

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

**STATEMENT OF**  
**ACCOUNTS**  
**2022/23**  
**(Subject to Audit)**

## **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 – 35
Glossary	36 – 37

# 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, Cyngor Gwynedd, 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.

Cyngor Gwynedd 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 2022/23 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 2022/23*.

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 2022/23 :

Conwy	15.26%
Denbighshire	15.48%
Flintshire	22.67%
Gwynedd	17.59%
Anglesey	10.14%
Wrexham	18.86%
<b>Total</b>	<b>100.00%</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 2023.
- **The Cash Flow Statement** - This statement summarises the flow of cash to and from the Joint Committee during 2022/23 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 is:

- Our work is driven by genuine ambition to see the schools and organisations we work with achieve their aspirations and to see all learners succeed.
- Proudly Welsh and internationally informed, we will support our schools to become successful and confident learning organisations. We will collaborate to provide learners with the climate and education that they deserve so that they become capable and resilient individuals who realise their full potential.

The GwE business plan is one over a period of three years between 2023 and 2026, and also includes a detailed business plan over 12 months for 2023-2024. It outlines GwE's strategic objectives for 2023-2026, and the improvement priorities and work programs to be achieved over the following 12 months.

The regional priorities and areas for improvement are firmly rooted in the findings of internal self-evaluation processes, external reviews of current practices and the direction of the GwE journey, and through consultation with Headteachers and the Local Authorities. The priorities are a combination of improving provision, leadership and school outcomes, as well as achieving the Reform Journey and the Curriculum for Wales.

GwE continues to look outwards and welcomes challenges within Wales, and beyond, while ensuring that what is developed is suitable for the context. This includes continuously listening to the voice of all stakeholders, especially the voice of teachers and school leaders in all sectors, and listening to children and young people as they learn and to support them to reach their potential.

GwE has a clear plan which outlines how, by working closely with key stakeholders, it will strengthen leadership, improve learning and teaching, raise the aspiration to have an impact on standards, ensuring that the school environment supports the well-being of learners and practitioners.

The business plan also addresses the strategic priorities of the Welsh Government and the Local Authorities, which are within the remit of GwE. The plan also gives consideration to how schools and educational settings continue to face the side effects of Covid.

## **Financial Strategy**

The Joint Committee's Financial Strategy and 2023/24 Budget adopted by the Joint Committee at its meeting on 15 February 2023 sets out the foundation to achieve the improvement priorities, whilst also trying to meet the continuous increase in demand for services. The Financial Strategy is unavoidably dependent upon these priorities. The strategy is available at:

<https://www.gwegogledd.cymru/about-us/governance/joint-committee/?lang=en>

The financial impact of the Covid crisis has been significant for the Councils which are members of the Joint Committee, with a combination of additional costs, income losses and a failure to realise savings. The impact was not as significant in 2022/23 compared to the previous two years and unlike previous years there was no financial support available to the Councils from the Welsh Government.

## **2022/23 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 (Joint Committee 24 May 2023):

<https://www.gwegogledd.cymru/about-us/governance/joint-committee/?lang=en>

## 2022/23 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 £18,579k during 2022/23, with a net position of £793k.
- The financial out-turn position for 2022/23 will be reported to the Joint Committee at its meeting on 24 May 2023. Joint Committee Members' approval is sought to transfer £139k from earmarked reserves to finance this year's overspend.
- 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 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.

	Budget £'000	Actual £'000	Variance £'000
Expenditure on Operations	17,786	17,948	162
Income			
Council Contributions for the core service:			
Conwy	(671)	(671)	0
Denbighshire	(680)	(680)	0
Flintshire	(996)	(996)	0
Gwynedd	(773)	(773)	0
Anglesey	(445)	(445)	0
Wrexham	(829)	(829)	0
Other Income	(13,392)	(13,415)	(23)
<b>Net (Underspend)/Overspend</b>	<b>0</b>	<b>139</b>	<b>139</b>

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

	Performance Report (Out-turn) £'000	Transposition Adjustment £'000	Net Expenditure Chargeable to the General Fund Usable Reserves £'000	Adjustments between Funding and Accounting Basis £'000	Income & Expenditure Statement £'000
Expenditure	17,948	(137)*	17,811	768	18,579
Income	(17,809)	23**	(17,786)	0	(17,786)
<b>Net Cost of Services</b>	<b>139</b>	<b>(114)</b>	<b>25</b>	<b>768</b>	<b>793</b>

\*Transposition Adjustment – This adjustment relates to the net contribution to and from reserves.

