

## **INDEX**

	<b>Page</b>
Narrative Report	2 – 5
Statement of Responsibilities	6
Expenditure and Funding Analysis	7
Comprehensive Income and Expenditure Statement	8
Movement in Reserves Statement	9
Balance Sheet	10
Cash Flow Statement	11
Notes to the Accounts	12 – 33
Glossary	34 - 35

# **NARRATIVE REPORT**

## **INTRODUCTION**

The North Wales Economic Ambition Board's (NWEAB) Joint Committee was established on 1 February 2019 to develop a regional approach to economic growth and to address the challenges and barriers facing the North Wales economy. It covers the six local authority administrative areas of North Wales comprising the councils of Gwynedd, Anglesey, Conwy, Denbighshire, Wrexham and Flintshire. The Joint Committee also includes the University of Bangor, Glyndwr University, Coleg Cambria and Grŵp Llandrillo Menai. In December 2020, the Joint Committee agreed the North Wales Growth Deal with UK Government and Welsh Government securing an investment of £240million into the North Wales economy as part of the Deal. A Portfolio Management Office has been established to deliver the Growth Deal and the first project business case was approved in December 2021 and is now in delivery.

Gwynedd Council has been appointed as host authority for the NWEAB.

The NWEAB's accounts for the year 2021/22 are presented here on pages 7 to 35. The Statements of Accounts are prepared in accordance with CIPFA's *Code of Practice on Local Authority Accounting in the United Kingdom 2021/22*.

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.
- **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 2022.
- **The Cash Flow Statement** - This statement summarises the flow of cash to and from the Joint Committee during 2021/22 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.

## **NWEAB'S ambition**

The NWEAB'S ambition is to build a more vibrant, sustainable and resilient economy for North Wales to:

- Focus on improving the region's economic, social and environmental well-being.
- See the region develop in a sustainable way, with opportunities for people to gain new skills for the future and develop rewarding careers, seeing businesses grow and communities prosper.
- Champion our language, culture and heritage, in line with the well-being goals for Wales.

## **North Wales Growth Deal**

The Growth Deal aims to bring over £1 billion of investment to North Wales in order to generate over 4,000 new jobs and an increase in Gross Value Added (GVA) of £2.4 billion. The UK and Welsh governments have committed to jointly investing £240 million capital over a 15-year period, with the remainder leveraged from private and public sources. The desired outcomes of this investment are to be delivered through the delivery of a portfolio of five separate programmes which:

- build on our regional strengths in manufacturing and low carbon energy
- target digital innovation and infrastructure to better connect the region
- invest in key sites and premises for the developer market
- enable innovation to boost productivity
- support our key industries in tourism and agriculture to develop for the future

The five programmes are Low Carbon Energy, Agri-food and Tourism, Innovation in High-Value Manufacturing, Digital Connectivity, and Land and Property.

## 2021/22 Budget

The Joint Committee adopted its budget for 2021/22 at its meeting on 26 March 2021 and is available at: [Agenda for North Wales Economic Ambition Board on Friday, 26th March, 2021, 2.30 pm \(llyw.cymru\)](#)

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.

## 2021/22 Performance

The NWEAB reports quarterly on the progress against the North Wales Growth Deal, and the Annual Report is available at:

<https://democracy.gwynedd.llyw.cymru//ieListDocuments.aspx?CId=418&MId=4655&Ver=4>

## 2021/22 Financial Performance

- The Comprehensive Income and Expenditure Statement on page 8 shows that the Joint Committee's gross revenue expenditure on 'cost of services' level was £2,828k during 2021/22, with a net position of (£487k).
- The financial out-turn position for 2021/22 was reported to the Joint Committee at its meeting on 29 April 2022 and is available at: <https://democracy.gwynedd.llyw.cymru//ieListDocuments.aspx?CId=418&MId=4527&Ver=4>
- The Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement on pages 8 and 9 detail the analysis in movements for the year.

