Cabinet Prifddinas Ranbarth Caerdydd | Cardiff Capital Region Cabinet

27 MARCH 2023

AUDITED 2021/22 STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE STATEMENT

JOINT REPORT OF CARDIFF CAPITAL REGION SECTION 151 OFFICER AND CARDIFF CAPITAL REGION DIRECTOR

AGENDA ITEM: 4

Reason for this Report

1. To present Regional Cabinet with the final, audited Statement of Accounts and the Annual Governance Statement in respect of the Cardiff Capital Region City Deal Joint Committee for the financial year 2021/22.

2. The International Standard on Auditing (ISA) 260 requires the Appointed Auditor to report to those charged with governance on key matters arising from the audit examination of the Statement of Accounts for the year ending 31st March 2022.

Background

3. The audited Statement of Accounts for the Cardiff Capital Region City Deal Joint Committee for the financial year 2021/22 are included at Appendix 1. In accordance with the Accounts and Audit (Wales) (Amendments) Regulations 2018 the 'Responsible Finance Officer' is firstly required to sign draft accounts which are then required to be approved and published following an external audit. In light of the COVID-19 pandemic, additional flexibility in meeting statutory deadlines was offered with respective dates for signing and approval extended to 31 August 2022 and 31 January 2023 if required.

4. Detailed discussions with regard to technical accounting matters and resource issues experienced across both parties resulted in the 31 January 2023 deadline not being met.

5. The unaudited accounts were signed by the Section 151 Officer on 15th June 2022, provided to Audit Wales on that date and to Regional Cabinet to note at its meeting of 28th June 2022.

6. In addition, the accounts were made available for public inspection for a period of 4 weeks from 20 July 2022 to the 16 August 2022, as required by

the Public Audit (Wales) Act 2004 and the Accounts and Audit (Wales) Regulations, 2014.

7. Subject to Regional Cabinet approval, Audit Wales anticipate that the audit report will be signed by the Auditor General on 31 March 2023.

Statement of Accounts

8. Following submission for audit on the 15th June 2022, Audit Wales have undertaken a thorough review of the Joint Committee's draft 'Single Entity' Accounts and its 'Group' Accounts which include the consolidated balances of its subsidiary, CSC Foundry Ltd. This is in the line with the Audit Plan submitted to Regional Cabinet on 27 June 2022.

9. Audit Wales have completed the audit work and its "Audit of Financial Statements Report" (referred to as the 'audit report') is attached at Appendix 1a. This outlines the intention to issue an unqualified audit report following receipt of the approved financial statements and the signed Letter of Representation, Appendix 1b. Appendix 3 of the audit report provides a summary of corrections made to the draft accounts following review and agreement which need to be drawn to Regional Cabinet's attention.

10. It should be noted that there are no misstatements identified in the accounts, which remain uncorrected.

11. In the course of the audit, Audit Wales considered a number of matters relating to the accounts, with a view to reporting any significant issues arising. Two such issues, along with the related Audit Wales recommendations and Management responses on behalf of Cardiff Capital Region City Deal are set out in Appendix 4 of Appendix 1a. These relate to improvements which may be necessary to enable a reduction in the amendments between the draft and final accounts. Also noted is the potential requirement for additional technical support due to the increasing complexity and scope of the accounts. An action plan to address these matters is in the process of being developed by City Deal Office and Accountable Officers and in conjunction with Audit Wales.

Annual Governance Statement

12. Under the Accounts and Audit (Wales) Regulations 2014, as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018, Joint Committee is required to approve an Annual Governance Statement (AGS). From 2020/21 onwards, the AGS also takes into consideration the introduction of the CIPFA Financial Management Code 2019 (FM Code), as applicable to Joint Committee structures.

13. The AGS constitutes a self-assessment against the 20 Good Practice Assurance Statements included within the 'Delivering Good Governance in Local Government' framework, developed by CIPFA and the Society of Local Authority Chief Executives and Senior Managers (SOLACE). The draft AGS was considered by Regional Cabinet at its meeting of the 28th June 2022,

prior to submission to Audit Wales. The final, audited AGS is attached at Appendix 2.

Summary of Findings, Conclusions and Next Steps

14. As a result of undertaking the assessment process outlined above, it has been concluded that STRONG assurance can be provided against 15 statements, with a further 5 statements being rated as STRONG/MODERATE.

15. There were no 'significant governance issues identified' in respect of the 20 good practice assurance statements in 2021/22.

16. A summary of the ratings in respect of the 20 good practice assurance statements, systems of internal control, ratings and further actions needed, is fully set out within Appendix 2b.

17. The actions referred to above have been captured as part of the AGS Action Plan, which is attached at Appendix 2c. These actions have been progressed during 2022/23, following the approval of the draft AGS in June 2022 and regular updates provided to Cabinet as part of its quarterly performance reporting arrangements. At Quarter 3, eight of the ten approved Actions are complete, with significant progress being made against the remaining two actions (Actions 5 & 9).

Update on Declarations of Interest

18. Given the focus in previous years on the process for Declarations of Interest, reinforcing the policy context and the regional scale which applies to such disclosures, efforts have continued during 2021/22, to ensure that the regular review and upkeep of the register is maintained.

19. As in previous years the exercise to capture/update Disclosures of Interests for all CCR Committees, Sub-committees, Boards and key officer groups has been completed. Updated forms have been used which seek to capture interests on a regional, rather than local basis and is tracked via the 'Disclosure of Interests Register'.

20. A summary of the 'Disclosure of Interests Register' is attached at Appendix 2a. This shows that as at the 15th March 2023, a 99.3% compliance rate had been achieved in respect of the 148 members, officers and other relevant participants who directly support CCR activities. As agreed with Internal Audit, an annual reminder will be issued to all Groups to ensure the register remains up to date.

CIPFA Financial Management Code 2019

21. The financial year 2020/21 is a 'shadow' year for the implementation of CIPFA's Financial Management (FM) Code. A key goal of the FM Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management. As such, the annual review will include any relevant actions from an initial assessment undertaken during the year of

the extent to which the Joint Committee's financial management arrangements comply with the FM Code.

22. As part of the initial assessment, a working paper was prepared which forms the basis of a self-review against sixty-eight questions outlined in the code, indicating whether the CCRCD Joint Committee meets the requirements (Yes / No / Partly), but importantly provides an evidence base to support the assessment made.

23. The initial assessment concluded that there are six (or 9%) 'No' assessments – these relate to questions that are largely 'Not Applicable' to the Joint Committee in its current form. There were eight (or 12%) 'Partly' assessments and largely revolve around capacity issues, which had already been identified and will be addressed as part of the transition to the new CJC arrangements (Lift & Shift Model). The remaining fifty-four (or 79%) questions have been assessed as a 'Yes' response, with clear evidence provided to support the assessment made.

24. Finally, Audit Wales have concluded their audit of the 2021/22 Annual Governance Statement and formally reported that there were no significant changes identified. All minor queries and points of clarifications have been addressed, within the attached suite of documents.

Next Steps

25. The final, audited accounts (including the AGS) will be published on relevant websites once the accounts have been approved by the Joint Cabinet and the Auditor General for Wales has provided his opinion on the accounts. In addition, public notification of this will be made in the appropriate places as soon as possible.

Reasons for Recommendations

26. To advise Regional Cabinet of the conclusion and findings of the audit relating to the 2021/22 financial statements and Annual Governance Statement.

27. To comply with The Accounts and Audit (Wales) (Amendments) Regulations 2018.

Financial Implications

28. This report is presented to the CCRCD Joint Committee to allow it to discharge its duty to approve the Joint Committee's audited accounts for the year ending 31st March 2022.

Legal Implications

29. This report does not raise any direct legal implications. The Joint Working Agreement in relation to the delivery of the Cardiff Capital Region City Deal provides that the Accountable Body shall have responsibility for administering the financial affairs of the Regional Cabinet, including ensuring that the

Annual Accounts of the Joint Committee are prepared and for making arrangements for external audit.

Well-being of Future Generations (Wales) Act 2015

30. In considering its endorsement regard should be had, amongst other matters, to:

(a) the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards,

(b) Public sector duties under the Equality Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are : a. Age; b. Gender reassignment; c. Sex; d. Race – including ethnic or national origin, colour or nationality; e. Disability; f. Pregnancy and maternity; g. Marriage and civil partnership; h. Sexual orientation; I. Religion or belief – including lack of belief and

(c) the Well-Being of Future Generations (Wales) Act 2015. The Well-Being of Future Generations (Wales) Act 2015 ('the Act') is about improving the social, economic, environmental and cultural well-being of Wales. The Act places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales - a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language and is globally responsible. In discharging their respective duties under the Act, each public body listed in the Act (which includes the Councils comprising the CCRCD) must set and published wellbeing objectives. These objectives will show how each public body will work to achieve the vision for Wales set out in the national wellbeing goals. When exercising its functions, the Regional Cabinet should consider how the proposed decision will contribute towards meeting the wellbeing objectives and in so doing achieve the national wellbeing goals.

31. The wellbeing duty also requires the Councils to act in accordance with a 'sustainable development principle'. This principle requires the Councils to act in a way which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. Put simply, this means that Regional Cabinet must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, Regional Cabinet must:

- look to the long term;
- focus on prevention by understanding the root causes of problems;
- deliver an integrated approach to achieving the 7 well-being goals;
- work in collaboration with others to find shared sustainable solutions;

- involve people from all sections of the community in the decisions which affect them.