\*\*Transposition Adjustment - This adjustment relates to the interest on balances received during the financial year..

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

Related Items include :-

- (£10,068k) 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 15).
- £17,786k in grants and contributions and equivalent expenditure (Note 19).

## **Other Issues**

- There is significant economic instability and financial risks in the UK and globally. With the Office for Budget Responsibility (OBR) having noted that the UK's medium-term fiscal outlook has worsened since March 2022 due to a weak economy, higher interest rates and unemployment. The Joint Committee has taken these circumstances into account in its financial plans, keeping a prudent level of reserves.

## **Provisions and Reserves**

The Joint Committee has usable reserves of £1,154k. These are detailed in the Balance Sheet, Movement in Reserves Statement and in Note 10.

## **Pension Fund**

An assessment has been carried out by Gwynedd Pension Fund's Actuary, Hymans Robertson, of the Joint Committee's actuarial position. In order to comply with International Accounting Standard 19, the Joint Committee has shown a nil net liability as at 31 March 2023 on its Balance Sheet. Refer to Note 22 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 2022, with the next taking place at 31 March 2025.

## **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 2022/23 financial year to the Code of Practice on Local Authority Accounting in the United Kingdom.

## **Further Information**

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

Further information relating to the accounts is available from:

Ffion Madog Evans  
Assistant Head of Finance – Accounting and Pensions  
01286 679133

or

Gwion Elis Jones  
Senior Accountant  
01286 679060

Finance Department  
Cyngor Gwynedd  
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**

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

Cyngor Gwynedd 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 Cyngor Gwynedd, 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 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.

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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 GwE Joint Committee at 31 March 2023 and the Joint Committee's income and expenditure for the year then ended.



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

**30 June 2023**

## 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.

2021/22				2022/23		
Net Expenditure to be Funded by Usable Reserve balances	Adjustments between the Funding and Accounting Basis (see Note 8)	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure to be Funded by Usable Reserve balances	Adjustments between the Funding and Accounting Basis (see Note 8)	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
5,177	939	6,116	Employees	6,136	768	6,904
168	0	168	Property	297	0	297
46	0	46	Transport	140	0	140
1,795	0	1,795	Supplies and Services	1,695	0	1,695
13,673	0	13,673	Third Parties	9,543	0	9,543
0	0	0	Non-distributed Costs	0	0	0
(20,572)	0	(20,572)	Income	(17,786)	0	(17,786)
<b>287</b>	<b>939</b>	<b>1,226</b>	<b>Cost of Services</b>	<b>25</b>	<b>768</b>	<b>793</b>
0	256	256	Other Income and Expenditure	(23)	255	232
<b>287</b>	<b>1,195</b>	<b>1,482</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>2</b>	<b>1,023</b>	<b>1,025</b>
(1,443)			Opening Balances of Usable Reserves	(1,156)		
287			(Surplus)/Deficit on Usable Reserves in Year	2		
<b>(1,156)</b>			Closing Balances of Usable Reserves	<b>(1,154)</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.

