusable reserves'.
- **The Balance Sheet** - Sets out the financial position of the Joint Committee on 31 March 2021.
- **The Cash Flow Statement** - This statement summarises the flow of cash to and from the Joint Committee during 2020/21 for revenue and capital purposes.

These accounts have been prepared on a going concern basis and are supported by this Narrative Report, the Accounting Policies and various notes to the accounts.

## **GwE's Vision and Priorities**

GwE's vision states that they we will have:

*“Outstanding schools naturally collaborating and jointly identifying direction for improvement which will deliver excellent standards and wellbeing for their pupils”.*

GwE's Business plan identifies objectives set to meet its priorities, and is available at:

<https://www.gwegogled.d.cymru/about-us/key-documents/?lang=en>

The Covid-19 crisis emerged at the end of March 2020 and continues to have far-reaching effects on our lives. In response to the Covid-19 pandemic GwE has repurposed its work in order to continue to provide effective services and support to its school communities during the COVID-19 pandemic. The service in its entirety has changed course several times during COVID so as to meet the needs of the range of stakeholders, addressing the following aspects:

- Support the well-being and development of school leaders, their staff and their learners
- Develop guidance, support and learning resources for schools on distance learning and blended learning
- Support schools to reopen - collaborate with LAs to ensure a consistent regional approach to developing a supportive framework to ensure that all regional schools have the appropriate policies in place along with a comprehensive risk assessment in order to create a safe environment to welcome pupils back to school.
- Support schools to evaluate the quality of their blended learning and distance learning provision.
- Provide a range of meaningful professional learning with a focus on 5 main areas: Well-being, The Reform Journey, Developing the Workforce, Accelerating Learning and Digital Learning.
- Continue to facilitate cluster working to support the development of Curriculum for Wales, ALN Transformation and the Welsh language.
- Provide a range of guidance documents to support schools to improve parental engagement, including sharing good practice.
- Utilise an accelerating learning approach regionally.
- Work closely with Bangor University and regional staff to ensure a range of high quality resources to support physical and emotional well-being as well as literacy and numeracy.
- Blended support for schools and LAs - establish the GwE Support Centre.
- Provide opportunities for schools to form alliances or to work in clusters so as to address the gaps in provision and offer other delivery approaches in order to meet any lockdown situations in the future.
- Collaborate with Professor Graham Donaldson to develop a range of think pieces to support schools to implement the new curriculum, integrating the Curriculum for Wales naturally into current practice.

## **Financial Strategy**

The Joint Committee's Financial Strategy and 2020/21 Budget adopted by the Joint Committee's at its meeting on 26 February 2020 sets out the foundation for us to achieve the improvement priorities, whilst also trying to meet the continuous increase in demand for our services. The Financial Strategy is unavoidably dependent upon these priorities. The strategy is available at:

<https://democracy.gwynedd.llyw.cymru/documents/g2787/Public%20reports%20pack%2026th-Feb-2020%2010.30%20GwE%20Joint%20Committee.pdf?T=10>

The changes in response to the Covid-19 pandemic will also affect the medium term financial position of the Joint Committee. The Joint Committee like other councils in Wales has worked with Welsh Government to respond to the situation in the best way possible.

## **2020/21 Performance**

GwE reports quarterly on the performance of the service in delivering the service functions and key aims. The Annual Performance Report is available at:

<https://democracy.gwynedd.llyw.cymru/documents/g4373/Public%20reports%20pack%2026th-May-2021%2010.30%20GwE%20Joint%20Committee.pdf?T=10>

## 2020/21 Financial Performance

- The Comprehensive Income and Expenditure Statement on page 9 shows that the Joint Committee's gross revenue expenditure on 'cost of services' level was £13,583k during 2020/21, with a net position of £236k.
- The financial out-turn position for 2020/21 was reported to the Joint Committee at its meeting on 26 May 2021. Joint Committee Members' approval was sought to transfer the (£83k) underspend to an earmarked reserve.
- The Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement on pages 9 and 10 detail the analysis in movements for the year.

### TABLE 1 - Budget and Actual Comparison Summary (Net)

Table 1 provides a budgetary performance comparison at a summary level, which is detailed further in Table 2.

	Budget £'000	Actual £'000	Variance £'000
Expenditure on Operations	13,344	13,264	(80)
Income			
Council Contributions for the core service:			
Conwy	(637)	(637)	0
Denbighshire	(637)	(637)	0
Flintshire	(944)	(944)	0
Gwynedd	(734)	(734)	0
Anglesey	(422)	(422)	0
Wrexham	(789)	(789)	0
Other Income	(9,181)	(9,184)	(3)
<b>Net (Underspend)/Overspend</b>	<b>0</b>	<b>(83)</b>	<b>(83)</b>

### TABLE 2 –Transposition movement between 'Budget and Actual Comparison Summary (Net)' (Table 1) to the Income and Expenditure format

	Performance Report (Out-turn) £'000	Transposition Adjustment £'000	Net Expenditure Chargeable to the General Fund £'000	Adjustments between Funding and Accounting Basis £'000	Income & Expenditure Statement £'000
Expenditure	13,264	(17)	13,247	336	13,583
Income	(13,347)	0	(13,347)	0	(13,347)
<b>Net Cost of Services</b>	<b>(83)</b>	<b>(17)</b>	<b>(100)</b>	<b>336</b>	<b>236</b>

Transposition Adjustment - Adjustments in the transposition column relate to the net contribution to and from reserves.

## **Material Items of Income and Expenditure**

Related Items include :-

- £3,541k on pensions, being the annual remeasurement of the net defined benefit liabilities relating to pensions, in line with Gwynedd Pension Fund's Actuary's assessment (Note 16).
- £13,347k in grants and contributions and equivalent expenditure (Note 21).

## **Other Issues**

- There are financial risks with the global economy and the Joint Committee has taken the circumstances into account in its financial plans, whilst maintaining a prudent level of reserves.
- Continued economic uncertainty following the termination of the UK's membership of the the European Union and this may effect some factors and financial decisions by the Joint Committee.
- The current Covid-19 crisis remains a financial challenge for the Joint Committee in the short and medium term.

## **Provisions and Reserves**

The Joint Committee has provisions of £3k and earmarked reserves of £811k. These are detailed in the Balance Sheet, Movement in Reserves Statement and in Notes 9 and 14.

## **Pension Fund**

The Joint Committee (as an employer) has a net liability from its share of the assets and liabilities of the Gwynedd Pension Fund, which has been calculated in accordance with International Accounting Standard 19. The Balance Sheet contains an assessment by the Fund's Actuary, Hymans Robertson, of the Joint Committee's share of the Pension Fund liability. This net liability has increased by £3,889k to £12,373k in 2020/21. Refer to Note 25 for further information.