32. Regional Cabinet must be satisfied that the proposed decision accords with the principles above. To assist Regional Cabinet to consider the duties under the Act in respect of the decision sought, an assessment has been undertaken, which is attached at Appendix 3.

Equality Act 2010

33. In considering this matter, regard should be had, amongst other matters, to the Councils' duties under the Equality Act 2010. Pursuant to these legal duties the Regional Cabinet must in making decisions have due regard to the need to (1) eliminate unlawful discrimination (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. Protected characteristics are:

- age;
- gender reassignment;
- sex;
- race – including ethnic or national origin, colour or nationality;
- disability;
- pregnancy and maternity;
- marriage and civil partnership;
- sexual orientation;
- religion or belief – including lack of belief.

RECOMMENDATIONS

34. It is recommended that the Cardiff Capital Region Joint Cabinet:

(1) approves the audited Statement of Accounts 2021/22 for Cardiff Capital Region City Deal (Appendix 1);

(2) approves the audited Annual Governance Statement 2021/22 (Appendix 2);

(3) notes the Audit reports of Audit Wales on the Statement of Accounts of Cardiff Capital Region City Deal for the year ending 31 March 2022 (Appendix 1a);

(4) notes the final Letters of Representation for Cardiff Capital Region City Deal (Appendix 1b);

(5) notes that the following documents will be formally signed at the conclusion of the meeting:

- Statement of Accounts for Cardiff Capital Region City Deal – Chair of Regional Cabinet and S151 Officer;
- Annual Governance Statement – Chair of Regional Cabinet and Programme Director;
- Audit Certificate for the Cardiff Capital Region City Deal – Appointed Auditor, Wales Audit Office. To be signed at a later date;
- letter of Representation for the Cardiff Capital Region City Deal – Chair of Regional Cabinet and Programme Director.

Chris Lee
Corporate Director Resources
27 March 2023

Kellie Beirne
Director, Cardiff Capital Region

Appendices

Appendix 1	Audited Annual Statement of Accounts 2021/22
Appendix 1a	Wales Audit Office Audit of Financial Statements 2021/22 Report – Cardiff Capital Region City Deal Joint Committee
Appendix 1b	Final Letter of Representation
Appendix 2	Audited Annual Governance Statement 2021/22
Appendix 2a	Declarations of Interests Register (Summary)
Appendix 2b	2021/22 AGS Controls, Ratings & Actions
Appendix 2c	2021/22 AGS Action Plan
Appendix 3	Well-being of Future Generations Assessment

Prifddinas Ranbarth Caerdydd | Cardiff Capital Region

Appendix 1

Cardiff Capital Region City Deal Joint Committee Audited Statement of Accounts

2021/22

Contents

Chair's Statement	3
Narrative Report	5
Statement of Responsibilities for the Financial Statements	15
Certificate of the Chief Financial Officer	16
Audit Report	17
Accounting policies used when formulating the accounts	22
Comprehensive Income and Expenditure Statement	28
Movement in Reserves Statement	29
Balance Sheet	31
Cash Flow Statement	32
Notes to the Financial Statements	33
Group Accounts	49
Glossary of Accounting Terms	63

Cardiff Capital Region City Deal – Chair's Statement

"The Cardiff Capital Region City Deal is a unique programme of collaborative working which seeks to enable transformational economic change, through targeted investment in infrastructure, innovation, skills, and challenge-driven approaches to tackling industrial and societal issues. It is an investment in people and place and aims to bring fairness and opportunities for all, no matter where they live in the region.

It builds on the region's proud heritage, its liveability, its already substantial economic output, and unique sense of place. It seeks to enrich in other ways, improving public services, strengthening engagement with civic society, and enabling our workforce to adapt to the skills and capabilities required to drive the industries of the future. Our City Deal is built on partnership and instils democratic legitimacy through balancing strong local leadership with penetrative industrial and business engagement.

Our City Deal is adaptive to the continual changes we see around us and with the scarring effects on the economy now becoming more visible as the roll-out of the mass-vaccination process allows us to look forward, maintaining the ability to flex and respond will be critical. Through the pandemic period, our governance structures and systems have not just been tested – but enhanced. As restrictions end, Cardiff Capital Region City Deal operates in a much more agile environment in which digital, face-face and flexible approaches co-exist. This approach continues to drive continuation of a high productivity culture – critical, now that the South East Wales Corporate Joint Committee (CJC) is also in operation – albeit currently on a limited basis.

In terms of delivery, 2021/22 has been a critical year in both consolidating progress and further building the development pipeline and programme. From approvals for Media Cymru, the Cyber Innovation Hub, operationalisation of the Strategic Premises Fund and significantly, exchanging contracts on the sale of the former Aberthaw Power Station – the opportunity set is growing. It was further pleasing that through the Comprehensive Spending Review 2021, the Chancellor of the Exchequer announced the forward funding of the CCR City Deal – bringing forward £120M to distil delivery of the deal into a 15 year overall-period.

To date, we have focussed on building momentum. The focus now turns to delivery. The principles of Return on Investment, leveraging the resources of others and co-investing continues – and whilst this means CCR investment should be only used once and when others are also investing – we recognise the imperative to ensure approved programmes are delivering optimally. To this end, in 2021/22, CCR has started to develop its framework for benefits realisation, and I look forward to seeing this rolled out in the coming year.

Our five-year strategic business plan continues to guide our objectives and goals. Working alongside our regional partnerships, and in particular the Regional Economic Growth Partnership – we look forward to converting this to a revised Regional Economic and Industrial Growth Plan in 2022/23. This will be key as work continues

to shape the SE Wales CJC and forge an agenda of shared opportunity around new investment such as the Levelling-up Fund and Shared Prosperity Fund.

A key feature of 2021/22 in governance terms has also been the development of enhanced programme governance and monitoring – which continues into 2022/23. This will evolve into our revised Investment Strategy in 2022/23 and set the context for how we eventually, 'lift and shift' into the Corporate Joint Committee. The appointment of a dedicated lead for Governance and a new Head of Governance, Communications and Policy – help reinforce the importance attached to this ongoing.

As we look ahead, it is clear that 2021/22 has started to prepare CCR for what lies ahead in terms of post pandemic recovery and the importance of this being fair and equal – and the cost-of-living crisis, which is underpinned by issues of energy and food security and a cost of doing business crisis. These risks present potential significant threats, and it is therefore more vital than ever that our Enterprise Risk Strategy is a dynamic and living framework through which we can manage and mitigate pressures.

All this significant activity is value-adding and enriches our journey and narrative. We are building the competency to self-evaluate and be increasingly self-aware. From our professional advisory team to our partners, advisory bodies, and stakeholders with whom we engage and co-operate every day, we are building a networked and integrated approach. The more voices and diversity the better and I feel assured the model of highly adaptive engaged and collaborative leadership we are building – is an effective one capable of serving the needs and aspirations of those we are privileged to serve."

Councillor Anthony Hunt

Chair, Cardiff Capital Region City Deal

Narrative Report

Introduction

The Cardiff Capital Region (CCR) embraces the 10 local authority areas covering South East Wales: Blaenau Gwent; Bridgend; Caerphilly; Cardiff; Merthyr Tydfil; Monmouthshire; Newport; Rhondda Cynon Taf; Torfaen; and Vale of Glamorgan. It has a population of 1.5 million which equates to almost half the total population of Wales, accounts for approximately 50% of the total economic output of the Welsh economy, 49% of total employment and has over 38,000 active businesses. It is a diverse region comprising the two cities of Cardiff and Newport, a range of market towns, the industrial heartland of the South Wales Valleys, rural communities, and a coastal belt.

The Cardiff Capital Region is an area where people want to live and work. It is home to some of the fastest growing and most economically competitive places in the UK, but alongside some of the least competitive and most disadvantaged.

The City Deal sets out a transformative approach in how the Cardiff Capital Region will deliver the scale and nature of investment needed to support the area's growth ambitions and strategic priorities. Central to this is the 20 year £495 million Investment Fund, which the Cardiff Capital Region will use to invest in a wide range of projects in priority sectors to deliver up to 25,000 new jobs and bring forward at least £4 billion of additional investment by 2036.

However, it is not just about economic growth in isolation, it is also about building sustainability and resilience into the economy of the region, about creation and

dissemination of wealth amongst the most disadvantaged, but also about innovation, not only to business and technology, but also to public services and civic society.

Connected.

A connector of people, their ambitions and the opportunities to fulfil their true potential. Nurturing the best conditions for business success and community cohesion, through targeted investment in world class digital communications. Creating cutting edge integrated transport infrastructure, connecting affordable and accessible spaces to live, work and play.

Competitive.

A catalyst for continuity investment, bringing key industry clusters to life. A trusted partner enabling companies to innovate and realise their full potential. A shaper of economically significant hubs, producing multiplier effects that fuel local and regional supply chains as well as the broader foundational economy.