2021/22			2022/23			
Gross Expenditure	Gross Income	Net Expenditure	Note	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
6,116	0	6,116		6,904	0	6,904
168	0	168		297	0	297
46	0	46		140	0	140
1,795	0	1,795		1,695	0	1,695
13,673	0	13,673		9,543	0	9,543
0	0	0		0	0	0
0	(20,572)	(20,572)		0	(17,786)	(17,786)
<b>21,798</b>	<b>(20,572)</b>	<b>1,226</b>		<b>18,579</b>	<b>(17,786)</b>	<b>793</b>
256	0	256	11	255	(23)	232
<b>22,054</b>	<b>(20,572)</b>	<b>1,482</b>		<b>18,834</b>	<b>(17,809)</b>	<b>1,025</b>
		(4,508)	15			(10,068)
		<b>(4,508)</b>				<b>(10,068)</b>
		<b>(3,026)</b>				<b>(9,043)</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 2021 carried forward</b>		<b>(1,443)</b>	<b>12,473</b>	<b>11,030</b>
<u>Movement in reserves during 2021/22</u>				
(Surplus)/Deficit on provision of services		1,482	0	1,482
Other Comprehensive Income and Expenditure		0	(4,508)	(4,508)
<b>Total Comprehensive Income and Expenditure</b>		<b>1,482</b>	<b>(4,508)</b>	<b>(3,026)</b>
Adjustments between accounting basis and funding basis under regulations	9	(1,195)	1,195	0
<b>Net (Increase)/Decrease before Transfers to Usable Reserves</b>		<b>287</b>	<b>(3,313)</b>	<b>(3,026)</b>
<b>(Increase)/Decrease in 2021/22</b>		<b>287</b>	<b>(3,313)</b>	<b>(3,026)</b>
<b>Balance 31 March 2022 carried forward</b>	10	<b>(1,156)</b>	<b>9,160</b>	<b>8,004</b>
<u>Movement in reserves during 2022/23</u>				
(Surplus)/Deficit on provision of services		1,025	0	1,025
Other Comprehensive Income and Expenditure		0	(10,068)	(10,068)
<b>Total Comprehensive Income and Expenditure</b>		<b>1,025</b>	<b>(10,068)</b>	<b>(9,043)</b>
Adjustments between accounting basis and funding basis under regulations	9	(1,023)	1,023	0
<b>Net (Increase)/Decrease before Transfers to Usable Reserves</b>	10	<b>2</b>	<b>(9,045)</b>	<b>(9,043)</b>
<b>(Increase)/Decrease in 2022/23</b>		<b>2</b>	<b>(9,045)</b>	<b>(9,043)</b>
<b>Balance 31 March 2023 carried forward</b>		<b>(1,154)</b>	<b>115</b>	<b>(1,039)</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 2022 £'000		Note	31 March 2023 £'000
1,177	Short-term Debtors	12	270
1,587	Cash and Cash Equivalents	13	2,634
<b>2,764</b>	<b>Current Assets</b>		<b>2,904</b>
(1,712)	Short-term Creditors	14	(1,865)
<b>(1,712)</b>	<b>Current Liabilities</b>		<b>(1,865)</b>
(9,056)	Pension Liability	22	0
<b>(9,056)</b>	<b>Long-term Liabilities</b>		<b>0</b>
<b>(8,004)</b>	<b>Net Assets</b>		<b>1,039</b>
(1,156)	Usable Reserves	10	(1,154)
9,160	Unusable Reserves	15	115
<b>8,004</b>	<b>Total Reserves</b>		<b>(1,039)</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.

<b>2021/22</b>		<b>Note</b>	<b>2022/23</b>
<b>£'000</b>			<b>£'000</b>
1,482	Net (Surplus) / Deficit on the Provision of Services		1,025
2,890	Adjustments to net surplus or deficit on the provision of services for non-cash movements	16	(2,072)
4,372	Net cash flows from Operating Activities		(1,047)
0	Investing Activities		0
0	Financing Activities		0
4,372	Net (Increase)/Decrease in cash and cash equivalents		(1,047)
(5,959)	Cash and cash equivalents at the beginning of the reporting period		(1,587)
<b>(1,587)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>		<b>(2,634)</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 2022/23 financial year and its position at the year-end of 31 March 2023. 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 2022/23*, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is historical cost. 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.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- 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 Cyngor Gwynedd 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 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 Cyngor Gwynedd.

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 are 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 projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 4.75% 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.

## NOTE I – ACCOUNTING POLICIES (continued)

- 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 General Fund 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 England and Wales 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 not material or 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 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 Cyngor Gwynedd are derived from a combination of pre-determined fixed charges, actual recorded staff time, transaction logging and pre-determined formulae.

### **1.9 Provisions**

Provisions are made where an event has taken place on or before the Balance Sheet date:

- that gives the Council a present obligation
- that probably requires settlement by a transfer of economic benefits or service potential, and
- where a reliable estimate can be made of the amount of the obligation.

If it is not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive.

Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

### **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.

### **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 Cyngor Gwynedd’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 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 GwE 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 2022/23 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

## **NOTE 3- PRIOR PERIOD ADJUSTMENTS**

There are no prior period adjustment during 2022/23.

## **NOTE 4 – 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.

A review of the accounting standards has been carried out this year, but none of the standards in question are relevant to GwE.

## **NOTE 5 – 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 assessments, 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, and high levels of inflation and interest rates.