The net pension liability is a position at one point in time. Market prices can move substantially up or down in the short-term and it is therefore not possible to quantify the long-term effect such movements in market prices will have on the Pension Fund. The last valuation was at 31 March 2019, with the next taking place at 31 March 2022.

## **Governance**

GwE is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk. Further information is included within the Annual Governance Statement.

## **Accounting Policies**

The accounting policies adopted on behalf of the Joint Committee comply with all relevant recommended accounting practices and are fully explained in the Accounting Policies set out in Note 1 of the Accounts commencing on page 13.

## **Changes in Accounting Policies and to the Accounts**

The Joint Committee's existing accounting policies have been amended to reflect only the changes required in accordance with proper accounting practices, following adjustments for the 2020/21 financial year to the Code of Practice on Local Authority Accounting in the United Kingdom.

## **Further Information**

The Statement of Accounts is available on Gwynedd Council's website [www.gwynedd.llyw.cymru](http://www.gwynedd.llyw.cymru).

Further information relating to the accounts is available from:

Ffion Madog Evans  
Senior Finance Manager  
01286 679133

or

Hywyn Lewis Jones  
Group Accountant  
01286 679145

Finance Department  
Gwynedd Council  
Council Offices  
Caernarfon  
Gwynedd  
LL55 1SH

This is part of the Council's policy of providing full information relating to the Council and the Joint Committees' affairs. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised on the Council's website at the appropriate time.

# **GwE JOINT COMMITTEE**

## **STATEMENT OF ACCOUNTS**

### **STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

#### **THE JOINT COMMITTEE'S RESPONSIBILITIES**

Gwynedd Council as host authority bears the responsibility for the arrangements and administration of the Joint Committee's financial affairs.

Gwynedd Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In Gwynedd Council, that "Section 151 Officer" is the Head of Finance. It is the Joint Committee's responsibility to manage its affairs to secure economic, efficient and effective use of its resources, to safeguard its assets, and to approve the Statement of Accounts.

---

#### **THE HEAD OF FINANCE'S RESPONSIBILITIES**

The Head of Finance is responsible for the preparation of the GwE Joint Committee Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* ("the Code").

In preparing the statement of accounts, the Head of Finance has selected suitable accounting policies and then applied them consistently; has made judgements and estimates that were reasonable and prudent and complied with the Code.

The Head of Finance has also kept proper accounting records which were up to date, and has taken reasonable steps for the prevention and detection of fraud and other irregularities.

---

#### **RESPONSIBLE FINANCIAL OFFICER'S CERTIFICATE**

I certify that the Statement of Accounts has been prepared in accordance with the arrangements set out above, and presents a true and fair view of the financial position of the GwE Joint Committee at 31 March 2021 and the Joint Committee's income and expenditure for the year then ended.



---

**Dafydd L. Edwards B.A., C.P.F.A., I.R.R.V.**  
**Head of Finance, Gwynedd Council**

**26 May 2021**

## EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2019/20				2020/21		
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis (see Note 7)	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis (see Note 7)	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
4,364	907	5,271	Employees	4,808	336	5,144
288	0	288	Property	153	0	153
199	0	197	Transport	15	0	15
1,611	0	1,611	Supplies and Services	826	0	826
7,721	0	7,721	Third Parties	7,445	0	7,445
0	71	71	Non-distributed Costs	0	0	0
(14,551)	0	(14,551)	Income	(13,347)	0	(13,347)
<b>(370)</b>	<b>978</b>	<b>608</b>	<b>Cost of Services</b>	<b>(100)</b>	<b>336</b>	<b>236</b>
0	225	225	Financing and Investment Income and Expenditure	0	199	199
<b>(370)</b>	<b>1,203</b>	<b>833</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>(100)</b>	<b>535</b>	<b>435</b>
(341)			Opening General Fund Balance	(711)		
(370)			(Surplus)/Deficit on General Fund in Year	(100)		
<b>(711)</b>			Closing General Fund Balance	<b>(811)</b>		

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing the Joint Committee service in accordance with generally accepted accounting practices.

2019/20				2020/21		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000	Note	£'000	£'000	£'000
5,271	0	5,271	Employees	5,144	0	5,144
288	0	288	Property	153	0	153
197	0	197	Transport	15	0	15
1,611	0	1,611	Supplies and Services	826	0	826
7,721	0	7,721	Third Parties	7,445	0	7,445
71	0	71	Non-distributed Costs	0	0	0
0	(14,551)	(14,551)	Income	0	(13,347)	(13,347)
<b>15,159</b>	<b>(14,551)</b>	<b>608</b>	<b>Cost of Services</b>	<b>13,583</b>	<b>(13,347)</b>	<b>236</b>
225	0	225	Financing and Investment Income and Expenditure	199	0	199
<b>15,384</b>	<b>(14,551)</b>	<b>833</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>13,782</b>	<b>(13,347)</b>	<b>435</b>
		(1,800)	Remeasurement of the net pension defined benefit liability/(asset)			3,541
		<b>(1,800)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>3,541</b>
		<b>(967)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>3,976</b>

## MOVEMENT IN RESERVES STATEMENT

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Joint Committee, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and other 'unusable reserves'. The Statement shows how the movements in year of the Joint Committee's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (via the Councils' contributions). The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

		Movement in Reserves Statement		
	Note	Total Usable Reserves	Unusable Reserves	Total Joint Committee's Reserves
		£'000	£'000	£'000
<b>Balance 31 March 2019 carried forward</b>		(341)	8,993	8,652
<u>Movement in reserves during 2019/20</u>				
(Surplus)/Deficit on provision of services		833	0	833
Other Comprehensive Income and Expenditure		0	(1,800)	(1,800)
<b>Total Comprehensive Income and Expenditure</b>		833	(1,800)	(967)
Adjustments between accounting basis and funding basis under regulations		(1,203)	1,203	0
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>		(370)	(597)	(967)
<b>(Increase)/Decrease in 2019/20</b>		(370)	(597)	(967)
<b>Balance 31 March 2020 carried forward</b>		(711)	8,396	7,685
<u>Movement in reserves during 2020/21</u>				
(Surplus)/Deficit on provision of services		435	0	435
Other Comprehensive Income and Expenditure		0	3,541	3,541
<b>Total Comprehensive Income and Expenditure</b>		435	3,541	3,976
Adjustments between accounting basis and funding basis under regulations		(535)	535	0
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>		(100)	4,076	3,976
<b>(Increase)/Decrease in 2020/21</b>		(100)	4,076	3,976
<b>Balance 31 March 2021 carried forward</b>		(811)	12,472	11,661

## BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Joint Committee. The net assets of the Joint Committee (assets less liabilities) are matched by the reserves held by the Joint Committee. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Joint Committee may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Joint Committee is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2020 £'000		Note	31 March 2021 £'000
0	Long-term Debtors		0
<b>0</b>	<b>Long-term Assets</b>		<b>0</b>
476	Short-term Debtors	11	509
2,557	Cash and Cash Equivalents	12	5,959
<b>3,033</b>	<b>Current Assets</b>		<b>6,468</b>
(1,909)	Short-term Creditors	13	(4,114)
(3)	Short-term Provisions	14	(3)
(502)	Grants Receipts in Advance	21	(1,639)
<b>(2,414)</b>	<b>Current Liabilities</b>		<b>(5,756)</b>
(8,304)	Pension Liability	25	(12,373)
<b>(8,304)</b>	<b>Long-term Liabilities</b>		<b>(12,373)</b>
<b>(7,685)</b>	<b>Net Assets</b>		<b>(11,661)</b>
(711)	Usable Reserves	15	(811)
8,396	Unusable Reserves	16	12,472
<b>7,685</b>	<b>Total Reserves</b>		<b>11,661</b>

## CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Joint Committee during the reporting period. The statement shows how the Joint Committee generates and uses cash and cash equivalents by classifying cash flows as operating and investing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Joint Committee are funded by way of grant income or from the recipients of services provided by the Joint Committee. Investing Activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Joint Committee's future service delivery.

2019/20	Note	2020/21
£'000		£'000
833	Net (Surplus) / Deficit on the Provision of Services	435
(518)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(3,837)
315	Net cash flows from Operating Activities	(3,402)
0	Investing Activities	0
315	Net (Increase)/Decrease in cash and cash equivalents	(3,402)
(2,872)	Cash and cash equivalents at the beginning of the reporting period	(2,557)
<b>(2,557)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>(5,959)</b>

# **NOTES TO THE ACCOUNTS**

## **NOTE I – ACCOUNTING POLICIES**

### **I.1 General Principles**

The Statement of Accounts summarises the Joint Committee's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. The Joint Committee is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) (Amendment) Regulations 2018, in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2020/21*, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The accounts have been prepared on a going concern basis.

The Joint Committee's practice is to operate on the basis that all items of expenditure are treated as revenue in the first instance. Should any items of a capital nature (e.g. IT equipment, furniture) prove to have a material significance on the true and fair presentation of the financial position then the items would be treated according to proper practices.

The nature of the Joint Committee's transactions is limited and only the relevant policies can be seen below.

### **I.2 Accruals of Expenditure and Income**

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received.

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### **I.3 Cash and Cash Equivalents**

The Joint Committee does not have its own bank account and cash is administered by Gwynedd Council within its own accounts.

### **I.4 Employee Benefits**

#### **I.4.1 Benefits Payable during Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Joint Committee. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

## **NOTE I – ACCOUNTING POLICIES (continued)**

### **1.4.2 Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Joint Committee to terminate an officer's employment before the normal retirement date or an officer's decision to accept redundancy voluntarily and are charged on an accruals basis to the service in the Comprehensive Income and Expenditure Statement at the earlier of when the Joint Committee can no longer withdraw the offer of those benefits or when the Joint Committee recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Joint Committee fund balance to be charged with the amount payable by the Joint Committee to the Pension Fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end.

### **1.4.3 Post-employment Benefits**

Employees of the Joint Committee are members of one pension scheme:

- The Local Government Pensions Scheme, administered by the Gwynedd Pension Fund at Gwynedd Council.

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees when they worked for the Joint Committee and their previous employers.

### **1.4.4 The Local Government Pension Scheme**

All other staff, subject to certain qualifying criteria, are entitled to become members of the Local Government Pension Scheme. The pension costs charged to the Joint Committee's accounts in respect of this group of employees is determined by the fund administrators and represent a fixed proportion of employees' contributions to this funded pension scheme.

The Local Government Scheme is accounted for as a defined benefit scheme.

The liabilities of the Gwynedd Pension Fund attributable to the Joint Committee are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions such as mortality rates, employee turnover rates, etc., and projections of earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 2.0% calculated as a weighted average of 'spot yields' on AA rated corporate bonds.

The assets of the Gwynedd Pension Fund attributable to the Joint Committee are included in the Balance Sheet at their fair value as determined by the Fund's Actuary.

The change in the net pensions liability is analysed into the following components:

## NOTE I – ACCOUNTING POLICIES (continued)

Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the service for which the employees worked.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-distributed Costs.
- Net interest on the net defined benefit liability/(asset), i.e. the net interest expense for the Joint Committee – the change during the period in the net defined benefit liability/(asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability/(asset) at the beginning of the period – taking into account any changes in the net defined benefit liability/(asset) during the period as a result of contributions and benefit payments.

Remeasurements comprising:

- The return on Plan assets – excluding amounts included in net interest on the net defined benefit liability/(asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Gwynedd Pension Fund – cash paid as employer's contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Joint Committee to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the Joint Committee of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

International Accounting Standard (IAS) 19 governs how the long-term liabilities which exist in relation to pension costs should be reported. Local Councils (including Joint Committees) in Wales and England are required to produce their financial statements in accordance with IAS 19.

### 1.4.5 Discretionary Benefits

The Joint Committee also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

## **NOTE I – ACCOUNTING POLICIES (continued)**

### **1.5 Events after the Reporting Period**

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

### **1.6 Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Joint Committee's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### **1.7 Government Grants and Other Contributions**

Grants and contributions relating to capital and revenue expenditure are accounted for on an accruals basis, and recognised immediately in the relevant service line in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition that the Joint Committee has not satisfied.

### **1.8 Overheads and Support Services**

Charges for services provided by the Central Support Departments within Gwynedd Council are derived from a combination of pre-determined fixed charges, actual recorded staff time, transaction logging and pre-determined formulae.

### **1.9 Provisions**

The Joint Committee sets aside provisions for specific obligations which are likely or certain to be incurred but the amount of which cannot yet be determined accurately. Provisions are also made for doubtful debts. Known uncollectable debts are written off against the Joint Committee. The Joint Committee classifies these provisions as long-term or short-term liabilities as appropriate according to the nature of each provision.

### **1.10 Reserves**

Specific reserves are created to set aside amounts for future spending schemes. This is done through transfers out of the General Fund Balance in the Movement in Reserves Statement.

Certain reserves, namely "unusable reserves", are kept for the technical purpose of managing the accounting processes for non-current assets, financial instruments and employee benefits. These do not represent the usable resources of the Joint Committee.