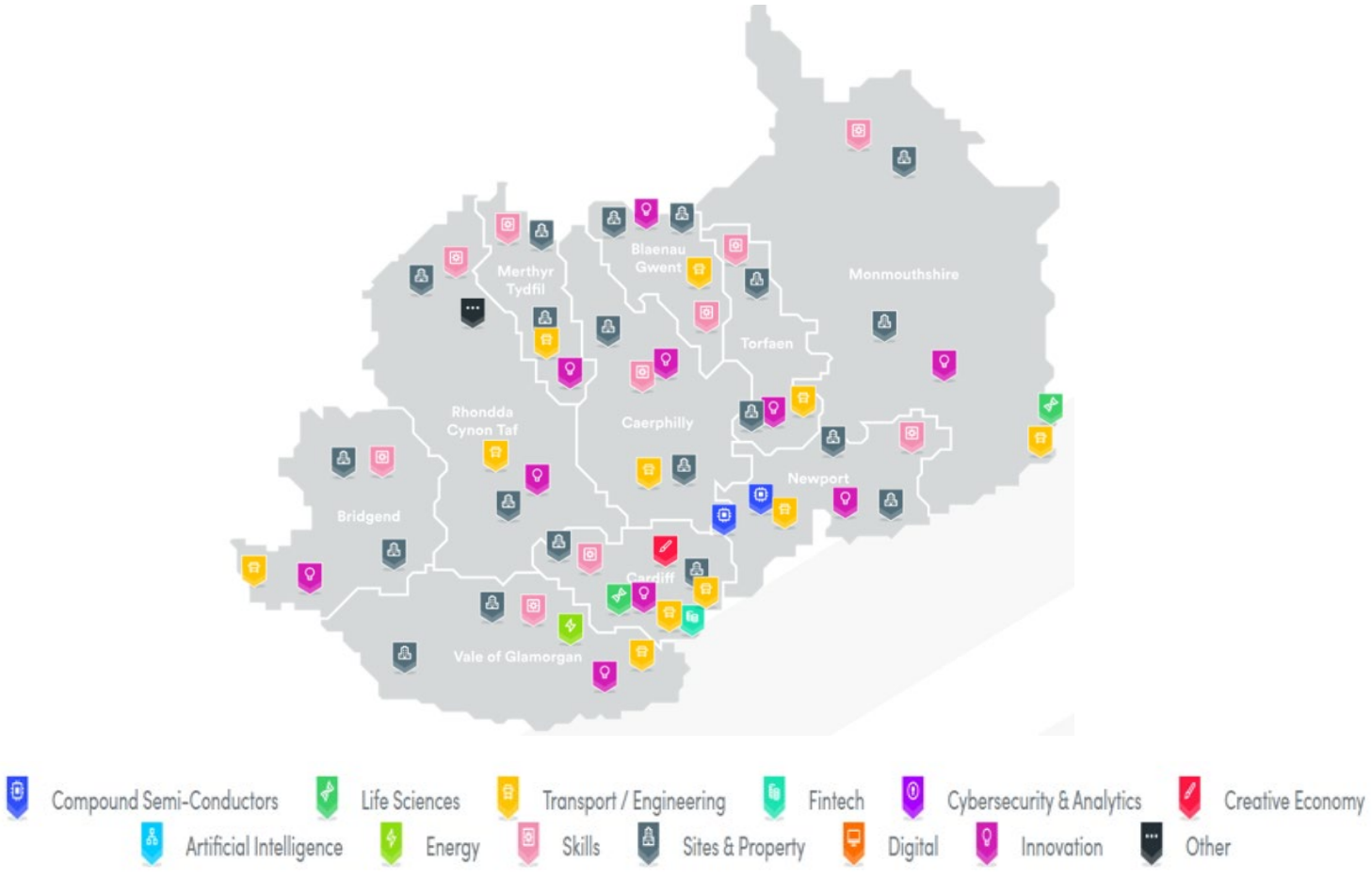
Resilient.

A focus for creating the conditions where our businesses and our people are best equipped to embrace the future. A keystone presence helping the region adapt, improvise and overcome periods of economic turbulence or social unrest.

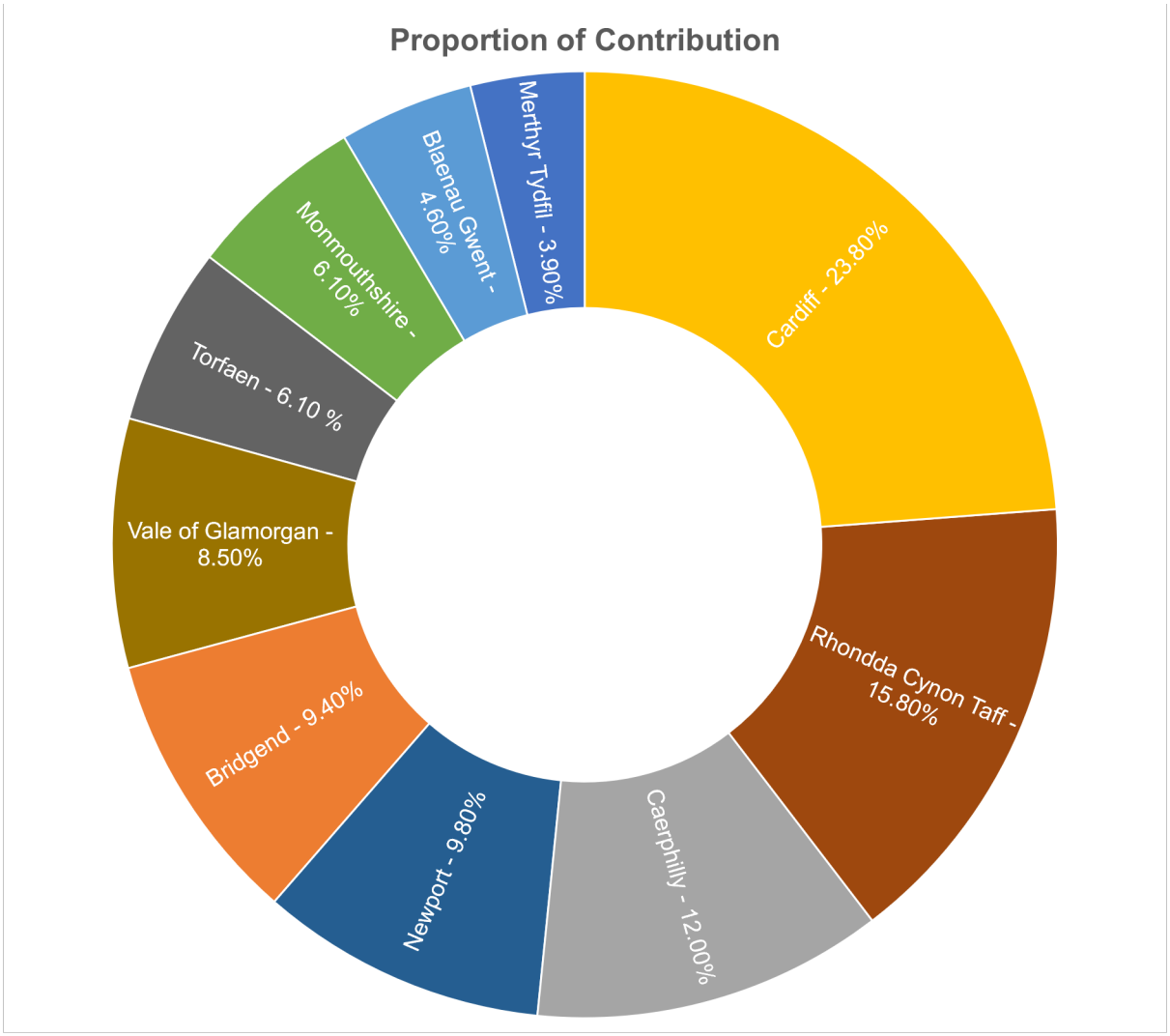
Background

Ten partner authorities established the Cardiff Capital Region City Deal Joint Committee, by signing a Joint Working Agreement (JWA) in relation to the delivery of the City Deal on 01 March 2017. This sets out governance arrangements, an Assurance Framework as well as an implementation plan. One elected member representative from each partnering authority serves on the Joint Committee, the Cardiff Capital Region 'Regional Cabinet'.

Current Approved Projects – Wider Investment Fund



A five-year rolling business plan is produced with an annual budget. Operating costs as well as shares of contributions to the Wider Investment Fund are provided by each authority, based on population:



The Joint Committee is supported by the City Deal Office (CDO) led by the Director of the City Deal, with Cardiff Council appointed as the Accountable Body (AB), the legal entity responsible for discharging obligations in respect of the City Deal.

Funding and Projects

The funding agreement with the UK and Welsh Governments totals £1.2 billion, of which £734 million is allocated to the Metro and is directly managed by Welsh Government. The remaining £495 million is the responsibility of the Joint Committee and relates to what is called the 'Wider Investment Fund'. This is made up of:

- £375 million cash grant over 20 years, with £50 million revenue grant paid in years 1-5, followed by £325 million of capital grant between years 6-20;
- £120 million Council contributions in the form of capital funding, being drawn down as required.

Up to 3% of the Wider Investment Fund has been earmarked to support the work of Regional Bodies and to meet the costs of Programme Development and Support. This is referred to as the Wider Investment Fund 'Top-Slice'.

The balance of the Wider Investment Fund (circa £480 million) is to be used to for investment in the region's key priorities with the main priorities and strategic themes, as set out in the Cardiff Capital Region Strategic Business Plan 2021-2026 being:

- Build Back Better – playing our part in economic recovery and building resilience;
- Becoming a City Region – strengthening regional economic governance;
- Scaling-up and delivering the City Deal 'peak' Wider Investment Fund pipeline and programme;
- Making the case for Levelling-up CCR;
- Developing the plan for industrial-scale clusters and innovation-led growth.

Gateway Reviews

An outcome-based Gateway Review will be undertaken by HM Treasury every 5 years. Funding for financial years 2021/22 to 2025/26 has been confirmed following the successful passing of the first Gateway Review, which covered the period up to 31 March 2021, whilst any unspent funding may be subject to repayment if any subsequent Gateway Review is not passed.