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

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

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Expenditure on Operations	2,976	3,304	328
Financed by-			
Partners' Contributions	(1,318)	(1,318)	0
Grants, contributions and other income	(1,243)	(1,889)	(646)
Contribution from the General Fund	(415)	(415)	0
<b>Net (Underspend)/Overspend</b>	<b>0</b>	<b>(318)</b>	<b>(318)</b>

**TABLE 2 –Transposition movement between ‘Budget and Actual Comparison Summary (Net)’ (Table I) to the Income and Expenditure format**

	<b>Performance Report (Out-turn)</b>	<b>Transposition Adjustment</b>	<b>Net Position to be funded by / (transferred to) the General Fund</b>	<b>Adjustments between Funding and Accounting Basis</b>	<b>Income &amp; Expenditure Statement</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Expenditure	3,304	(889)	2,415	413	2,828
Income	(3,622)	431	(3,191)	(124)	(3,315)
<b>Net Cost of Services</b>	<b>(318)</b>	<b>(458)</b>	<b>(776)</b>	<b>289</b>	<b>(487)</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 :-

- £200k 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 14.2).
- £3,315k in grants and contributions and equivalent expenditure (Note 20).

### 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 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.

### Capital Expenditure in 2021/22

Capital expenditure for 2021/22 amounted to £124k. The following table gives an analysis of this expenditure and the way it was financed.

**TABLE 3 - SUMMARY OF CAPITAL EXPENDITURE AND FINANCING**

<b>2020/21</b>		<b>2021/22</b>
<b>£'000</b>		<b>£'000</b>
0	Projects	124
<b>0</b>		<b>124</b>
	<b>FINANCED BY -</b>	
0	Grants and Contributions	124
<b>0</b>		<b>124</b>

The £124k in above table is Revenue Expenditure Funded from Capital under Statute and has been charged to the Income and Expenditure Statement in the year. It has been spent on the Digital Signal Processing (DSP) Centre project by Bangor University and funded by the Growth Deal Grant.

## Reserves

The Joint Committee has usable reserve of £1,531k. These are detailed in the Balance Sheet, Movement in Reserves Statement and in Note 9.

## Pension Fund

The Joint Committee 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 at 31 March 2022 was £942k. Refer to Note 24 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 based on 31 March 2022 for the 2022/23 accounts.

## Governance

The NWEAB 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 12.

## 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 2021/22 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

Sian Pugh  
Group Accountant  
01286 679134

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.

# **NORTH WALES ECONOMIC AMBITION BOARD**

## **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.

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

The Head of Finance is responsible for the preparation of the North Wales Economic Ambition Board's 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.

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#### **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 North Wales Economic Ambition Board's Joint Committee at 31 March 2022 and the Joint Committee's income and expenditure for the year then ended.



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**Dewi Aeron Morgan CPFA**  
**Head of Finance, Gwynedd Council**

**30 June 2022**

## 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.

2020/21				2021/22		
Net Expenditure Chargeable to the General Fund £'000	Adjustments between the Funding and Accounting Basis (Note 7) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000		Net Expenditure Chargeable to the General Fund £'000	Adjustments between the Funding and Accounting Basis (Note 7) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
800	0	800	Programme Management Office	1,384	289	1,673
127	0	127	Accountable Body Support Services	141	0	141
42	0	42	Joint Committee	13	0	13
117	0	117	Projects	226	124	350
0	0	0	Grant Schemes	651	0	651
(1,320)	0	(1,320)	Income	(3,191)	(124)	(3,315)
<b>(234)</b>	<b>0</b>	<b>(234)</b>	<b>Cost of Services</b>	<b>(776)</b>	<b>289</b>	<b>(487)</b>
(7)	0	(7)	Financing and Investment Income and Expenditure	(16)	3	(13)
<b>(241)</b>	<b>0</b>	<b>(241)</b>	<b>(Surplus)/ Deficit on Provision of Services</b>	<b>(792)</b>	<b>292</b>	<b>(500)</b>
(498)			Opening Balance	(739)		
(241)			(Surplus)/ Deficit in Year	(792)		
<b>(739)</b>			Closing Balance	<b>(1,531)</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.

2020/21			Note	2021/22		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
800	0	800	Programme Management Office	1,673	0	1,673
127	0	127	Accountable Body Support Services	141	0	141
42	0	42	Joint Committee	13	0	13
117	0	117	Projects	350	0	350
0	0	0	Grant Schemes	651	0	651
0	(1,320)	(1,320)	Income	0	(3,315)	(3,315)
<b>1,086</b>	<b>(1,320)</b>	<b>(234)</b>	<b>Cost of Services</b>	<b>2,828</b>	<b>(3,315)</b>	<b>(487)</b>
0	(7)	(7)	Financing and Investment Income and Expenditure	3	(16)	(13)
<b>1,086</b>	<b>(1,327)</b>	<b>(241)</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>2,831</b>	<b>(3,331)</b>	<b>(500)</b>
		0	Remeasurement of the net pension defined benefit liability/(asset)	14.2		(200)
		<b>0</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(200)</b>
		<b>(241)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(700)</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.