## **NOTE 1 – ACCOUNTING POLICIES (continued)**

### **1.11 Value Added Tax**

Only in a situation when VAT is irrecoverable will VAT be included or charged as ‘irrecoverable VAT’. Since the Joint Committee has not registered for VAT, the VAT is recovered through Gwynedd Council’s VAT registration.

### **1.12 Debtors and Creditors**

The Joint Committee’s Accounts are maintained on an accruals basis in accordance with the Code of Accounting Practice. The accounts reflect actual expenditure and income relating to the year in question irrespective of whether the payments or receipts have actually been paid or received in the year.

An exception to this principle relates to electricity and similar quarterly payments which are charged at the date of meter reading rather than being apportioned between financial years, and certain annual payments such as insurance. This policy is consistently applied each year and therefore does not have a material effect on the year’s accounts.

### **1.13 Long-Term Contracts**

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

### **1.14 Joint Operations**

Jointly controlled operations are activities undertaken in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The GwE Joint Committee has been categorised as a Joint Operation.

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangements. The activities undertaken by the Joint Committee in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Joint Committee as a joint operator recognises its share of assets, liabilities, revenue and expenses.

## **NOTE 2 – CHANGE IN ACCOUNTING POLICY**

The Joint Committee’s existing accounting policies are amended only insofar as to reflect the guidance in the 2020/21 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

## **NOTE 3 – ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED**

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom requires the expected impact of any accounting standards that have been issued but not yet adopted to be disclosed. This applies to the following new or amended standards within the 2021/22 Code:

Definition of a Business: Amendments to IFRS 3 Business Combinations

Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The Code requires implementation from 1 April 2021 and therefore there is no impact on the 2020/21 Statement of Accounts, and none of the new or amended standards within the 2021/22 Code are expected to have a material impact on the information provided in the financial statements.

## **NOTE 4 – CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

In applying the accounting policies set out in Note 1, the Joint Committee has had to make judgements, estimates and assumptions relating to complex transactions, those involving uncertainty about future events and also the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The judgements, estimates and associated assumptions applied are based on current proper practices, historical experience and other factors that include historical and current assumptions and projections, and actual future projections, professional assessment, current trends, and local factors that are considered to be relevant.

In recent years there has been some uncertainty about future levels of funding from Welsh Government relating to grants. This issue forms an important part of the Joint Committee's continually revised financial strategy, and where all known and forecasted factors are given due consideration. Continued economic uncertainty following Britain leaving the European Union remains. Whilst the effects of the Covid-19 crisis remains a financial challenge for the Joint Committee in the short and medium term. However, the Joint Committee has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Joint Committee might be impaired.

All available and related information is sourced and applied in assessing and determining the position, which is particularly critical when considering such matters as actuarial valuation of pension fund assets and liabilities, earmarked reserves, provisions and contingent liability. However, because these issues cannot be determined with certainty, actual results may subsequently differ from those estimates. The estimates and underlying assumptions are continually reviewed.

## **NOTE 5 – ASSUMPTIONS MADE ABOUT FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY**

The Statement of Accounts contains estimated figures that are based on assumptions made by the Joint Committee about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because certain balances cannot be determined with certainty, actual results could be different from the assumptions and estimates.

The following item in the Joint Committee's Balance Sheet at 31 March 2021 may be considered to be a significant risk (in terms of certainty in estimation of value), with the possibility of material adjustment in the forthcoming financial year:

**Pension Liability** – The Pension Liability position as contained within the accounts is based on a number of complex assessments and judgements and varying profiles such as discount rate used, projected salary levels, changes in retirement ages, mortality rates and expected returns on Pension Fund assets, as provided by Actuaries engaged by the Pension Fund. Further details are contained in Notes 24 and 25.

The Covid-19 pandemic has impacted global financial and property markets. As a result of the volatility in market conditions, year-end valuation reports provided to the Gwynedd Pension Fund on 31st March 2020 included a statement that there was material valuation uncertainty related to the UK property funds managed on behalf of the Fund. However, no material uncertainties in property valuations are being reported as at 31 March 2021.

## **NOTE 6 – MATERIAL ITEMS OF INCOME AND EXPENSE**

Related items include:-

- £3,541k on pensions, being the remeasurements of the net pension defined benefit liabilities relating to pensions, in line with Gwynedd Pension Fund's Actuary's assessment (Note 16).
- £13,347k in grants and contributions and equivalent expenditure (Note 21).

## NOTE 7 – NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS				
2020/21	Adjustments for Capital Purposes £'000	Net change for the Pensions Adjustments (i) £'000	Other Differences (ii) £'000	Total Adjustments £'000
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts				
Employees	0	329	7	336
Property	0	0	0	0
Transport	0	0	0	0
Supplies and Services	0	0	0	0
Third Party	0	0	0	0
Unallocated Costs	0	0	0	0
Income	0	0	0	0
<b>Cost of Services</b>	<b>0</b>	<b>329</b>	<b>7</b>	<b>336</b>
Other Operating Expenditure	0	0	0	0
Financing and Investment Income and Expenditure	0	199	0	199
Taxation and non-specific grant income	0	0	0	0
<b>(Surplus) / Deficit on Provision of Services</b>	<b>0</b>	<b>528</b>	<b>7</b>	<b>535</b>

ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS				
2019/20	Adjustments for Capital Purposes £'000	Net change for the Pensions Adjustments (i) £'000	Other Differences (ii) £'000	Total Adjustments £'000
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts				
Employees	0	904	3	907
Property	0	0	0	0
Transport	0	0	0	0
Supplies and Services	0	0	0	0
Third Party	0	0	0	0
Unallocated Costs	0	71	0	71
Income	0	0	0	0
<b>Cost of Services</b>	<b>0</b>	<b>975</b>	<b>3</b>	<b>978</b>
Other Operating Expenditure	0	0	0	0
Financing and Investment Income and Expenditure	0	225	0	225
Taxation and non-specific grant income	0	0	0	0
<b>(Surplus) / Deficit on Provision of Services</b>	<b>0</b>	<b>1,200</b>	<b>3</b>	<b>1,203</b>

## NOTE 7 – NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS (continued)

### (i) Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* for pension-related expenditure and income:

- For **Services**, this represents the removal of the employer pension contributions made by the Joint Committee as allowed by statute and the replacement with current service costs and past service costs.
- For **Financing and investment income and expenditure**, the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

### (ii) Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For **Services**, this represents an adjustment for accumulated absences earned but not taken during the year.
- For **Financing and investment income and expenditure**, the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

## NOTE 8 – ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Joint Committee in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Joint Committee to meet future expenditure.