Where funds have been committed and/or there is a clear intention to spend, carry forward of funding to future years will be permitted. Carry forward in respect of the final year (2025/26), will also be permitted providing that the Gateway Review is passed.

Annual Review, Future Plans and Developments

These can be found in the following documents:

Cardiff Capital Region Cabinet 2021/22 Joint Committee Revenue Budget Final Outturn Position which sets out financial performance against the approved revenue budget for the financial year. In summary (subject to Audit), the approved budget of

£2,220,988 was underspent by £254,548 allowing a reduction in the budgeted drawdown of Wider Investment Fund 'Top-Slice' funding.

item-5-outturn.pdf (cardiffcapitalregion.wales)

Cardiff Capital Region Cabinet 2021/22 Annual Business Plan – Quarter 4 Performance Report which reports actual expenditure against the approved Wider Investment Fund budgets as set out in the Annual Business Plan for the financial year. This shows (subject to Audit) net expenditure of £1,034,512 against the approved 'Top-Slice' budget of £1,450,000 and expenditure of £8,153,782 on approved projects. Unused annual allocations are carried forward to fund future projects.

item-7-quarter-4.pdf (cardiffcapitalregion.wales)

Cardiff Capital Region Cabinet Wider Investment Fund – Annual Business Plan 2022/23 which, as a requirement of City Deal Joint Working Agreement outlines key priorities for the financial year and beyond, and the resources to be used to achieve them. This sets out anticipated total project related expenditure for 2022/23 and the medium term, setting out how this is expected to be funded.

item-4-abp.pdf (cardiffcapitalregion.wales)

Establishment of Corporate Joint Committee and Reframing the Approach to Developing the South East Wales Corporate Joint Committee. These reports provide the background, progress and future developments which will allow the Cardiff Capital Region City Deal to transition to becoming a part of the new South East Wales Corporate Joint Committee.

item-6-cjc-without-exempt-appendix-1.pdf (cardiffcapitalregion.wales)

item-4-cjc-without-exempt-appendix.pdf (cardiffcapitalregion.wales)

Financial Performance 2021/22

The cost of operating the Joint Committee as well as how those costs are paid for are shown in the table below.

Table 1: 2021/22 Joint Committee Revenue Budget & Outturn Position

Joint Committee Revenue Budget	2021/22 Budget £	2021/22 Out-turn £	2021/22 Variance £
Expenditure:			
City Deal Office	1,899,346	1,647,405	(251,941)
Accountable Body Support Services	321,642	319,035	(2,607)
Total	**2,220,988**	**1,966,440**	**(254,548)**
Funded by:			
WIF 'Top-Slice' Contribution - Reserve	(1,060,930)	(806,382)	254,548
Partner Contributions	(1,160,058)	(1,160,058)	0
Total	**(2,220,988)**	**(1,966,440)**	**254,548**

Net Position	**0**	**0**	**0**

The Joint Committee budget underspend for 2021/22 was utilised by reducing the budgeted funding required from the Wider Investment Fund 'Top-Slice'. Reasons for the underspend are set out in the Final Outturn Position report, to which there is a link above.

Table 2: 2021/22 Wider Investment Fund 'Top-Slice' Budget & Outturn Position

Wider Investment Fund Top-Slice	2021/22 Budget £	2021/22 Out-turn £	2021/22 Variance £
Gross Expenditure:			
Regional Bodies	70,000	37,416	(32,584)
Programme Development & Support	319,070	190,714	(128,356)
Contribution to CDO Budget	1,060,930	806,382	(254,548)
	1,450,000	1,034,512	(415,488)
Investment Income	0	0	0
Net Expenditure	**1,450,000**	**1,034,512**	**(415,488)**
Funded by:			
HMT Revenue Grant	(1,450,000)	(1,034,512)	415,488
Total	**(1,450,000)**	**(1,034,512)**	**415,488**

The Wider Investment Fund 'Top-Slice' is an allocation of 3% of the total Wider Investment Fund (£495m) budgeted for use across the 20-year lifespan of the City Deal. Its use is set out above with the underspend carried forward for use in future years. Further detail of the expenditure in 2021/22 and anticipated 2022/23 spend are provided in the other reports for which links are provided above.

Table 3: 2021/22 Wider Investment Fund 'Balance of Funding' Budget & Out-turn

Wider Investment Fund 'Balance of Funding'	2021/22 Budget £	2021/22 Out-turn £	2021/22 Variance £
Capital Expenditure:			
In Year Project Resources	48,428,000	5,330,706	(43,097,294)
Sub Total	48,428,000	5,330,706	(43,097,294)
Revenue Expenditure:			
In Year Project Resources	3,369,000	2,823,076	(545,924)
Sub Total	3,369,000	2,823,076	(545,924)
Total	**51,797,000**	**8,153,782**	**(43,643,218)**
Funded By			
HMT Revenue Grant	(3,369,000)	(2,412,230)	956,770
HMT Capital Grant	(22,000,000)	(3,630,000)	18,370,000
ULEV Grant	0	(2,111,552)	(2,111,552)
Temporary Borrowing 'Cost of Carry'	0	0	0
Council Contributions	(26,428,000)	0	26,428,000
Total	**(51,797,000)**	**(8,153,782)**	**43,643,218**

Table 3 details the anticipated use of the Wider Investment Fund for approved and potential future projects during the year, as set out in the 2021/22 Annual Business Plan. Capital and Revenue project expenditure was significantly lower than anticipated in setting the forecast for 2021/22. Variances are as a result of timing of expenditure against Joint Committee Approvals with all allocated resources carried forward for use in future years, or from projects expected to come to fruition when setting the Business Plan which were subsequently aborted. Further detail on this is included in the Annual Business Plan – Quarter 4 Performance Report referenced above.

Key expenditure in 2021/22 was on the following approved projects:

- £2.67m Capital loan to ZipWorld
- £2.11m Capital and Revenue expenditure on the Ultra-Low Emission Vehicle taxi pilot scheme, funded by Welsh Government Grant
- £0.81m Capital expenditure on the acquisition of the Aberthaw site
- £0.57m Revenue expenditure on the Housing Viability Gap Fund
- £0.57m Revenue expenditure on the Challenge Fund
- £0.40m contribution to Betsi Cadwaladr University Health Board's Tracheostomy training challenge via the CCR Challenge Fund, part funded by SBRI Grant and treated as Revenue Expenditure Funded by Capital under Statute (REFCUS)
- £0.18m Revenue contribution to Cardiff University's provision of a Cyber Masters qualification

There has been limited impact on the 2021/22 accounts as a result of the COVID-19 Pandemic. In terms of future years, it is also not felt that there will be a significant impact upon projected expenditure and the approved budgets.

Financial Position as at 31 March 2022

The Joint Committee's Balance Sheet position is summarised below and provides details of its assets and liabilities as at 31 March 2022.

Summary of Balance Sheet	31 March 2021 £	31 March 2022 £
Long Term Assets : Property, Plant & Equipment, Long Term Investments, Long Term Debtors	41,890,169	42,127,434
Current Assets & Liabilities: Short Term Debtors, Cash & Cash Equivalents, less Short-Term Creditors	41,169,189	26,034,553
Long Term Liabilities	(41,836,518)	(22,578,935)
Net Assets	**41,222,840**	**45,583,052**
Usable Reserves Unusable Reserves	253,952 40,968,888	2,027,421 43,555,631
Financed by	**41,222,840**	**45,583,052**

Pensions Liabilities

The Joint Committee is not a legal entity in its own right and therefore cannot enter into contracts for goods or services. Officers supporting the activities of the Joint Committee are contractually employed through one of the partnering authorities or other public sector organisations. The employing body is responsible for all current and future pension liabilities that may arise from these arrangements. The Joint Committee reimburses all salary related costs, including employer related pension contributions and accounts for these in its Income & Expenditure Account. Therefore, no liability for future pension payments or benefits is recognised in the Joint Committee's Balance Sheet.

Balances and Reserves

As at 31 March 2022, the Joint Committee held Usable Reserves of £2,027,421. These are carried forward as a General Reserve of £212,080 to supplement Joint Committee Revenue Budget resources available in future years, and Earmarked Reserves of £208,120 in relation to accumulated interest on investments which is intended to be used to fund future project expenditure, £227,221 in relation to CJC Transition expenses to be incurred in 2022/23, £30,000 in relation to future Gateway Review costs and a usable Capital Receipts reserve of £1,350,000 from recycled funding (CSC Foundry Ltd) to be used to fund future project expenditure.

Annual Governance Statement

The Joint Committee's governance arrangements are set out in the Joint Working Arrangement and comprise the systems, processes, culture, and values in place to deliver the intended outcomes as reviewed through application of the CIPFA / SOLACE Governance Framework.

The Joint Committee has arrangements in place through the City Deal Office and the Accountable Body, which are designed to deliver strong governance and an effective system of internal control.

The annual assessment of governance takes place following a review of a number of best practice statements and resulting actions where deemed required. This assessment includes changes in governance arrangements in 2020/21 as a result of the Covid-19 pandemic continued in 2021/22, these changes included the continuation of:

- Adaptations to reflect new ways of working, stakeholder engagement and emergency arrangements
- Changes to strategic priorities and plans as a result of the impact of the pandemic on stakeholders and the region.

The Annual Governance Statement will set out how Covid 19 has impacted on Governance and systems of internal control using a risk based and proportionate approach, particularly where some of the usual sources of assurance may be more limited than in previous years.