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 6 – 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 2023 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>Estimating the net liability to pay pensions depends on a number of complex judgments relating to the discount rate used, the rate at which wages are expected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries are involved in giving expert advice to the Council about the assumptions to be used.</p> <p>Brexit and Covid had negative effects on the UK economy and pension asset values, and currently there are high inflation and interest rates, but the market seems to be improving and stabilizing. However, a pandemic or other global crisis could have a detrimental effect on asset returns, as well as an increase in interest rates to curb the rise of inflation as a result of the recovery.</p>	The effects on the net pension liability of changes in individual assumptions are set out in Note 22.

**NOTE 7 – MATERIAL ITEMS OF INCOME AND EXPENSE**

Related items include:-

- (£10,068k) 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 15).
- £17,786k in grants and contributions and equivalent expenditure (Note 19).

## NOTE 8 – NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

<b>ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS</b>				
<b>2022/23</b>				
	<b>Adjustments for Capital Purposes</b>	<b>Net change for the Pensions Adjustments (i)</b>	<b>Other Differences (ii)</b>	<b>Total Adjustments</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts				
Employees	0	757	11	768
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>757</b>	<b>11</b>	<b>768</b>
Other Operating Expenditure	0	0	0	0
Financing and Investment Income and Expenditure	0	255	0	255
Taxation and non-specific grant income	0	0	0	0
<b>(Surplus) / Deficit on Provision of Services</b>	<b>0</b>	<b>1,012</b>	<b>11</b>	<b>1,023</b>

<b>ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS</b>				
<b>2021/22</b>				
	<b>Adjustments for Capital Purposes</b>	<b>Net change for the Pensions Adjustments (i)</b>	<b>Other Differences (ii)</b>	<b>Total Adjustments</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts				
Employees	0	935	4	939
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>935</b>	<b>4</b>	<b>939</b>
Other Operating Expenditure	0	0	0	0
Financing and Investment Income and Expenditure	0	256	0	256
Taxation and non-specific grant income	0	0	0	0
<b>(Surplus) / Deficit on Provision of Services</b>	<b>0</b>	<b>1,191</b>	<b>4</b>	<b>1,195</b>

## NOTE 8 – 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 9 – 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.

<b>2022/23</b>		
<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 22)	(1,900)	1,900
Employer's pensions contributions and direct payments to pensioners payable in the year	888	(888)
<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	(11)	11
<b>Total Adjustments</b>	<b>(1,023)</b>	<b>1,023</b>

<b>2021/22</b>		
<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 22)	(2,006)	2,006
Employer's pensions contributions and direct payments to pensioners payable in the year	815	(815)
<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	(4)	4
<b>Total Adjustments</b>	<b>(1,195)</b>	<b>1,195</b>

## NOTE 10 – TRANSFERS TO/FROM USABLE RESERVES

### 10a. The General Fund

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 decrease of (£139k).

	<b>GwE Joint Committee General Fund £'000</b>
<b>Balance 31 March 2022</b>	<b>437</b>
<u>Transfers:</u>	
In	0
Out	(139)
<b>Balance 31 March 2023</b>	<b>298</b>

### 10b. The Newly Qualified Teachers Fund

The note below highlights the amount set aside from the Newly Qualified Teacher Fund in usable reserves in order to provide funding for spending plans to support supporting Newly Qualified Teachers into the future, with an increase of £137k.

	<b>GwE Joint Committee Newly Qualified Teachers Fund £'000</b>
<b>Balance 31 March 2022</b>	<b>719</b>
<u>Transfers:</u>	
In	137
Out	0
<b>Balance 31 March 2023</b>	<b>856</b>

## NOTE 11 – FINANCING AND INVESTMENT INCOME AND EXPENDITURE

<b>2021/22</b>		<b>2022/23</b>
<b>£'000</b>		<b>£'000</b>
256	Net interest on the net pension defined benefit liability/(asset)	255
0	Interest Receivable	(23)
<b>256</b>	<b>Total</b>	<b>232</b>

## NOTE 12 – SHORT-TERM DEBTORS

	<b>31 March</b>	<b>31 March</b>
	<b>2022</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Trade Receivables	37	78
Prepayments	57	55
Other Receivable Amounts	1,083	137
<b>Total</b>	<b>1,177</b>	<b>270</b>

## NOTE 13 – CASH AND CASH EQUIVALENTS

The Joint Committee does not have its own bank account and cash is administered by Cyngor Gwynedd 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 Cyngor Gwynedd amounts.