2020/21		
<b>ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS</b>	<b>Usable Reserve General Fund Balance</b>	<b>Movement in Unusable Reserves</b>
	<b>£'000</b>	<b>£'000</b>
<b>Adjustments primarily involving the Pensions Reserve:</b>		
Reversal of items relating to retirement benefits debited/credited to the Comprehensive Income and Expenditure Statement (Note 25)	(1,336)	1,336
Employer's pensions contributions and direct payments to pensioners payable in the year	808	(808)
<b>Adjustment primarily involving the Accumulated Absences Account</b>		
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(7)	7
<b>Total Adjustments</b>	<b>(535)</b>	<b>535</b>

2019/20		
<b>ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS</b>	<b>Usable Reserve General Fund Balance</b>	<b>Movement in Unusable Reserves</b>
	<b>£'000</b>	<b>£'000</b>
<b>Adjustments primarily involving the Pensions Reserve:</b>		
Reversal of items relating to retirement benefits debited/credited to the Comprehensive Income and Expenditure Statement (Note 25)	(1,796)	1,796
Employer's pensions contributions and direct payments to pensioners payable in the year	596	(596)
<b>Adjustment primarily involving the Accumulated Absences Account</b>		
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(3)	3
<b>Total Adjustments</b>	<b>(1,203)</b>	<b>1,203</b>

## NOTE 9 – TRANSFERS TO/FROM EARMARKED RESERVES

The note below sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans, with a net increase of £100k.

### Earmarked Reserves

	<b>GwE Joint Committee Reserves £'000</b>
<b>Balance 31 March 2020</b>	<b>711</b>
<u>Transfers:</u>	
In	100
Out	0
<b>Balance 31 March 2021</b>	<b>811</b>

## NOTE 10 – FINANCING AND INVESTMENT INCOME AND EXPENDITURE

<b>2019/20</b>		<b>2020/21</b>
<b>£'000</b>		<b>£'000</b>
225	Net interest on the net pension defined benefit liability/(asset)	199
<b>225</b>	<b>Total</b>	<b>199</b>

## NOTE 11 – SHORT-TERM DEBTORS

	<b>31 March 2020 £'000</b>	<b>31 March 2021 £'000</b>
Trade Receivables	91	60
Prepayments	70	75
Other Receivable Amounts	315	374
<b>Total</b>	<b>476</b>	<b>509</b>

## NOTE 12 – CASH AND CASH EQUIVALENTS

The Joint Committee does not have its own bank account and cash is administered by Gwynedd Council within its own accounts. The figure shown in the table each year is the net cash sum held on behalf of the Joint Committee within the Gwynedd Council amounts.

	<b>31 March</b>	<b>31 March</b>
	<b>2020</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Cash in Hand	2,557	5,959
<b>Cash and Cash Equivalents</b>	<b>2,557</b>	<b>5,959</b>
<b>Total</b>	<b>2,557</b>	<b>5,959</b>

## NOTE 13 – SHORT-TERM CREDITORS

	<b>31 March</b>	<b>31 March</b>
	<b>2020</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Trade Payables	430	568
Other Payables	1,479	3,546
<b>Total</b>	<b>1,909</b>	<b>4,114</b>

## NOTE 14 – PROVISIONS

The Joint Committee sets aside provisions for specific obligations, the amount or timing of which cannot be determined accurately. It is not permitted, under accounting conventions, to make provisions for uneven patterns of expenditure. However, earmarked reserves may be established and are included in Note 9.

	<b>Balance at</b>	<b>(Addition) /</b>	<b>Used</b>	<b>Balance at</b>
	<b>31 March</b>	<b>Reduction /</b>	<b>during the</b>	<b>31 March</b>
	<b>2020</b>	<b>Transfer</b>	<b>year</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b><u>Short-term Provisions</u></b>				
Green Car Scheme Provision	(3)	0	0	(3)
	(3)	0	0	(3)

**Green Car Scheme Provision** – provision relating to staff leased car scheme requirements.

## NOTE 15 – USABLE RESERVES

The Movement in Reserves Statement details the movements in the Joint Committee’s usable reserves.

## NOTE 16 – UNUSABLE RESERVES

<b>31 March 2020</b>		<b>31 March 2021</b>
<b>£'000</b>		<b>£'000</b>
(8,304)	Pensions Reserve	(12,373)
(92)	Accumulated Absences Account	(99)
<b>(8,396)</b>	<b>Total Unusable Reserves</b>	<b>(12,472)</b>

### Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Joint Committee accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Joint Committee makes employer’s contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Joint Committee has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>		<b>£000</b>
<b>(8,904)</b>	<b>Balance 1 April</b>	<b>(8,304)</b>
1,800	Re-measurements of the net pension defined benefit (liabilities) / assets (Note 25)	(3,541)
(1,796)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(1,336)
596	Employer’s pensions contributions and direct payments to pensioners payable in the year	808
<b>(8,304)</b>	<b>Balance 31 March</b>	<b>(12,373)</b>

## NOTE 16 – UNUSABLE RESERVES (continued)

### Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance neutralised by transfers to or from the Account

2019/20		2020/21
£000		£000
(89)	Balance 1 April	(92)
(3)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(7)
(92)	Balance 31 March	(99)

## NOTE 17 – CASH FLOW STATEMENT: ADJUSTMENTS TO NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES FOR NON-CASH MOVEMENTS

2019/20		2020/21
£'000		£'000
512	(Increase)/Decrease in Creditors	(2,205)
211	Increase/(Decrease) in Debtors	33
(1,200)	Pension Liability	(528)
(41)	Other non-cash items charged to net surplus/deficit on the provision of services	(1,137)
(518)		(3,837)

## NOTE 18 – EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts was authorised by the Head of Finance on 26 May 2021. Events taking place after this date are not reflected in the financial statements or related notes. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect its impact.

## NOTE 19 – OFFICERS’ REMUNERATION

**19a.** The Accounts and Audit (Wales) (Amendment) Regulations 2018 require the Joint Committee to disclose the following information relating to employees appointed as Senior Officers, and whose salary is between £60,000 and £150,000. In compliance with the defined requirements, the pensionable pay, employer’s pension contributions and other employer costs are included below (including termination benefits), but the employer’s national insurance contributions are excluded. The remuneration paid to the Joint Committee’s senior officers directly employed by GwE is as follows:

2019/20				Chief Officers	2020/21		
Employer’s		Other			Employer’s		
Salary	Pension	Employer	Total		Salary	Pension	Total
£	£	Costs	£		£	£	£
100,896	22,803	0	123,699	Chief Officer	103,545	23,815	127,360

**19b.** Other Joint Committee employees receiving more than £60,000 remuneration for the year (excluding employer’s pension and national insurance contributions) were paid the following amounts. Termination benefits are to be included in the figures; however, there were no cases in 2020/21 or 2019/20.