Financial year 2021/22 required full implementation of CIPFA's Financial Management (FM) Code. A key goal of the FM Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management. As such, the 2021/22 review builds on the initial assessment undertaken in 2020/21 (shadow year) outlining the extent to which the Joint Committees financial management arrangements comply with the FM Code.

The Joint Committee's separately published Annual Governance Statement summarises the assessment of governance arrangements in place for the Joint Committee and can be found on the Cardiff Capital Region website.

The Financial Statements

The Statement of Accounts for the Cardiff Capital Region City Deal Joint Committee are set out in this document, accompanied by a Statement of Responsibilities for the Statement of Accounts and the Audit Report.

The core statements of the Joint Committee are:

- Comprehensive Income and Expenditure Statement which provides information on how it has performed throughout the year and as a result, whether or not its operations have resulted in a surplus or a deficit.
- Movement in Reserves Statement which shows the changes to our reserves over the course of the year. Reserves are divided into 'useable', which can be invested in capital projects or service improvements and 'unusable', which must be set aside for specific purposes.
- Balance Sheet which provides a 'snapshot' of assets, liabilities, cash balances and reserves at the year-end date.
- Cash Flow Statement shows the reasons for changes in cash balances during the year and whether that change is due to operating activities, new investment, or financing activities.

Notes to the Core Financial Statements accompany the main financial statements and provide an additional tier of information and context.

Group Accounts combine the Joint Committees own financial statements with its material interests in subsidiaries, associates and/or joint ventures, in this case CSC Foundry Limited.

Statement of Responsibilities for the Financial Statements

Cardiff Capital Region City Deal Joint Committee's responsibilities

The Joint Committee is required to:

- make arrangements for the proper administration of its financial affairs and secure that an appropriate officer has the responsibility for the administration of those affairs. This is the Corporate Director Resources and Section 151 Officer of Cardiff Council who holds the role of Cardiff Capital Region City Deal Section 151 Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts.

Cllr Anthony Hunt **Date:** **2023**

Chair of Cardiff Capital Region Joint Committee

Section 151 Officer responsibilities

The Section 151 Officer is responsible for the preparation of the Joint Committee's financial statements in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code).

In preparing these financial statements, the Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently, except where policy changes have been noted in these accounts;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code.

The Section 151 Officer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Section 151 Officer Certificate

The financial statements for the Cardiff Capital Region City Deal Joint Committee give a true and fair view of its income and expenditure for the financial year 2021/22 and the financial position at 31 March 2022.

Christopher Lee **Date** **2023**

Section 151 Officer

Audit of Financial Statements Report

I have audited the financial statements of:

- Cardiff Capital Region City Deal Joint Committee; and
- Cardiff Capital Region City Deal Joint Committee Group

for the year ended 31 March 2022 under the Public Audit (Wales) Act 2004.

Cardiff Capital Region City Deal Joint Committee 's financial statements comprise the Expenditure and Funding Analysis, the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes, including a summary of significant accounting policies.

Cardiff Capital Region City Deal Joint Committee's Group financial statements comprise the Group Expenditure and Funding Analysis, the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet, the Group Cash Flow Statement and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.

In my opinion the financial statements:

- give a true and fair view of the financial position of Cardiff Capital Region City Deal Joint Committee and Cardiff Capital Region City Deal Joint Committee Group as at 31 March 2022 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Cardiff Capital Region City Deal Joint Committee and the group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that

the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Cardiff Capital Region City Deal Joint Committee and the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters
In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the narrative report for the financial year for which the financial statements are prepared is consistent with the financial statements and the narrative report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22;
- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of Cardiff Capital Region City Deal Joint Committee and the group and its environment obtained in the course of the audit, I have not identified material misstatements in the narrative report or the Annual Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept, or returns adequate for my audit have not been received;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for the preparation of the statement of accounts, including Cardiff Capital Region City Deal Joint Committee's Group financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the Cardiff Capital Region City Deal Joint Committee's and group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- enquiring of management, Cardiff Capital Region City Deal Joint Committee Joint Committee's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to

Cardiff Capital Region City Deal Joint Committee and group's policies and procedures concerned with:

  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in revenue recognition and posting of unusual journals;
- Obtaining an understanding of Cardiff Capital Region City Deal Joint Committee and group's framework of authority as well as other legal and regulatory frameworks that Cardiff Capital Region City Deal Joint Committee and group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Cardiff Capital Region City Deal Joint Committee .

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, and those charged with governance and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of the Regional Cabinet;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Cardiff Capital Region City Deal Joint Committee and group's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities . This description forms part of my auditor's report.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Cardiff Capital Region City Deal Joint Committee and group in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales's Code of Audit Practice.

Adrian Crompton

Auditor General for Wales

March 2023

24 Cathedral Road

Cardiff

CF11 9LJ

Accounting Policies used when formulating the accounts

The Statement of Accounts summarises the Joint Committee's income and expenditure for the year ended 31 March 2022 and its financial position at that date. The accounts are prepared in accordance with proper accounting practices as contained in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code).

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

1. Accounting Standards issued but not yet adopted

The main change to the Code will be the requirements of International Financial Reporting Standard 16 – Leases adopted in the 2022/23 Code. The required date of application and the date that the Joint Committee will adopt IFRS 16 is 1 April 2024 IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for most leases with a term of more than 12 months unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. This is expected to have no impact on the Joint Committee Accounts.

2. Accruals of Income and Expenditure

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

- 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.
- Services received are recorded as expenditure when the services are received, rather than when the 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 debtors are not considered to be collectable the balance is reduced by a provision for doubtful debt.

3. Cash and Cash Equivalents

The Joint Committee does not operate its own Bank Account, instead all cash transactions are administered by Cardiff Council in its role as Accountable Body. An approved Treasury Management strategy is in place to manage the Joint Committee's cash balances for the prudent management of its financial affairs.

Treasury arrangements consist of short-term investments through approved counterparties on the basis of security, liquidity and then yield.

4. Contingent assets and liabilities

These are potential benefits or obligations that arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Joint Committee's control. Contingent assets and liabilities are not recognised in the accounting statements but are disclosed in a note to the accounts where deemed material.

5. Disposals and Capital Receipts

When assets are disposed of or derecognised, the value of those assets included in the Balance Sheet along with any proceeds from disposal are used to calculate a gain or loss on disposal.

6. Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding financial assets and their cash flow characteristics.

The main classes of financial assets held are measured at:

- amortised cost - Achieve objectives by collecting contractual cash flows e.g., principal and interest.
- fair value through other comprehensive income (FVOCI) - Achieve objectives by any other means than collecting contractual cash flows and where the Joint Committee has designated that this is the case.

In terms of the value of financial assets recognised in the accounts, the primary business model is to hold investments to collect contractual cash flows, however loans and equity instruments may be provided as revenue or capital expenditure to achieve service objectives. Depending on the rationale for holding such financial assets, the Joint Committee may designate such items to be measured at fair value through other comprehensive income.

Fair value measurement techniques are defined within the final section of this policy.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Joint Committee becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument in accordance with any investment or loan agreement. The amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest). Any gains or losses that arise on the derecognition of an asset are credited/debited to the CIES. Expected Credit Loss Model Impairment losses are calculated to reflect the expectation that future cash flows might not take place because the borrower could default on their obligations. Such a review would take place on an individual financial asset or collective basis, based on materiality and cost benefit of individual assessment. The Joint Committee undertakes a review of expected credit losses on all financial assets held at amortised cost either on a 12-month or lifetime basis. Where provision for such losses is not already undertaken e.g., as part of a provision for bad debts, adjustments to the value of financial assets disclosed in the accounts would be made. Credit risk plays a crucial part in assessing expected credit loss. Where risk has increased significantly since a financial asset was initially recognised, provision for losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, provision for losses are assessed on the basis of 12-month expected loss.

Financial Assets Measured at Fair Value through other comprehensive income (FVOCI)

Financial assets that are measured as FVOCI are initially measured and carried at fair value on the Balance Sheet. Treating such assets under this category will require a 'Designation' by the Joint Committee. These are likely to be equity holdings held as part of a service objective. Fair value gains and losses are recognised in Other Comprehensive Income and the change in the amount of the investment in the balance sheet is matched with an entry in the Financial Instruments Revaluation Reserve. Upon derecognition, any balance on the Financial Instruments Revaluation Reserve is recycled through the Surplus or Deficit on the Provision of Services.

Fair Value Measurement of Financial Assets

Fair value measurements for the above financial asset classes measured at fair value are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis

The inputs to the measurement techniques are categorised in accordance with the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 – unobservable inputs for the asset.

7. Grants and Contributions

Grants and other contributions are accounted for on an accruals basis and recognised when:

- there is reasonable assurance that the Joint Committee will comply with the conditions for their receipt and
- there is reasonable assurance that the grant or contribution will be received.

Revenue

Grants, for which conditions have not yet been satisfied, are carried in the Balance Sheet as Long-Term and Short-Term Creditors. When conditions have been satisfied, the grant or contribution is credited to the Grant Income Line in the Comprehensive Income and Expenditure Statement. Where there is no longer any reasonable assurance that the conditions will be met, sums received will not be recognised as a receipt of grant but as a repayment due to the awarding body and held on the Balance Sheet as a liability if it remains unpaid.

Where the conditions of a revenue grant or contribution have been complied with, but it is yet to be used to fund expenditure for the purpose stipulated in the grant agreement, it is set aside in an Earmarked Reserve.

Capital

Grants and contributions that are applied in the year to fund capital schemes that are Revenue Expenditure Funded by Capital under Statute (REFCUS) are treated as revenue income and credited to the Comprehensive Income and Expenditure Statement to the relevant service line.