		<b>Movement in Reserves Statement</b>		
	<b>Note</b>	<b>Total Usable Reserves</b>	<b>Unusable Reserves</b>	<b>Total Joint Committee's Reserves</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance 31 March 2020 carried forward</b>		<b>(498)</b>	<b>0</b>	<b>(498)</b>
<u>Movement in reserves during 2020/21</u>				
(Surplus)/Deficit on provision of services		<b>(241)</b>	<b>0</b>	<b>(241)</b>
Other Comprehensive Income and Expenditure		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Comprehensive Income and Expenditure</b>		<b>(241)</b>	<b>0</b>	<b>(241)</b>
Adjustments between accounting basis and funding basis under regulations	8	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>		<b>(241)</b>	<b>0</b>	<b>(241)</b>
<b>(Increase)/Decrease in 2020/21</b>		<b>(241)</b>	<b>0</b>	<b>(241)</b>
<b>Balance 31 March 2021 carried forward</b>	9	<b>(739)</b>	<b>0</b>	<b>(739)</b>
IAS 19 Opening Balance		<b>0</b>	<b>891</b>	<b>891</b>
Opening Balance 1 April 2021		<b>(739)</b>	<b>891</b>	<b>152</b>
<u>Movement in reserves during 2021/22</u>				
(Surplus)/Deficit on provision of services		<b>(500)</b>	<b>0</b>	<b>(500)</b>
Other Comprehensive Income and Expenditure		<b>0</b>	<b>(200)</b>	<b>(200)</b>
<b>Total Comprehensive Income and Expenditure</b>		<b>(500)</b>	<b>(200)</b>	<b>(700)</b>
Adjustments between accounting basis and funding basis under regulations	8	<b>(292)</b>	<b>292</b>	<b>0</b>
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	9	<b>(792)</b>	<b>92</b>	<b>(700)</b>
<b>(Increase)/Decrease in 2021/22</b>		<b>(792)</b>	<b>92</b>	<b>(700)</b>
<b>Balance 31 March 2022 carried forward</b>		<b>(1,531)</b>	<b>983</b>	<b>(548)</b>

## 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 2021 £'000		Note	31 March 2022 £'000
509	Short-term Debtors	11	21,253
16,255	Cash and Cash Equivalents	12	16,768
<b>16,764</b>	<b>Current Assets</b>		<b>38,021</b>
(25)	Short-term Creditors	13	(428)
(16,000)	Capital and Revenue Grants Receipts in Advance	20	(29,000)
<b>(16,025)</b>	<b>Current Liabilities</b>		<b>(29,428)</b>
0	Pension Liability	24	(942)
0	Capital and revenue Grants Receipts in Advance	20	(7,103)
<b>0</b>	<b>Long-term Liabilities</b>		<b>(8,045)</b>
<b>739</b>	<b>Net Assets</b>		<b>548</b>
(739)	Usable Reserves	9	(1,531)
0	Unusable Reserves	14	983
<b>(739)</b>	<b>Total Reserves</b>		<b>(548)</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.

2020/21		Note	2021/22
£'000			£'000
(241)	Net (Surplus) / Deficit on the Provision of Services		(500)
(15,505)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	15a	(137)
(15,746)	Net cash flows from Operating Activities		(637)
0	Investing Activities	16	124
0	Financing Activities		0
(15,746)	Net (Increase)/Decrease in cash and cash equivalents		(513)
(509)	Cash and cash equivalents at the beginning of the reporting period	12	(16,255)
<b>(16,255)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	12	<b>(16,768)</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 2021/22 financial year and its position at the year-end of 31 March 2022. The Joint Committee is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 (as amended), in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2021/22*, 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 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 the employee renders 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.

#### **I.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

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

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 2.75% 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:

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.

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

- 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 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.