Number of other employees who received more than £60,000 and includes remuneration and termination benefits:			
Number in 2019/20		Number in 2020/21	
Total		Total	
8	£60,000 - 64,999	5	
3	£65,000 - 69,999	6	
1	£70,000 – 74,999	4	

## NOTE 20 – EXTERNAL AUDIT COSTS

The Joint Committee has incurred the following costs relating to external audit.

2019/20		2020/21
£'000		£'000
11	Fees payable to the auditor appointed by the Auditor General for Wales with regard to external audit services	11
<b>11</b>	<b>Net Fees</b>	<b>11</b>

## NOTE 21 – GRANT INCOME

21a. The Joint Committee credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

	2019/20		2020/21	
	£'000	£'000	£'000	£'000
<b>Grants and Contributions Credited to Services</b>				
Welsh Government -				
Pupil Development Grant (PDG) - Looked After Children	970		1,029	
PDG – Strategic Adviser	100		97	
PDG – Consortia Led Funding	0		142	
Other	153		115	
		<b>1,223</b>		<b>1,383</b>
Regional Consortia School Improvement Grant -				
Welsh Government (excluding the EIG)		<b>5,824</b>		<b>4,561</b>
Education Improvement Grant (EIG)				
Welsh Government	1,836		1,587	
Match funding from Councils	1,165		1,283	
		<b>3,001</b>		<b>2,870</b>
Other Government Grants and Contributions -				
Sports Council for Wales	1		0	
Education Workforce Council	251		276	
Arts Council for Wales	5		0	
		<b>257</b>		<b>276</b>
Other Grants and Contributions				
Councils' Contributions towards the Core Service				
Conwy	625		637	
Denbighshire	622		637	
Flintshire	937		944	
Gwynedd	720		734	
Anglesey	417		422	
Wrexham	772		789	
		<b>4,084</b>		<b>4,163</b>
Other Grants and Contribution		<b>162</b>		<b>94</b>
<b>Total Grants and Contributions Credited to Services</b>		<b>14,551</b>		<b>13,347</b>

## NOTE 21 – GRANT INCOME (continued)

21b. The Joint Committee has received grants, contributions or donations that have yet to be recognised as income as they have conditions attached that could require the monies to be returned to the giver. The balance at the year-end are as follows:

	31 March 2020 £'000	31 March 2021 £'000
<b>Grants and Contributions Received in Advance</b>		
<b><u>Short-term</u></b>		
Newly Qualified Teachers Programme	493	631
Regional Consortia School Improvement Grant	0	997
Other	9	11
<b>Total</b>	<b>502</b>	<b>1,639</b>

## NOTE 22 – RELATED PARTIES

The Joint Committee is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Joint Committee or to be controlled or influenced by the Joint Committee. Disclosure of these transactions allows readers to assess the extent to which the Joint Committee might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Joint Committee. To conform to the requirements, this is done by Members and Senior Officers completing a personal declaration, as defined in the CIPFA Code of Practice.

### Function of the Joint Committee

The Regional School Effectiveness and Improvement Service (GwE) has been established in partnership between the six North Wales authorities, being Conwy County Borough Council, Denbighshire County Council, Flintshire County Council, Gwynedd Council, Isle of Anglesey County Council and Wrexham County Borough Council, to be accountable to the Councils and undertake the statutory function of the Councils in respect of school improvement and effectiveness. This includes the duty to monitor, challenge, provide support services for curriculum continued professional development and management of schools, and in addition provide services that can be commissioned by schools and local authorities. Summarised below are the payments and income between the Joint Committee and the Local Authorities for the the 20/21 financial year

<b>Local Authority</b>	<b>Expenditure £'000</b>	<b>Income £'000</b>
Conwy County Borough Council	1,298	643
Denbighshire County Council	945	638
Flintshire County Council	1,736	968
Gwynedd Council	1,746	749
Isle of Anglesey County Council	741	423
Wrexham County Borough Council	1,191	790

## Members

Members of the Joint Committee have an influence over the Joint Committee's financial and operating policies.

Members have declared an interest or relationship (as defined) in companies or businesses which may have dealings with the Joint Committee. A breakdown of the payments made to these companies under this heading during 2020/21 and balances as at 31 March 2021 is as follows:

<b>Payments made</b>	<b>Amounts owed by the Joint Committee</b>	<b>Amounts owed to the Joint Committee</b>
<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
153	11	0

The figures are based on information received in respect of Councillors' returns.

## Officers

The Joint Committee's Senior Officer has declared as required and where appropriate an interest or relationship (as defined) in companies, voluntary, charitable, or public bodies which receive payments from the Joint Committee. During 2020/21 no payments were made or owed by the Joint Committee for the related bodies.

## NOTE 23 – EXIT PACKAGES

There were two exit packages during 2020/21, the staff in question were on temporary contracts, but had service carried forward from their previous employment, there were no exit packages during 2019/20.

<b>Exit package cost band (including special payments)</b>	<b>Number of compulsory redundancies</b>		<b>Number of other departures agreed</b>		<b>Total number of exit packages by cost band</b>		<b>Total cost of exit packages in each band</b>	
	<b>2019/20</b>	<b>2020/21</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2019/20</b>	<b>2020/21</b>
<b>£</b>							<b>£'000</b>	<b>£'000</b>
<b>0 - 20,000</b>	0	1	0	0	0	1	0	8
<b>20,001 - 40,000</b>	0	1	0	0	0	1	0	34
<b>Cyfanswm</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>42</b>

## NOTE 24 – PENSION SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

There are no teachers employed by the Joint Committee that are members of the Teachers' Pension Scheme.

## NOTE 25 – PENSION COSTS

As part of the terms and conditions of employment of its officers and other employees, the Joint Committee makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Joint Committee has a commitment to make the payments. These need to be disclosed at the time that employees earn their future entitlement.

GwE participates in two post-employment schemes:

- a) **The Local Government Pension Scheme** administered locally by Gwynedd Council. This is a funded defined benefit scheme based on final salary for service up to 31 March 2014 and based on a career average salary from 1 April 2014. The Joint Committee and the employees pay contributions into the fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- b) **Arrangements for the award of discretionary post-retirement benefits upon early retirement.** This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

The Gwynedd Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of Gwynedd Council. Policy is determined in accordance with the Local Government Pensions Scheme Regulations. In the past the investment managers of the fund have been appointed by the Gwynedd Pension Fund Committee. As the investments are transferred to the Wales Pension Partnership (WPP) the managers will be appointed by the partnership.