Capital Grants and Contributions applied in paying for other capital works are credited to the Taxation and Non-Specific Grant Income line in the Comprehensive Income and Expenditure Statement. Where a specific capital grant or contribution has been received but remains unapplied, this is deemed to represent a condition and is shown as a creditor, as the unused element could be returned to the funder. Where a non-specific grant was to remain unapplied, it would be held as Capital Grants Unapplied Reserve.

Capital grants and contributions are identified separately on the Balance Sheet.

8. Interests in Companies and Other Entities

The Joint Committee has interests in companies and other entities. Subject to the level of materiality and exposure to risk, these are consolidated to produce Group Accounts.

9. Property, Plant, Equipment

These assets are those that have physical substance used in the production or supply of goods or services, those intended to be held indefinitely and those for the promotion of culture and knowledge and expected to be used during more than one financial year.

Recognition

Expenditure on the acquisition, creation or enhancement of such assets is capitalised on an accruals basis. All expenditure incurred on existing assets is assumed to result in enhancement of the asset and will be shown in the accounts as an addition to the asset.

Expenditure that maintains but does not add to an asset's potential to deliver benefits or service potential (i.e., repairs and maintenance) is charged to revenue as it is incurred.

Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the specific asset into working condition for its intended use, excluding borrowing costs which are not capitalised. A full year's depreciation is charged on capital expenditure incurred in the year. No depreciation is charged in the year of disposal. Assets are subsequently carried on the balance sheet as per the following:

Asset Type	Measurement	Valuation Frequency	Last Valuation	Surveyor for Last Valuation	Next Valuation	Depreciation
Vehicles, Plant, Furniture & Equipment	Depreciated Historical Cost	n/a	n/a	n/a	n/a	5-15 years
Assets under Construction	Depreciated Historical Cost	n/a	n/a	n/a	n/a	n/a

Disposal

When assets are disposed of or decommissioned, the value of those assets included in the Balance Sheet along with any proceeds from disposal are used to calculate a gain or loss on disposal. Disposals are treated as capital receipts and are credited to the Capital Receipts Reserve.

10. Investment Property

Investment properties are those held solely to earn rentals and/or for capital appreciation such as ground leases, land held for future development as strategic sites and other land and buildings that meet investment property criteria.

Investment properties are measured at fair value, based on the market value that would be received to sell an asset in an orderly transaction between market participants at the measurement date, reflecting the asset's highest and best use. A full valuation is undertaken periodically with the most recent valuation having taken place during the preparation of the 2021/22 accounts.

Investment properties are not depreciated. Gains and losses on revaluation and disposal are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The valuation of the Investment Property included in the Joint Committee's Group Accounts has been provided by external valuers engaged by Monmouthshire County Council as part of its role as the host Authority for the CSC Foundry Ltd. project.

11. Provisions

Provisions are charged as expenditure to the Comprehensive Income and Expenditure Statement in the year that the Joint Committee becomes aware of the obligation, measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision, which is held on the Balance Sheet. Provisions are reviewed at the end of each financial year and where no longer required are credited back to the relevant service line.

12. Reserves

The Joint Committee sets aside amounts as usable reserves for future policy purposes or to cover contingencies. Certain reserves are maintained to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits. These do not represent usable resources for the Joint Committee

13. Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions, but that does not result in the creation of a non-current asset, has been charged as expenditure to the relevant service line in the Comprehensive Income and Expenditure Statement. Where the Joint Committee has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the Joint Committee Fund Balance to the Capital Adjustment Account then reverses out the amounts charged.

14. Value Added Tax (VAT)

VAT payable is excluded from expenditure except where it is not recoverable from HMRC. VAT receivable is excluded from income.

2021/22 Comprehensive Income & Expenditure Statement

This statement records all of the Joint Committee's income and expenditure throughout the year and consequently shows the accounting cost of providing services during the year in-line with generally accepted accounting practices.

2020/2021 £		Notes	2021/2022 £
	Cost of Services		
1,160,647	Staff Costs		1,751,398
15,434	Premises	2	15,965
3,663	Transport	3	889
2,188,028	Supplies & Services	4	3,065,098
1,086,000	Revenue Expenditure funded from Capital Under Statute	5	400,000
188,927	Support Services	6	347,364
0	Capital Charges	12	412,773
4,642,699	**Operating Expenditure**		**5,993,487**
(2,190,817)	Contributions from Local Authorities	7,10	(1,160,058)
(2,183,693)	Grant Income	7	(4,562,130)
(129,661)	Fees and Charges	7	(94,556)
(4,504,171)	**Operating Income**		**(5,816,744)**
138,528	**Net Cost of Services**		**176,743**
(155,991)	Interest & Investment Income	15	(166,248)
(155,991)	**Financing & Investment Income & Expenditure**		**(166,248)**
(4,474,938)	Recognised Capital Grants & Contributions	21	(4,370,706)
(4,474,938)	**Taxation and Non-Specific Grant Income**		**(4,370,706)**
(4,492,401)	**(Surplus) / Deficit on Provision of Services**		**(4,360,211)**
0	Other Comprehensive Income & Expenditure		0
(4,492,401)	**Total Comprehensive Income & Expenditure**		**(4,360,211)**

2021/22 Movement in Reserves Statement

This statement is split into both Usable and Unusable Reserves. Usable Reserves are those that the Joint Committee can use to provide services whereas Unusable Reserves such as the Capital Adjustment Account cannot, as they are for accounting purposes only.

Movements in Reserves	General Fund Balance £	General Fund Earmarked Reserves £	Usable Capital Receipts Reserve £	Total Usable Reserves £	Capital Adjustment Account £	Accumulated Absence Account £	Total Unusable Reserves £	Total Reserves £
Balance at 31st March 2021 Carried Forward	**212,080**	**41,872**	**0**	**253,952**	**40,993,297**	**(24,409)**	**40,968,888**	**41,222,840**
Movements in Reserves During 2021/22								
Surplus / (Deficit) on the Income and Expenditure Account	4,360,211	0	0	**4,360,211**	0	0	**0**	**4,360,211**
Total Comprehensive Income and Expenditure	**4,360,211**	**0**	**0**	**4,360,211**	**0**	**0**		**4,360,211**
Adjustments between Accounting Basis and Funding Basis	(3,936,742)		0	(3,936,742)	3,957,932	(21,190)	**3,936,742**	**0**
Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves	**423,469**	**0**	**0**	**423,469**	**3,957,932**	**(21,190)**	**3,936,742**	**4,360,211**
Transfers to/(from) Reserves	**(423,469)**	**423,469**	**1,350,000**	**1,350,000**	**(1,350,000)**		**(1,350,000)**	**0**
Increase/(Decrease in Year)	**0**	**423,469**	**1,350,000**	**1,773,469**	**2,607,932**	**(21,190)**	**2,586,742**	**4,360,211**
Balance at 31st March 2022	**212,080**	**465,341**	**1,350,000**	**2,027,421**	**43,601,229**	**(45,599)**	**43,555,630**	**45,583,051**

Movements in Reserves	General Fund Balance £	General Fund Earmarked Reserves £	Usable Capital Receipts Reserve £	Total Usable Reserves £	Capital Adjustment Account £	Accumulated Absence Account £	Total Unusable Reserves £	Total Reserves £
Balance at 31 March 2020 Carried Forward	**212,080**	**0**	**0**	**212,080**	**36,518,359**	**0**	**36,518,359**	**36,730,439**
Movements in Reserves During 2020/21								
Surplus / (Deficit) on the Income and Expenditure Account	4,492,402	0	**0**	4,492,402	0	0	**0**	**4,492,402**
Total Comprehensive Income and Expenditure	**4,492,402**	**0**	**0**	**4,492,402**	**0**	**0**		**4,492,402**
Adjustments between Accounting Basis and Funding Basis	(4,450,529)			(4,450,529)	4,474,938	(24,409)	**4,450,530**	**0**
Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves	**41,872**	**0**	**0**	**41,872**	**4,474,938**	**(24,409)**	**4,450,530**	**4,492,402**
Transfers to/(from) Earmarked Reserves	**(41,872)**	**41,872**	**0**	**0**	**0**	**0**	**0**	**0**
Increase/(Decrease in Year)	**0**	**41,872**	**0**	**41,872**	**4,474,938**	**(24,409)**	**4,450,530**	**4,492,402**
Balance at 31 March 2021	**212,080**	**41,872**	**0**	**253,952**	**40,993,297**	**(24,409)**	**40,968,889**	**41,222,841**

Balance Sheet as at 31 March 2022

This statement is comprised of two balancing sections – the net assets of the Joint Committee and the total reserves held.

31 March 2021 £		Notes	31 March 2022 £
2,474,938	Property, Plant & Equipment - Assets Under Construction	12	1,286,236
0	Property, Plant & Equipment	12	2,476,635
2,000,000	Long Term Investments	15	2,000,000
37,415,231	Long Term Debtors	15	36,364,563
41,890,169	**Long Term Assets**		**42,127,434**
6,677,207	Short Term Debtors	13	6,957,078
47,803,597	Cash & Cash Equivalents	14	65,300,564
54,480,804	**Current Assets**		**72,257,642**
(13,287,206)	Short Term Creditors	17	(46,177,490)
(24,409)	Accumulated Absences	16	(45,599)
(13,311,615)	**Current Liabilities**		**(46,223,089)**
(41,836,518)	Long Term Creditors	17	(22,578,935)
(41,836,518)	**Long Term Liabilities**		**(22,578,935)**
41,222,840	**Net Assets**		**45,583,052**
253,952	Usable Reserves	18,19	2,027,421
40,993,297	Capital Adjustment Account	21	43,601,230
(24,409)	Accumulated Absences	16	(45,599)
41,222,840	**Total Reserves**		**45,583,052**

2021/22 Cash Flow Statement

This statement shows how the Joint Committee generates and uses cash and cash equivalents by classifying the cash flows as arising from operating, investing and financing activities.