	<b>31 March</b>	<b>31 March</b>
	<b>2022</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Cash in Bank held by Host Authority	1,587	2,634
<b>Cash and Cash Equivalents</b>	<b>1,587</b>	<b>2,634</b>

## NOTE 14 – SHORT-TERM CREDITORS

	<b>31 March</b>	<b>31 March</b>
	<b>2022</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Trade Payables	410	406
Other Payables	1,302	1,459
<b>Total</b>	<b>1,712</b>	<b>1,865</b>

## NOTE 15 – UNUSABLE RESERVES

31 March 2022		31 March 2023
£'000		£'000
(9,056)	Pensions Reserve	0
(104)	Accumulated Absences Account	(115)
<b>(9,160)</b>	<b>Total Unusable Reserves</b>	<b>(115)</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.

2021/22 £000		2022/23 £000
<b>(12,373)</b>	<b>Balance 1 April</b>	<b>(9,056)</b>
4,508	Re-measurements of the net pension defined benefit (liabilities) / assets (Note 22)	10,068
(2,006)	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	(1,900)
815	Employer's pensions contributions and direct payments to pensioners payable in the year	888
<b>(9,056)</b>	<b>Balance 31 March</b>	<b>0</b>

### 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 is neutralised by transfers to or from the Account.

2021/22 £000		2022/23 £000
<b>(100)</b>	<b>Balance 1 April</b>	<b>(104)</b>
(4)	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	(11)
<b>(104)</b>	<b>Balance 31 March</b>	<b>(115)</b>

**NOTE 16 – CASH FLOW STATEMENT: ADJUSTMENTS TO NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES FOR NON-CASH MOVEMENTS**

2021/22	2022/23
£'000	£'000
3,413 (Increase)/Decrease in Creditors	(153)
668 Increase/(Decrease) in Debtors	(907)
(1,191) Pension Liability	(1,012)
<b>2,890</b>	<b>(2,072)</b>

**NOTE 17 – OFFICERS' REMUNERATION**

**17a.** 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 GwE is as follows:

2021/22			Chief Officers	2022/23		
Salary	Employer's Pension Contribution	Total		Salary	Employer's Pension Contribution	Total
£	£	£		£	£	£
105,029	24,157	129,186	Chief Officer	106,954	24,599	131,553

**17b.** The Accounts and Audit (Wales) (Amendment) Regulations 2018 require the Joint Committee to include a ratio of remuneration. The ratio of the Chief Executive's remuneration to the median remuneration of all the Joint Committee's employees for 2022/23 is 1.79:1 (1.80:1 in 2021/22).

**17c.** 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 2022/23 or 2021/22.

Number of other employees who received more than £60,000 and includes remuneration and termination benefits:			
Number in 2021/22		Number in 2022/23	
Total		Total	
15	£60,000 - £64,999	17	
9	£65,000 - £69,999	10	
3	£70,000 - £74,999	7	
1	£75,000 - £79,999	4	

## NOTE 18 – EXTERNAL AUDIT COSTS

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

2021/22	2022/23
£'000	£'000
11 Fees payable to the auditor appointed by the Auditor General for Wales with regard to external audit services	14
<b>11 Net Fees</b>	<b>14</b>

## NOTE 19 – GRANT INCOME

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

	2021/22		2022/23	
	£'000	£'000	£'000	£'000
<b>Grants and Contributions Credited to Services</b>				
Welsh Government -				
Pupil Development Grant (PDG) - Looked After Children	1,135		1,126	
PDG – Strategic Adviser	103		100	
PDG – Consortia Led Funding	196		257	
Other	374		321	
	<b>1,808</b>		<b>1,804</b>	
Regional Consortia School Improvement Grant -				
Welsh Government (excluding the EIG)	<b>10,801</b>		<b>7,601</b>	
Education Improvement Grant (EIG)				
Match funding from Councils	1,625		1,259	
Welsh Government	1,386		1,813	
	<b>3,011</b>		<b>3,072</b>	
Other Government Grants and Contributions -				
Education Workforce Council	537		622	
	<b>537</b>		<b>622</b>	
Other Grants and Contributions				
Councils' Contributions towards the Core Service				
Conwy	645		671	
Denbighshire	649		680	
Flintshire	960		996	
Gwynedd	745		773	
Anglesey	429		445	
Wrexham	796		829	
	<b>4,224</b>		<b>4,394</b>	
Other Grants and Contribution	<b>191</b>		<b>293</b>	
<b>Total Grants and Contributions Credited to Services</b>	<b>20,572</b>		<b>17,786</b>	

## NOTE 20 – 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, Cyngor Gwynedd, 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 2022/23 financial year. Cyngor Gwynedd 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.