The principal risks to the Joint Committee from the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (such as large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the amounts required by statute as described in the accounting policies note to the General Fund.

### Transactions Relating to Post-employment Benefits

The Joint Committee recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge it is required to make against Council Tax (via the Councils' contributions) is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the Joint General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

## NOTE 25 – PENSION COSTS (continued)

Change in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability	Period ended 31 March 2020			Period ended 31 March 2021		
	Assets	Liabilities	Net (liability) /asset	Assets	Liabilities	Net (liability) /asset
	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value of Plan Assets	17,783	0	17,783	17,622	0	17,622
Present Value of Funded Liabilities	0	(26,687)	(26,687)	0	(25,926)	(25,926)
Present Value of Unfunded Liabilities	0	0	0	0	0	0
<b>Opening Position at 1 April</b>	<b>17,783</b>	<b>(26,687)</b>	<b>(8,904)</b>	<b>17,622</b>	<b>(25,926)</b>	<b>(8,304)</b>
Prior period pension adjustment**				(180)		(180)
<b>Adjusted Opening Position at 1 April</b>	<b>17,783</b>	<b>(26,687)</b>	<b>(8,904)</b>	<b>17,442</b>	<b>(25,926)</b>	<b>(8,484)</b>
Service Cost						
Current Service Cost*	0	(1,500)	(1,500)	0	(1,137)	(1,137)
Past Service Costs (including curtailments)	0	(71)	(71)	0	(0)	(0)
<b>Total Service Cost</b>	<b>0</b>	<b>(1,571)</b>	<b>(1,571)</b>	<b>0</b>	<b>(1,137)</b>	<b>(1,137)</b>
Net interest						
Interest Income on Plan Assets	433	0	433	408	0	408
Interest Cost on Defined Benefit Obligation	0	(658)	(658)	0	(607)	(607)
<b>Total Net Interest</b>	<b>433</b>	<b>(658)</b>	<b>(225)</b>	<b>408</b>	<b>(607)</b>	<b>(199)</b>
<b>Total Defined Benefit Cost Recognised in Profit/(Loss)</b>	<b>433</b>	<b>(2,229)</b>	<b>(1,796)</b>	<b>408</b>	<b>(1,744)</b>	<b>(1,336)</b>
Cash flows						
Plan participants' contributions	273	(273)	0	279	(279)	0
Employer contributions	599	0	599	797	0	797
Contributions in respect of unfunded benefits	0	0	0	0	0	0
Benefits Paid	(433)	433	0	(453)	453	0
Unfunded Benefits Paid	0	0	0	0	0	0
<b>Expected Closing Position</b>	<b>18,655</b>	<b>(28,756)</b>	<b>(10,101)</b>	<b>18,473</b>	<b>(27,496)</b>	<b>(9,023)</b>
Remeasurements						
Change in demographic assumptions	0	1,036	1,036	0	(434)	(434)
Change in financial assumptions	0	2,480	2,480	0	(7,950)	(7,950)
Other experience	0	(686)	(686)	0	264	264
Return on Assets excluding amounts included in net interest	(1,033)	0	(1,033)	4,770	0	4,770
<b>Total remeasurements recognised in Other Comprehensive Income (OCI)</b>	<b>(1,033)</b>	<b>2,830</b>	<b>1,797</b>	<b>4,770</b>	<b>(8,120)</b>	<b>(3,350)</b>
Fair Value of Employer Assets	17,622	0	17,622	23,243	0	23,243
Present Value of Funded Liabilities	0	(25,926)	(25,926)	0	(35,616)	(35,616)
Present Value of Unfunded Liabilities**	0	0	0	0	0	0
<b>Closing Position at 31 March</b>	<b>17,622</b>	<b>(25,926)</b>	<b>(8,304)</b>	<b>23,243</b>	<b>(35,616)</b>	<b>(12,373)</b>

\* The current service cost includes an allowance for administration expenses of 0.5% of payroll.

\*\* Adjustment to 2019/20 figures, following receipt of a revised report from Hymans for 2019/20.

## NOTE 25 – PENSION COSTS (continued)

### The Major Categories of Plan Assets as a Percentage of Total Plan Assets

The actuary has provided a detailed breakdown of Fund assets in accordance with the requirements of IAS19. This analysis distinguishes between the nature and risk of those assets, and to further break them down between those with a quoted price in an active market, and those that are not quoted. The asset split for Gwynedd Council is assumed to be in the same proportion to the Fund's asset allocation as at 31 December 2020. The split is shown in the table below. The actuary estimates the bid value of the Fund's assets as at 31 March 2021 to be £2,510m based on information provided by the Administering Authority and allowing for index returns where necessary. Only a portion of the Fund is relevant to the GwE.

### Fair Value of Employer Assets

The asset values below are at bid value as required under IAS 19.

Asset Category	At 31 March 2020				At 31 March 2021			
	Quoted Prices in Active Markets	Prices not quoted in Active Markets	Total	%	Quoted Prices in Active Markets	Prices not quoted in Active Markets	Total	%
	£'000	£'000	£'000		£'000	£'000	£'000	
<b>Equity Securities</b>								
Consumer	0	0	0	0	0	0	0	0
Manufacturing	0	0	0	0	0	0	0	0
Energy and Utilities	0	0	0	0	0	0	0	0
Financial Institutions	0	0	0	0	0	0	0	0
Health and Care	0	0	0	0	0	0	0	0
Information Technology	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
<b>Debt Securities</b>								
Other	0	0	0	0	0	0	0	0
<b>Private Equity</b>								
All	0	1,103	1,103	6	0	1,445	1,445	6
<b>Real Estate</b>								
UK Property	0	1,729	1,729	10	0	1,843	1,843	8
Overseas Property	0	2	2	0	0	0	0	0
<b>Investment Funds and Unit Trusts</b>								
Equities	0	11,760	11,760	67	0	14,892	14,892	64
Infrastructure	0	400	400	2	0	410	410	2
Other	0	2,536	2,536	14	0	4,519	4,519	19
<b>Cash and Cash Equivalents</b>								
All	92	0	92	1	134	0	134	1
<b>Total</b>	<b>92</b>	<b>17,530</b>	<b>17,622</b>	<b>100</b>	<b>134</b>	<b>23,109</b>	<b>23,243</b>	<b>100</b>

## NOTE 25 – PENSION COSTS (continued)

### Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, life expectancy and salary levels. Life expectancy is based on fund-specific projections called VitaCurves with long-term improvement assumed to have already peaked and converging to 1.5% per annum.