31 March 2021 £		Notes	31 March 2022 £
(4,492,401)	Net (Surplus) / Deficit on the provision of services		(4,360,211)
6,396,696	Adjust net surplus or deficit on the provision of services for non-cash movements	20	4,894,633
1,904,295	**Net cash flows from operating activities**		**534,422**
6,571,810	Investing activities	20	4,829,459
(12,250,000)	Financing activities	20	(22,860,848)
(3,773,894)	**Net (increase) / decrease in cash and cash equivalents**		**(17,496,968)**
(44,029,702)	Cash and cash equivalents at the beginning of the reporting period		(47,803,596)
(47,803,597)	**Cash balance as at 31 March**		**(65,300,564)**

Notes to the Core Financial Statements

1. Remuneration

Officers supporting the activities of the Joint Committee are contractually employed through one of the partnering authorities or other public sector organisations.

In accordance with International Accounting Standard 19 – Employee Benefits, the employing body is required to disclose certain information concerning the income and expenditure of its pension scheme and its related assets and liabilities. As the Joint Committee does not directly employ staff, these statutory disclosures do not apply (instead staff pension liabilities etc. of the relevant officers will be disclosed in the financial statements of each employing body).

In line with the Accounts and Audit (Wales) Regulations 2014, the Joint Committee also discloses, on a voluntary basis:

- the number of employees whose remuneration is over £60,000 per annum disclosed within bands of £5,000.
- the remuneration and job title of senior employees who form part of the senior management team and whose salary is £60,000 or more per annum.

These are shown in the tables below.

Remuneration Band	Number of Employees	
£	2020/21	2021/22
115,000 - 119,999	1	1
90,000 - 94,999	0	1
85,000 - 89,999	1	0
70,000 - 74,999	1	1
65,000 - 69,999	1	1
Total	**4**	**4**

Post Title	Salary, fees, and allowances £	Employers Pension Contributions £	Total £	Notes
City Deal Director	118,554	27,386	145,940	Post commenced August 2018.
Chief Operating Officer	90,320	18,696	109,016	Post commenced August 2019.
Head of Finance, Risk and Assurance	72,292	14,964	87,257	Post commenced August 2019.
Head of Inclusive Growth & Business Development	74,442	14,289	88,731	Post commenced July 2019. Annual salary 21-22 of £69,030, balance paid relates to adjustments relating to 20-21 pay.

Head of Governance, Policy & Communications	32,957	6,822	39,779	Post commenced October 2021. Annualised Salary £65,914.
Head of Innovation & Clusters	49,166	10,177	59,344	Post commenced August 2021. Annualised Salary £72,292.
Head of Digital & Data Innovation	38,450	7,959	46,409	Post commenced September 2021. Annualised Salary £65,914.
Total Senior Staff	**476,181**	**100,295**	**576,476**	

Note: Accumulated Absence Accrual costs for these Officers total £18,992 and Employers NI Contributions total £57,847.

Prior Year for Comparison:

Post Title	Salary, fees and allowances £	Employers Pension Contributions £	Total £	Notes
City Deal Director	116,802	26,981	143,783	Post commenced August 2018.
Chief Operating Officer	88,985	18,420	107,405	Post commenced August 2019. Annualised Salary £86,603.
Head of Finance, Risk and Assurance	71,224	14,743	85,967	Post commenced August 2019. Annualised Salary £69,317.
Head of Inclusive Growth & Business Development	63,331	11,255	74,587	Post commenced July 2019.
Total Senior Staff	**340,342**	**71,400**	**411,742**	

2. Premises

The following table analyses premises expenditure for the year.

2020/21 £	Premises	2021/22 £
15,120	Rents	15,000
314	Other Premises Related Expenditure	965
15,434	**Total**	**15,965**

3. Transport

The following table analyses transport expenditure for the year.

2020/21 £	Transport	2021/22 £
2,440	Car Allowances	(84)
1,224	Travel Expenses	973

3,663	**Total**	**889**

4. Supplies and Services

The following table analyses supplies and services expenditure for the year.

2020/21 £	Supplies & Services	2021/22 £
36,466	ICT, Telephones, Printing & Software	25,992
22,607	Meeting Room Hire & Other Meeting Costs	29,409
136,686	Marketing, Branding & Communications	104,732
1,659,506	Programme Development & Support*	1,847,917
150,000	Revenue Project Grants**	341,208
182,763	Other Supplies & Services Costs	715,841
2,188,028	**Total**	**3,065,098**

* Programme Development & Support covers a range of professional advice and support needed to ensure that all projects taken forward are robust and have undergone the necessary level of challenge and independent verification to comply with requirements of the Assurance Framework. This includes legal consultancy, due diligence, market testing and costs incurred in the preparation of HM Treasury compliant Business Cases.

** Revenue Project Grants	2021/22 £
FinTech Wales	150,000
Cyber Masters - Cardiff University	178,500
Media.Cymru	12,708
Total	**341,208**

5. Revenue Expenditure funded from Capital under Statute (REFCUS)

The following revenue amounts were treated as capital expenditure to be paid for from capital resources. The table includes expenditure on items that do not result in the creation or enhancement of an asset for the Joint Committee.

2020/21 £	Revenue Expenditure funded from Capital under Statute (REFCUS)	2021/22 £
1,086,000	Metro Central Project Contribution	0
0	BCUHB Tracheostomy Challenge	400,000
1,086,000	**Charged to Income & Expenditure Statement**	**400,000**
	Funded by:	0
(1,086,000)	Grants and Contributions	(400,000)
(1,086,000)	**Total**	**(400,000)**

6. Support Services

The following table analyses support service expenditure for the year.

2020/21 £	Support Services	2021/22 £
8,570	HR People Services	18,456
68,267	Accountancy Support	130,212
4,857	Exchequer, Internal Audit & Insurance	4,857
60,540	Legal & Governance Support	121,060
13,534	ICT, Information & Governance	20,231
0	Translation Services	8,270
30,882	External Audit	44,073
2,277	Other Support	205
188,927	**Total**	**347,364**

7. Income

The following table analyses income accounted for during the year.

2020/21 £	Income	2021/22 £
(2,190,817)	Contributions from Local Authorities	(1,160,058)
(129,661)	Fees and Charges	(94,556)
(2,183,693)	Grant Income	(4,562,130)
(4,504,171)	**Total**	**(5,816,744)**

Contributions from Local Authorities are in respect of the Joint Committee Revenue Budget from the ten partnering authorities (£1,160,058).

Fees and Charges Income relates to costs incurred by City Deal which are rechargeable to other bodies, for example, staff cost reimbursements, or work which is funded by grants allocated to other bodies and therefore invoiced on to them.

Grant Income is the drawdown of funding provided by the HM Treasury Revenue Grant:

2020/21 £	Grants and Contributions Credited to Operating Income	2021/22 £
(2,183,693)	WIF HM Treasury Revenue Grant	(4,562,130)
(2,183,693)	**Total**	**(4,562,130)**

2020/21 £	Grants and Contributions Receipts in Advance	2021/22 £
(4,569,000)	WIF HM Treasury Grant - Short Term Creditor	(43,469,300)
(250,000)	SBRI Challenge Fund Grant	(200,000)
(4,819,000)	**Sub Total**	**(43,669,300)**
(42,086,518)	WIF HM Treasury Grant - Long Term Creditor	(17,778,935)
0	Housing Viability Gap Funding - Long Term Creditor	(5,000,000)
(42,086,518)	**Sub Total**	**(22,778,935)**
(46,905,518)	**Total**	**(66,448,235)**

Classification of Grant Creditor balances between those to be utilised on a short-term or long-term basis is undertaken on the basis of resources set out to be available for use in the next financial year (short term) or thereafter (long term) in the published Annual Business Plan for the relevant period. This is subject to the approval and timing of expenditure on projects and is reported as part of the Quarterly updates provided to the Joint Committee.

8. Expenditure and Funding Analysis

The Expenditure and Funding Analysis demonstrates how the funding available to the Joint Committee has been used to provide services in comparison with those resources consumed or earned under Generally Accepted Accounting Practices (GAAP).