### **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.

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

Grants and contributions funding capital expenditure that have been credited to the Comprehensive Income and Expenditure Statement are not proper income charges due to the capital control regime requirements to finance capital expenditure as part of the Capital Financing Requirement. Therefore, the Joint Committee accounts for these amounts as follows:

- Where a capital grant or contribution has been received, and conditions remain outstanding at the Balance Sheet date, the grant is recognised as a Capital Grant Receipt in Advance on the Balance Sheet. Once the condition has been met, the grant or contribution is transferred to the Comprehensive Income and Expenditure Statement.
- Where a capital grant or contribution has been recognised as income in the Comprehensive Income and Expenditure Statement, and the expenditure to be financed from that grant or contribution has been incurred at the Balance Sheet date, the grant or contribution is transferred from the General Fund to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

### **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 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 and employee benefits. These do not represent the usable resources of the Joint Committee.

### **1.10 Revenue Expenditure Funded from Capital Under Statute**

Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as an asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund. This type of expenditure is valued at historical cost and written down over a year.

### **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.

### **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**

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.

The NWEAB Joint Committee has been categorised as a Joint Operation, making use of the assets and resources of the operators rather than the establishment of a separate entity.

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

The Joint Committee's existing accounting policies are amended only insofar as to reflect the guidance in the 2021/22 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 2022/23 Code:

Annual Improvements to IFRS 2018–2020. The annual IFRS improvement programme notes 4 changed standards:

- IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS.
- IAS 37 (Onerous contracts) – clarifies the intention of the standard.
- IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material.
- IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

The Code requires implementation from 1 April 2022 and therefore there is no impact on the 2021/22 Statement of Accounts, and none of the new or amended standards within the 2022/23 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.

Whilst the effects of the Covid-19 crisis remain a financial challenge for the Joint Committee in the short and medium term, the Joint Committee has determined that this uncertainty is not yet sufficient to provide an indication that their assets 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 2022 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:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Joint Committee with expert advice about the assumptions to be applied.</p> <p>Brexit and COVID-19 both initially had negative impacts on the UK economy and pension asset values, but the market appears to be recovering and stabilising. However, another serious outbreak of COVID-19 could have a detrimental impact on asset returns, as could an increase in interest rates to curb inflation increases as a result of the recovery.</p>	The effects on the net pension liability of changes in individual assumptions are set out in Note 24.

## NOTE 6 – MATERIAL ITEMS OF INCOME AND EXPENSE

Related items include:-

- £200k 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 14.2).
- £3,315k in grants and contributions and equivalent expenditure (Note 20).

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

2021/22	ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS			
	Adjustments for Capital Purposes (i) £'000	Net change for the Pensions Adjustments (ii) £'000	Other Differences (iii) £'000	Total Adjustments £'000
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts				
Programme Management Office	0	248	41	289
Accountable Body Support Services	0	0	0	0
Joint Committee	0	0	0	0
Projects	124	0	0	124
Grant Schemes	0	0	0	0
Income	(124)	0	0	(124)
<b>Cost of Services</b>	<b>0</b>	<b>248</b>	<b>41</b>	<b>289</b>
Financing and Investment Income and Expenditure	0	3	0	3
<b>(Surplus) / Deficit on Provision of Services</b>	<b>0</b>	<b>251</b>	<b>41</b>	<b>292</b>

There was no transactions in 2020/21.

### (i) Adjustments for Capital Purposes

- For **services**, this column adds in depreciation, impairment and revaluation gains and losses.

### (ii) 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.

### (iii) 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.

2021/22	Usable Reserve General Fund Balance	Movement in Unusable Reserves
<b>ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS</b>	<b>£'000</b>	<b>£'000</b>
<b>Adjustments involving the Capital Adjustment Account</b>		
Capital grants and contributions applied	124	(124)
Revenue expenditure funded from capital under statute	(124)	124
<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 24)	(413)	413
Employer's pensions contributions and direct payments to pensioners payable in the year	162	(162)
<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	(41)	41
<b>Total Adjustments</b>	<b>(292)</b>	<b>292</b>

There was no transactions in 2020/21.

## NOTE 9 – TRANSFERS TO/FROM USABLE RESERVES

The note below sets out the amounts set aside from the General Fund in usable reserves to provide financing for future expenditure plans, with a net increase of £792k.