Both the Gwynedd Pension Scheme and Discretionary Benefits liabilities have been estimated by Hymans Robertson, an independent firm of actuaries. Estimates for the Gwynedd Pension Fund were based on the latest full valuation of the scheme as at 31 March 2020. The significant assumptions used by the actuary in the following table have had a significant impact on the values of the assets and liabilities as follows:

	31 March 2020	31 March 2021
<b>Financial Assumptions</b>	<b>% p.a.</b>	<b>% p.a.</b>
Pensions Increase Rate	1.9	2.85
Salary Increase Rate	2.2	3.15
Inflation Rate	1.9	2.85
Discount Rate	2.3	2.0
Long-term expected rate of return on all categories of assets	2.3	2.3
<b>Take-up option to convert annual pension into retirement lump sum</b>		
for pre-April 2008 service	50	50
for post-April 2008 service	75	75
<b>Mortality assumptions</b>	<b>Years</b>	<b>Years</b>
Longevity at 65 for current pensioners		
Men	21.3	21.5
Women	23.4	23.9
Longevity at 65 for future pensioners		
Men	22.2	22.7
Women	25.1	25.9

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. In order to quantify the impact of a change in the financial assumptions used, the actuary has calculated and compared the value of the scheme liabilities as at 31 March 2021 on varying bases. The approach taken is consistent with that adopted to derive the IAS 19 figures provided in this note.

To quantify the uncertainty around life expectancy, the actuary has calculated the difference in cost to the Joint Committee of a one-year increase in life expectancy. For sensitivity purposes this is assumed to be an increase in the cost of benefits of broadly 3-5%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

## NOTE 25 – PENSION COSTS (continued)

The figures in the table below have been derived based on the membership profile of the Joint Committee as at 31 March 2020, the date of the most recent actuarial valuation. The approach taken in preparing the sensitivity analysis shown is consistent with that adopted in the previous year.

<b>Impact on the Defined Benefit Obligation in the Scheme</b>	<b>Approximate</b>	<b>Approximate</b>
<b>Change in assumption</b>	<b>increase to Defined</b>	<b>monetary amount</b>
	<b>Benefit Obligation</b>	
	<b>31 March 2021</b>	<b>31 March 2021</b>
	<b>%</b>	<b>£'000</b>
0.5% decrease in real discount rate	11	3,915
0.5% increase in the salary increase rate	2	534
0.5% increase in the pension increase rate	9	3,290

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, we estimate that a one-year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

### Impact on the Joint Committee's Cash Flows

One of the objectives of the scheme is that employer contributions should be kept at as constant a rate as possible. Gwynedd Council has agreed a strategy with the fund's actuary to achieve a funding level of 100% over the next 17 years. Funding levels are monitored on an annual basis.

The contributions paid by the Joint Committee are set by the Fund Actuary at each triennial valuation (the most recent being as at 31 March 2019), or at any other time as instructed to do so by the Administering Authority. The contributions payable over the period to 31 March 2021 are set out in the Rates and Adjustments certificate. For further details on the approach adopted to set contribution rates for the Joint Committee, please refer to the 2019 actuarial report dated 31 March 2020.

### Information about the Defined Benefit Obligation

	<b>Liability Split</b>	
	<b>31 March 2021</b>	
	<b>£'000</b>	<b>%</b>
Active Members	21,713	61.0
Deferred Members	4,036	11.3
Pensioner Members	9,867	27.7
<b>Total</b>	<b>35,616</b>	<b>100.0</b>

The above figures are for funded obligations only and do not include unfunded pensioner liabilities. The durations are effective at the previous formal valuation as at 31 March 2019.

## **NOTE 25 – PENSION COSTS (continued)**

### **Impact in Future Years**

The total contribution expected to be made to the Local Government Pensions Scheme by the Joint Committee in the year to 31 March 2022 is £798k.

As the Actuary's report is based on estimates and due to timing issues, an adjustment of £191k has been made in 2020/21, which contains an adjustment of £180k which relates to the previous year (£3k in 2019/20) to bring the deficit in the Scheme based on the Actuarial figures in line with the liability related to the defined benefit pension schemes in the Balance Sheet. This variance has been treated as Actuarial Gains and Losses on Pension Assets and Liabilities and therefore has been included in the Liability related to the defined benefit Pension Schemes in the Balance Sheet.

## Glossary

**Actuarial Gains and Losses** – For a defined benefit pension scheme, the changes in actuarial surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

**Asset** – Items of worth that are measurable in terms of value.

- A current asset will be consumed or will cease to have material value within the next financial year.
- A non-current asset provides benefit to the Council and to the services it provides for a period of more than one year.

**Balances (or Reserves)** – These represent accumulated funds available to the Council. Some balances (reserve) may be earmarked for specific purposes for funding future defined initiatives or meeting identified risks or liabilities.

**Capital Expenditure** – Expenditure on the procurement of a non-current asset, which will be used in providing services beyond the current accounting period or expenditure that adds to, and not merely maintains, value of an existing non-current asset.

**CIPFA (Chartered Institute of Public Finance and Accounting)** – The Professional Institute for accountants working in the public services.

**Creditors** – Amounts owed by the Council for work done, goods received or services rendered, for which payments have not been made by the end of that accounting period.

**Current Service Cost** – The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.

**Debtors** – Amount owed to the Council for works done, goods received or service rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

**Defined Benefit Scheme** – A pension or other retirement benefit scheme other than a defined contribution scheme.

**Defined Contribution Scheme** – A pension or other retirement benefit scheme into which an employee pays regular fixed contributions as an amount or as a percentage of pay, and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employees benefits relating to the employee Service in the current and prior periods.

**Fair Value** – The price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**Financial Instruments** – Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term covers both financial assets and financial liabilities, from straightforward trade receivables (invoices owing) and trade payables (invoices owed) to complex derivatives and embedded derivatives.

**General Fund** – This is the main revenue fund of the Council and it includes the net cost of all services financed by local taxpayers and Government grants.

**International Financial Reporting Standards (IFRS)** – A suite of accounting standards used across the world. They must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity's financial positions, and a standardised method of comparison with financial statements of the other entities.

**Inventories** – Amounts of unused or unconsumed stocks held in expectation of future use. They are categorised as goods or other assets purchased for resale, consumable stores, raw materials and Components, Products and Services in intermediate stages of completion and finished goods.

**Investment Property** – Property that is held solely to earn rentals or for capital appreciation, or both.

**Liability** – Amounts due to individuals or organisations which will have to be paid at some time in the future.

**Provision** – A liability that is of uncertain timing or amount which is to be settled by transfer of economic benefits.

**Related Parties** – Parties are considered to be related if one party has the ability to Control the other party or exercise significant influence over the other party in making financial or operating decisions.

**Reserves** – An amount set aside for a specific purpose in one year and carried forward to meet future obligations.