	Payments made	Amounts owed by the Joint Committee	Income Received	Amounts owed to the Joint Committee
Local Authority	£'000	£'000	£'000	£'000
Conwy County Borough Council	1,793	39	718	13
Denbighshire County Council	972	343	1,045	0
Flintshire County Council	2,207	50	1,084	0
Cyngor Gwynedd	2,283	35	1,322	41
Isle of Anglesey County Council	1,128	20	776	6
Wrexham County Borough Council	1,152	424	829	4

### 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 2022/23 and balances as at 31 March 2023 is as follows:

Payments made	Amounts owed by the Joint Committee	Amounts owed to the Joint Committee
£'000	£'000	£'000
378	18	17

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 2022/23 no payments were made or owed by the Joint Committee for the related bodies.

## NOTE 21 – EXIT PACKAGES

There were no exit packages in 2022/23 or 2021/22.

## NOTE 22 – 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 Cyngor Gwynedd. 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. GwE's proportion of the total contributions to the Gwynedd Pension Fund in 2022/23 was 1.3% (1.5% in 2021/22).
- 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 Cyngor Gwynedd. 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 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 22 – PENSION COSTS (continued)

Change in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability	Period ended 31 March 2022			Period ended 31 March 2023		
	Assets	Liabilities	Net (liability) /asset	Assets	Liabilities	Net (liability) /asset
	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value of Plan Assets	23,243	0	23,243	26,013	0	26,013
Present Value of Funded Liabilities	0	(35,616)	(35,616)	0	(35,069)	(35,069)
Present Value of Unfunded Liabilities	0	0	0	0	0	0
<b>Opening Position at 1 April</b>	<b>23,243</b>	<b>(35,616)</b>	<b>(12,373)</b>	<b>26,013</b>	<b>(35,056)</b>	<b>(9,056)</b>
Current Service Cost*	0	(1,750)	(1,750)	0	(1,645)	(1,645)
Past Service Costs (including curtailments)	0	0	0	0	0	0
<b>Total Service Cost</b>	<b>0</b>	<b>(1,750)</b>	<b>(1,750)</b>	<b>0</b>	<b>(1,645)</b>	<b>(1,645)</b>
Net interest						
Interest Income on Plan Assets	471	0	471	711	0	711
Interest Cost on Defined Benefit Obligation	0	(727)	(727)	0	(966)	(966)
<b>Total Net Interest</b>	<b>471</b>	<b>(727)</b>	<b>(256)</b>	<b>711</b>	<b>(966)</b>	<b>(255)</b>
<b>Total Defined Benefit Cost Recognised in Profit/(Loss)</b>	<b>471</b>	<b>(2,477)</b>	<b>(2,006)</b>	<b>711</b>	<b>(2,611)</b>	<b>(1,900)</b>
Cash flows						
Plan participants' contributions	293	(293)	0	310	(310)	0
Employer contributions	807	0	807	852	0	852
Contributions in respect of unfunded benefits	0	0	0	0	0	0
Benefits Paid	(473)	473	0	(446)	446	0
Unfunded Benefits Paid	0	0	0	0	0	0
<b>Expected Closing Position</b>	<b>24,341</b>	<b>(37,913)</b>	<b>(13,572)</b>	<b>27,440</b>	<b>(37,544)</b>	<b>(10,104)</b>
Remeasurements						
Change in demographic assumptions	0	2,727	2,727	0	13,064	13,064
Change in financial assumptions	0	182	182	0	534	534
Other experience	0	(65)	(65)	(167)	1,070	903
Return on Assets excluding amounts included in net interest	1,672	0	1,672	(949)	0	(949)
<b>Total remeasurements recognised in Other Comprehensive Income (OCI)</b>	<b>1,672</b>	<b>2,844</b>	<b>4,516</b>	<b>(1,116)</b>	<b>14,668</b>	<b>13,552</b>
Fair Value of Employer Assets	26,013	0	26,013	26,324	0	26,324
Present Value of Funded Liabilities	0	(35,069)	(35,069)	0	(22,876)	(22,876)
Present Value of Unfunded Liabilities	0	0	0	0	0	0
<b>Closing Position at 31 March</b>	<b>26,013</b>	<b>(35,069)</b>	<b>(9,056)</b>	<b>26,324</b>	<b>(22,876)</b>	<b>3,448</b>

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

\*\* The other experience on obligations includes an allowance for the pension increase order applied to the funded obligations at April 2023 being different to the pension increase assumption adopted in the Employer's Schedule of results at the start of the period. Within this other experience item, the funded obligations have increased by £1,666,000 as a result of the pension increase order being different to the previous assumption.