### Usable Reserves

2021/22	Balance 31 March 2021	Transfers			Balance 31 March 2022
Note	£'000	between reserves	in	out	£'000
9.1 Earmarked Reserve	739	(5)	318	(415)	637
9.2 Projects Reserve	0	0	195	0	195
9.3 Interest Reserve	0	5	694	0	699
<b>Total</b>	<b>739</b>	<b>0</b>	<b>1,207</b>	<b>(415)</b>	<b>1,531</b>

9.1 Earmarked Reserve - to support future years' budgets and staffing structure.

9.2 Projects Reserve - to fund expenditure that supports the delivery of Regional Economic Framework priorities.

9.3 Interest Reserve - to fund the cost of borrowing in future years.

## NOTE 10 – FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2020/21	2021/22
£'000	£'000
0 Net interest on the net pension defined benefit liability/(asset)	3
(7) Interest receivable and similar income	(16)
<b>(7) Total</b>	<b>(13)</b>

## NOTE 11 – SHORT-TERM DEBTORS

	31 March 2021 £'000	31 March 2022 £'000
Trade Receivables	3	0
Prepayments	0	6
Other Receivable Amounts	506	21,247
<b>Total</b>	<b>509</b>	<b>21,253</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.

	31 March 2021 £'000	31 March 2022 £'000
Cash in Bank held by Host Authority	16,255	16,768
<b>Cash and Cash Equivalents</b>	<b>16,255</b>	<b>16,768</b>

## NOTE 13 – SHORT-TERM CREDITORS

	31 March 2021 £'000	31 March 2022 £'000
Trade Payables	49	259
Other Payables	(24)	169
<b>Total</b>	<b>25</b>	<b>428</b>

## NOTE 14 – UNUSABLE RESERVES

31 March 2021		31 March 2022
£'000		£'000
0	Capital Adjustment Account	0
0	Pensions Reserve	(942)
0	Accumulated Absences Account	(41)
<b>0</b>	<b>Total Unusable Reserves</b>	<b>(983)</b>

### 14.1 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation; impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The Account is credited with the amounts set aside by the Joint Committee as finance for the costs of acquisition, construction and enhancement.

Note 8 provides details of the source of all the transactions posted to the Account.

2020/21		2021/22
£'000		£'000
<b>0</b>	<b>Balance 1 April</b>	<b>0</b>
	<u>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</u>	
0	Revenue Expenditure funded from Capital under Statute	(124)
	<u>Capital financing applied in the year:</u>	
0	Grants and contributions credited to Comprehensive Income and Expenditure Statement that have been applied to capital financing	124
<b>0</b>	<b>Balance 31 March</b>	<b>0</b>

## NOTE 14 – UNUSABLE RESERVES (continued)

### 14.2 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.

2020/21 £000	2021/22 £000
<b>0 Balance 1 April</b>	<b>(891)</b>
0 Re-measurements of the net pension defined benefit (liabilities) / assets	200
0 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	(413)
0 Employer's pensions contributions and direct payments to pensioners payable in the year	162
<b>0 Balance 31 March</b>	<b>(942)</b>

### 14.3 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise appear 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 is neutralised by transfers to or from the Account.

2020/21 £000	2021/22 £000
<b>0 Balance 1 April</b>	<b>0</b>
0 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	(41)
<b>0 Balance 31 March</b>	<b>(41)</b>

**NOTE 15a – CASH FLOW STATEMENT: ADJUSTMENTS TO NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES FOR NON-CASH MOVEMENTS**

2020/21 £'000		2021/22 £'000
(15,998)	(Increase)/Decrease in Creditors	(20,465)
493	Increase/(Decrease) in Debtors	20,744
0	Pension Liability	(251)
0	Other non-cash items charged to net surplus/deficit on the provision of services	(165)
<b>(15,505)</b>		<b>(137)</b>

**NOTE 15b – CASH FLOW STATEMENT – OPERATING ACTIVITIES**

2020/21 £'000		2021/22 £'000
(7)	Interest received	(16)

**NOTE 16 – CASH FLOW STATEMENT – INVESTING ACTIVITIES**

2020/21 £'000		2021/22 £'000
0	Other payments for investing activities	124
<b>0</b>	<b>Net cash flows from investing activities</b>	<b>124</b>

## NOTE 17 – EXPENDITURE AND INCOME ANALYSED BY NATURE

The Joint Committee's expenditure and income is analysed as follows:

2020/21		2021/22
£'000	<u>Expenditure / Income</u>	£'000
	<b>Expenditure</b>	
611	Employee benefits expenses	1,435
17	Premises	17
0	Transport	0
368	Supplies and Services	1,117
90	Third Party	135
0	Interest Payments	3
0	Depreciation, amortisation, impairment	124
<b>1,086</b>	<b>Total Expenditure</b>	<b>2,831</b>
	<b>Income</b>	
(640)	Partner Contributions	(1,318)
(7)	Interest and investment income	(16)
(680)	Grants and other contributions	(1,997)
<b>(1,327)</b>	<b>Total Income</b>	<b>(3,331)</b>
<b>(241)</b>	<b>(Surplus) / Deficit on the Provision of Services</b>	<b>(500)</b>

## NOTE 18 – OFFICERS' REMUNERATION

**18a.** The Accounts and Audit (Wales) Regulations 2014 (as amended) 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 Joint Committee is as follows:

2020/21			Chief Officers	2021/22		
Salary	Employer's Pension Contribution	Total		Salary	Employer's Pension Contribution	Total
£	£	£		£	£	£
103,179	21,049	<b>124,228</b>	Portfolio Director	107,899	22,011	<b>129,910</b>
58,624	11,959	<b>70,583</b>	Head of Operations	61,710	12,845	<b>74,555</b>

**18b.** In 2021/22 and 2020/21, no other employee received more than £60,000 remuneration for the year (excluding employer's pension and national insurance contributions).

## NOTE 19 – EXTERNAL AUDIT COSTS

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

2020/21 £'000	2021/22 £'000
Fees payable to the auditor appointed by the Auditor General for Wales with regard to external audit services	11
<b>2 Net Fees</b>	<b>11</b>

## NOTE 20 – GRANT INCOME

20a. The Joint Committee credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

	2020/21		2021/22	
	£'000	£'000	£'000	£'000
<b>Grants and Contributions Credited to Services</b>				
Welsh Government				
European Social Fund Priority 5	561		808	
Decarbonisation Grant	67		500	
North Wales Regional Economic Framework Grant	0		195	
North Wales Growth Deal Grant	0		124	
Other	52		15	
		<b>680</b>		<b>1,642</b>
<b>Other Grants and Contributions</b>				
Partners' Contributions				
Conwy County Borough Council	90		168	
Denbighshire County Council	90		154	
Flintshire County Council	90		194	
Gwynedd Council	90		172	
Isle of Anglesey County Council	90		137	
Wrexham County Borough Council	90		181	
Bangor University	25		118	
Wrexham Glyndwr University	25		59	
Coleg Cambria	25		60	
Grŵp Llandrillo Menai	25		75	
		<b>640</b>		<b>1,318</b>
<b>Community Renewal Fund</b>				
Denbighshire County Council	0		34	
Gwynedd Council	0		34	
Isle of Anglesey County Council	0		34	
Wrexham County Borough Council	0		34	
		<b>0</b>		<b>136</b>
<b>Gwynedd Council (North Wales Growth Deal Grant)</b>		<b>0</b>		<b>219</b>
<b>Total Grants and Contributions Credited to Services</b>		<b>1,320</b>		<b>3,315</b>

The North Wales growth Deal Grant is funded 50% by Welsh Government and 50% by UK Government.

## NOTE 20 – GRANT INCOME (continued)

**20b.** 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:

	<b>31 March 2021 £'000</b>	<b>31 March 2022 £'000</b>
<b>Grants and Contributions Received in Advance</b>		
<b>Capital Grants</b>		
<b><u>Short Term</u></b>		
North Wales Growth Deal	16,000	29,000
<b><u>Long Term</u></b>		
North Wales Growth Deal	0	7,103
<b>Total</b>	<b><u>16,000</u></b>	<b><u>36,103</u></b>

## NOTE 21 – 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 North Wales Economic Ambition Board's (NWEAB) Joint Committee was established on 1 February 2019 to develop a regional approach to economic growth and to address the challenges and barriers facing the North Wales economy. It covers the six local authority administrative areas of North Wales comprising the councils of Gwynedd, Anglesey, Conwy, Denbighshire, Wrexham and Flintshire. The Joint Committee also includes the University of Bangor, Glyndwr University, Coleg Cambria and Grŵp Llandrillo Menai. In December 2020, the Joint Committee agreed the North Wales Growth Deal with UK Government and Welsh Government securing an investment of £240million into the North Wales economy as part of the Deal. A Portfolio Management Office has been established to deliver the Growth Deal and the first project business case was approved in December 2021 and is now in delivery. Welsh Government has effective control over the general operations of the Joint Committee, and is responsible for providing the statutory framework and provides the majority of its funding in the form of grants. Grants received from Welsh Government are set out in the subjective analysis in Note 17 which analyses expenditure and income by nature. The position as at 31 March is detailed in Note 20.

Summarised below are the payments and income between the Joint Committee, the Local Authorities and Further and Higher Education Establishments for the 2021/22 financial year. Gwynedd Council has been appointed as host authority for the NWEAB.

	Payments made	Income Received	Amounts owed by the NWEAB	Amounts owed to the NWEAB
	£'000	£'000	£'000	£'000
Conwy County Borough Council	32	(168)	(6)	0
Denbighshire County Council	38	(178)	(10)	0
Flintshire County Council	0	(194)	0	0
Gwynedd Council	220	(442)	0	0
Isle of Anglesey County Council	0	(137)	(34)	0
Wrexham County Borough Council	0	(181)	(34)	0
Bangor University	0	(118)	0	124
Wrexham Glyndwr University	0	(59)	0	0
Coleg Cambria	0	(25)	(35)	0
Grŵp Llandrillo Menai	0	(75)	0	0

### Board Members, Advisers and Officers

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

All Board Members, Advisers and Senior Officers of the Joint Committee have completed declaration forms to declare their interest or relationship in companies, voluntary, charitable or public bodies that have dealings with the Joint Committee. There are no further declarations required than those included in the table above.

## NOTE 22 – CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

<b>31 March</b>		<b>31 March</b>
<b>2021</b>		<b>2022</b>
<b>£'000</b>		<b>£'000</b>
0	Capital Adjustment Account (Note 14.1)	0
<b>0</b>	<b>Capital Financing Requirement</b>	<b>0</b>

The movement in the year is explained as follows:

<b>2020/21</b>		<b>2021/22</b>
<b>£'000</b>		<b>£'000</b>
0	<b>Capital Financing Requirement 1 April</b>	0
0	Funded from capital under statute	124
0	Government Grants and other contributions	(124)
<b>0</b>	<b>Capital Financing Requirement 31 March</b>	<b>0</b>

## NOTE 23 – EXIT PACKAGES

There were no exit packages during 2021/22 or 2020/21.

## NOTE 24 – 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.

NWEAB 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.

## NOTE 24 – PENSION COSTS (continued)

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.

Change in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability	Period ended 31 March 2022		
	Assets	Liabilities	Net (liability) /asset
	£'000	£'000	£'000
Fair Value of Plan Assets	883	0	883
Present Value of Funded Liabilities	0	(1,774)	(1,774)
Present Value of Unfunded Liabilities	0	0	0
<b>Opening Position at 1 April</b>	<b>883</b>	<b>(1,774)</b>	<b>(891)</b>
Service Cost			
Current Service Cost*	0	(410)	(410)
Past Service Costs (including curtailments)	0	0	0
<b>Total Service Cost</b>	<b>0</b>	<b>(410)</b>	<b>(410)</b>
Net interest			
Interest Income on Plan Assets	20	0	20
Interest Cost on Defined Benefit Obligation	0	(23)	(23)
<b>Total Net Interest</b>	<b>20</b>	<b>(23)</b>	<b>(3)</b>
<b>Total Defined Benefit Cost Recognised in Profit/(Loss)</b>	<b>20</b>	<b>(433)</b>	<b>(413)</b>
Cash flows			
Participants' contributions	60	(60)	0
Employer contributions	159	0	159
Estimated contributions in respect of unfunded benefits	0	0	0
Estimated benefits paid	0	0	0
Estimated unfunded benefits paid	0	0	0
<b>Expected Closing Position</b>	<b>1,122</b>	<b>(2,267)</b>	<b>(1,145)</b>
Remeasurements			
Change in demographic assumptions	0	15	15
Change in financial assumptions	0	202	202
Other experience	0	(84)	(84)
Return on Assets excluding amounts included in net interest	70	0	70
<b>Total remeasurements recognised in Other Comprehensive Income (OCI)</b>	<b>70</b>	<b>133</b>	<b>203</b>
Fair Value of Plan Assets	1,192	0	1,192
Present Value of Funded Liabilities	0	(2,134)	(2,134)
Present Value of Unfunded Liabilities	0	0	0
<b>Closing Position at 31 March</b>	<b>1,192</b>	<b>(2,134)</b>	<b>(942)</b>

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

## NOTE 24 – 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 2021. The split is shown in the table below. The actuary estimates the bid value of the Fund's assets as at 31 March 2022 to be £2.734bn 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 NWEAB.