**NOTE 22 – PENSION COSTS (continued)**

The zero balance on the Balance Sheet reflects a surplus in the benefits earned by employees and the resources the Joint Committee has set aside to meet them, which has been limited by IAS 19 and IFRIC 14.

	<b>31 March 2022</b>	<b>31 March 2023</b>
Fair Value of Plan Assets	26,013	26,324
Present Value of Funded Obligations	(35,069)	(22,876)
Effect of IAS 19/ IFRIC 14	0	(3,448)
Net Asset/ (Liability) Arising From Defined Benefit Obligation	(9,056)	0

**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 GwE is assumed to be in the same proportion to the Fund’s asset allocation as at 31 December 2022. The split is shown in the table below. The actuary estimates the bid value of the Fund’s assets as at 31 March 2023 to be £2.771bn 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.

## NOTE 22 – PENSION COSTS (continued)

### Fair Value of Employer Assets

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

Asset Category	At 31 March 2022				At 31 March 2023			
	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	1,466	1,466	6	0	1,657	1,657	6
<b>Real Estate</b>								
UK Property	0	2,231	2,231	9	0	2,170	2,170	8
Overseas Property	0	0	0	0	0	0	0	0
<b>Investment Funds and Unit Trusts</b>								
Equities	0	16,532	16,532	64	0	16,388	16,388	62
Infrastructure	0	508	508	2	0	747	747	3
Other	0	5,195	5,195	20	0	5,280	5,280	20
<b>Cash and Cash Equivalents</b>								
All	81	0	81	0	82	0	82	0
<b>Total</b>	<b>81</b>	<b>25,932</b>	<b>26,013</b>	<b>100</b>	<b>82</b>	<b>26,242</b>	<b>26,324</b>	<b>100</b>

## NOTE 22 – 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 2022. 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>31 March 2023</b>
<b>Financial Assumptions</b>	<b>% p.a.</b>	<b>% p.a.</b>
Pensions Increase Rate	3.20	2.95
Salary Increase Rate	3.50	3.45
Inflation Rate	3.20	2.95
Discount Rate	2.70	4.75
Long-term expected rate of return on all categories of assets	2.70	4.75
<b>Take-up option to convert annual pension into retirement lump sum</b>		
for pre-April 2008 service	50	65
for post-April 2008 service	75	65
<b>Mortality assumptions</b>	<b>Blynyddoedd</b>	<b>Blynyddoedd</b>
Longevity at 65 for current pensioners		
Men	21.3	21.9
Women	23.7	24.3
Longevity at 65 for future pensioners		
Men	22.4	22.9
Women	25.7	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 2023 on varying bases. The approach taken is consistent with that adopted to derive the IAS19 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 22 – 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 2022, 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 2023</b>	<b>31 March 2023</b>
	<b>%</b>	<b>£'000</b>
0.1% decrease in real discount rate	2	439
1 year increase in member life expectancy	4	915
0.1% increase in the salary increase rate	0	68
0.1% increase in the pension increase rate	2	377

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 to 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. Cyngor Gwynedd 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 2022), or at any other time as instructed to do so by the Administering Authority. The contributions payable over the period to 31 March 2023 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 2022 actuarial report dated 28 March 2023.

### Information about the Defined Benefit Obligation

	<b>Liability Split</b>	
	<b>31 March 2023</b>	
	<b>£'000</b>	<b>%</b>
Active Members	12,741	55.7
Deferred Members	1,777	7.8
Pensioner Members	8,358	36.5
<b>Total</b>	<b>22,876</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 2022.

## **NOTE 22 – 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 2024 is £693k.

As the Actuary's report is based on estimates and due to timing issues, an adjustment of £36k has been made in 2022/23, (£8k 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 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 23 – EVENTS AFTER THE REPORTING PERIOD**

The Statement of Accounts was authorised by the Head of Finance on 30 June 2023. 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 2023, 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 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.

**Impairment** – A reduction in the carrying value of a fixed asset below its carrying value (due to obsolescence, damage or an adverse change in the statutory environment).

**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.