### Fair Value of Employer Assets

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

Asset Category	At 31 March 2022			
	Quoted Prices in Active Markets	Prices not quoted in Active Markets	Total	
	£'000	£'000	£'000	%
<b>Equity Securities</b>				
Consumer	0	0	0	0
Manufacturing	0	0	0	0
Energy and Utilities	0	0	0	0
Financial Institutions	0	0	0	0
Health and Care	0	0	0	0
Information Technology	0	0	0	0
Other	0	0	0	0
<b>Private Equity</b>				
All	0	67	67	6
<b>Debt Securities</b>				
Other	0	0	0	0
<b>Real Estate</b>				
UK Property	0	102	102	9
Overseas Property	0	0	0	0
<b>Investment Funds and Unit Trusts</b>				
Equities	0	758	758	63
Infrastructure	0	23	23	2
Other	0	238	238	20
<b>Cash and Cash Equivalents</b>				
All	4	0	4	0
<b>Total</b>	<b>4</b>	<b>1,188</b>	<b>1,192</b>	<b>100</b>

## NOTE 24 – 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 2019. 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:

	<b>31 March 2022</b>
<b>Financial Assumptions</b>	<b>% p.a.</b>
Pensions Increase Rate	3.15
Salary Increase Rate	3.45
Inflation Rate	3.15
Discount Rate	2.75
Long-term expected rate of return on all categories of assets	2.75
<b>Take-up option to convert annual pension into retirement lump sum</b>	
for pre-April 2008 service	50
for post-April 2008 service	75
<b>Mortality assumptions</b>	<b>Years</b>
Longevity at 65 for current pensioners	
Men	21.3
Women	23.7
Longevity at 65 for future pensioners	
Men	22.4
Women	25.7

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 2022 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 24 – 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 2019, 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.

Impact on the Defined Benefit Obligation in the Scheme Change in assumption	Approximate increase to	Approximate monetary
	Defined Benefit Obligation	amount
	31 March 2022	31 March 2022
	%	£'000
0.1% decrease in real discount rate	3	55
1 year increase in member life expectancy	4	85
0.1% increase in the salary increase rate	1	27
0.1% increase in the pension increase rate	1	55

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 2022 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

	Liability Split	
	31 March 2022	
	£'000	%
Active Members	2,116	99.2
Deferred Members	18	0.8
Pensioner Members	0	0.0
<b>Total</b>	<b>2,134</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. The weighted average duration of the defined benefit obligation for scheme members is 30 years, 2021/22.

### 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 2023 is £159k.

As the Actuary's report is based on estimates and due to timing issues, an adjustment of £2,666 has been made in 2021/22, 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

## **NOTE 24 – PENSION COSTS (continued)**

on Pension Assets and Liabilities and therefore has been included in the Liability related to the defined benefit Pension Schemes in the Balance Sheet.

## **NOTE 25 – EVENTS AFTER THE REPORTING PERIOD**

The Statement of Accounts was authorised by the Head of Finance on 30 June 2022. 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 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect its impact.

## 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 Joint Committee and to the services it provides for a period of more than one year.

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

**Capital Adjustment Account** – A reserve set aside from revenue resources or capital receipts to fund capital expenditure or the repayment of external loans and certain other capital financing transactions.

**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.

**Capital Financing** – Funds obtained to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

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

**Creditors** – Amounts owed by the Joint Committee 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 Joint Committee for work 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.

**Depreciation** – A measure of the cost of the economic benefits of the tangible fixed assets consumed during the period.

**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.

**General Fund** – This is the main revenue fund of the Joint Committee and it includes the net cost of all services financed by partners' contributions 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 position, and a standardised method of comparison with financial statements of the other entities.

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

**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.