Expenditure and Funding Analysis 2021/22	Net Expenditure Chargeable to General Fund Balances £	Adjustments between accounting and funding basis - Capital £	Adjustments between accounting and funding basis - Other £	Comprehensive Income & Expenditure 2021/22 £
Staff Costs	1,730,208	0	21,191	1,751,398
Premises	15,965	0	0	15,965
Transport	234,383	0	0	889
Supplies & Services	2,815,315	0	0	3,065,098
Revenue Expenditure funded from Capital Under Statute	400,000	0	0	400,000
Support Services	347,364	0	0	347,364
Capital Charges		(412,773)	0	412,773
Contributions from Local Authorities	(1,160,058)	0	0	(1,160,058)
Grant Income	(4,578,894)	0	0	(4,562,130)
Fees and Charges	(117,424)	0	0	(94,556)
Net Cost of Services	**(313,141)**	**(412,773)**	**21,191**	**176,742**
Interest & Investment Income	(166,248)	0	0	(166,248)
Recognised Capital Grants & Contributions	0	5,180,706	0	(5,180,706)
(Surplus) or Deficit	**(479,389)**	**4,767,933**	**21,191**	**(5,170,212)**
Opening Usable Reserves Balance 1 April 2021	(253,952)			
Plus Surplus on Usable Reserves Balance in Year				
Transfer, General Fund to Earmarked Reserves	(423,469)			
Transfer, Capital Adjustment Account to Usable Capital Receipts Reserve	(1,350,000)			
Closing Usable Reserves Balance 31 March 2022	**(2,027,421)**			

2020/21 for Comparison	Net Expenditure Chargeable to General Fund Balances £	Adjustments between accounting and funding basis - Capital £	Adjustments between accounting and funding basis - Other £	Comprehensive Income & Expenditure 2020/21 £
Staff Costs	1,136,238	0	24,409	1,160,647
Premises	15,434	0	0	15,434
Transport	3,663	0	0	3,663
Supplies & Services (Including REFCUS)	3,274,028	0	0	3,274,028
Support Services	188,927	0	0	188,927
Contributions from Local Authorities	(2,190,817)	0	0	(2,190,817)

Grant Income	(2,183,693)	0	0	(2,183,693)
Fees and Charges	(129,661)	0	0	(129,661)
Net Cost of Services	**114,119**	**0**	**24,409**	**138,528**
Interest & Investment Income	(155,991)	0	0	(155,991)
Recognised Capital Grants & Contributions	(4,474,938)	0	0	(4,474,938)
Other Income and Expenditure from the Funding Analysis	4,474,938	(4,474,938)	0	0
(Surplus) or Deficit	**(41,872)**	**(4,474,938)**	**24,409**	**(4,492,401)**

Opening Usable Reserves Balance 1st April 2020	(212,080)
Plus Surplus on Usable Reserves Balance in Year	(41,872)
Closing Usable Reserves Balance 31 March 2021	**(253,952)**

9. Adjustments between Accounting Basis and Funding Basis under Regulation

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 capital and revenue expenditure.

2021/22	General Fund Movement £	Capital Adjustment Account Movement £	Accumulated Absence Account Movement £	Total Reserves Movement £
Capital Adjustment Account:				
Capital Grants and Contributions credited to the CIES that have been applied to capital financing	(5,180,706)	5,180,706	0	**0**
Charges for depreciation and impairment of Non-Current assets	412,773	(412,773)	0	**0**
Accumulated Absences Account:				
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.	21,190		(21,190)	**0**
Total	**(4,746,743)**	**4,767,933**	**(21,190)**	**0**

2020/21 for Comparison	General Fund Movement £	Capital Adjustment Account Movement £	Accumulated Absence Account Movement £	Total Reserves Movement £
Capital Adjustment Account:				
Capital Grants and Contributions credited to the CIES that have been applied to capital financing	(4,474,938)	4,474,938	0	**0**
Accumulated Absences Account:				

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.	24,409		(24,409)	**0**
Total	**(4,450,529)**	**4,474,938**	**(24,409)**	**0**

10. 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.

Funding of expenditure by the ten constituent Local Authorities is in line with the City Deal Joint Working Agreement and approved by the leader of each Authority by decision at Regional Cabinet meetings.

Welsh Government has the ability to effect influence on the Joint Committee via legislation and grant funding. Grants received in 2021/22 are detailed in note 7.

Such transactions are detailed below.

Related Party Transactions	Revenue	Capital	2021/22
	£	£	£
Blaenau Gwent CBC	(53,592)	0	(53,592)
Bridgend CBC	(109,498)	0	(109,498)
Caerphilly CBC	(138,837)	0	(138,837)
City of Cardiff Council	(275,233)	0	(275,233)
Merthyr Tydfil CBC	(45,716)	0	(45,716)
Monmouthshire County Council	(71,263)	0	(71,263)
Newport City Council	(113,873)	0	(113,873)
Rhondda Cynon Taf CBC	(182,952)	0	(182,952)
Torfaen CBC	(70,770)	0	(70,770)
Vale of Glamorgan Council	(98,324)	0	(98,324)
Sub Total: Local Authority Contributions	**(1,160,058)**	**0**	**(1,160,058)**
HMT Capital Grant Funding (via Welsh Government)	0	(22,000,000)	(22,000,000)
Ultra-Low Emission Vehicle Grant Funding	(410,846)	(1,700,706)	(2,111,552)
SBRI Challenge Fund Grant	(200,000)	0	(200,000)
CJC Grant	(250,000)	0	(250,000)
Sub Total: Contributions from Other Parties	**(860,846)**	**(23,700,706)**	**(24,561,552)**
Total	**(2,020,904)**	**(23,700,706)**	**(25,721,610)**

For Comparison - Related Party Transactions 2020/21	Revenue	Capital	2020/21
	£	£	£
Blaenau Gwent CBC	(101,210)	(92,395)	(193,605)
Bridgend CBC	(206,792)	(188,780)	(395,572)
Caerphilly CBC	(262,199)	(239,362)	(501,561)
City of Cardiff Council	(519,788)	(474,515)	(994,303)
Merthyr Tydfil CBC	(86,336)	(78,817)	(165,153)
Monmouthshire County Council	(134,584)	(122,862)	(257,445)
Newport City Council	(215,054)	(196,323)	(411,376)
Rhondda Cynon Taf CBC	(345,513)	(315,419)	(660,932)
Torfaen CBC	(133,652)	(122,011)	(255,664)
Vale of Glamorgan Council	(185,689)	(169,516)	(355,205)
Sub Total: Local Authority Contributions	**(2,190,817)**	**(2,000,000)**	**(4,190,817)**
HMT Revenue Grant Funding (via Welsh Government)	(10,000,000)	0	(10,000,000)
SBRI Challenge Fund Grant	(250,000)	0	(250,000)
Ultra-Low Emission Vehicle Grant Funding	(2,474,938)	0	(2,474,938)
Sub Total: Contributions from Other Parties	**(12,724,938)**	**0**	**(12,724,938)**
Metro Central REFCUS Expenditure (Welsh Government)	0	1,086,000	1,086,000
Sub Total: Related Party Expenditure	**0**	**1,086,000**	**1,086,000**
Total	**(14,915,755)**	**(914,000)**	**(15,829,755)**

Registration and Declarations of Interests

A register has been developed to track, capture, and update Declarations of Interests for all CCR Committees, Sub-committees, Boards and key officer groups.

Updated forms have been used which seek to capture interests on a regional, rather than local basis. This exercise is tracked via the 'Declarations of Interests Register', which captures key information, such as: Date form issued/returned/uploaded onto the City Deal website, dates of any amendments submitted, changes to membership during the year etc.

The review of the declarations made has not required any related party disclosures needing to be set out in the Statement of Accounts.

11. External Audit Costs

2020/21 £	External Audit Costs	2021/22 £
24,500	Joint Committee Financial Audit	29,043
20,748	Joint Committee Performance Audit	21,515
45,248	**Total**	**50,558**

Note 11 records the Audit Fee proposed for the year's audit as per the Audit Plans presented to Regional Cabinet and differ from those shown in the Comprehensive Income and Expenditure Statement and Note 6 above which show in year actual costs, made up of accruals for planned costs along with differences between planned and

actual costs. Final costs for the 2021/22 audit will be charged following the completion of audit work.

12. Property, Plant and Equipment

Property, Plant and Equipment	Other Land & Buildings	Vehicles, Plant & Equipment	Vehicles, Plant & Equipment Under Construction	Total Property, Plant & Equipment
Movements in Cost or Values	**£**	**£**	**£**	**£**
01-Apr-20	**0**	**0**	**0**	**0**
Additions	0	0	2,474,938	**2,474,938**
31-Mar-21	**0**	**0**	**2,474,938**	**2,474,938**
Additions	0	414,470	1,286,236	**1,700,706**
Other Reclassifications - Transfers	0	2,474,938	(2,474,938)	**0**
31-Mar-22	**0**	**2,889,408**	**1,286,236**	**4,175,644**

Movements in Depreciation/Impairment	**£**	**£**	**£**	**£**
01-Apr-20	**0**	**0**	**0**	**0**
Depreciation Charge	0	0	0	**0**
31-Mar-21	**0**	**0**	**0**	**0**
Depreciation Charge	0	412,773	0	**412,773**
31-Mar-22	**0**	**412,773**	**0**	**412,773**

Net Book Value	**£**	**£**	**£**	**£**
At 31 March 2021	**0**	**0**	**2,474,938**	**2,474,938**
At 31 March 2022	**0**	**2,476,635**	**1,286,236**	**3,762,871**

Other Long-Term Assets are of an investment nature and shown in Note 15: Financial Instruments.

13. Short Term Debtors

31 March 2021 £	Short Term Debtors	31 March 2022 £
0	Central Government Bodies	249,509
4,800,243	Other Local Authorities	1,548,465
1,876,964	Other Entities and Individuals	5,159,104
6,677,207	**Total**	**6,957,078**

The main components of the Debtor Balances with Other Local Authorities as at 31 March 2022 are a result of timings of recharges being made at Financial Year End and principally comprise of £1.519m in Ultra Low Electric Vehicle WG grant funding to be passported to CCR from Merthyr Tydfil County Borough Council.

The Debtor Balance with Other Entities and Individuals consists mainly of repayments of loans made to CSC Foundry (£3,628,171) and ZipWorld (£500,625) due in 2022/23

along with a payment in escrow of £810,000 in relation to the deposit element of CCR Energy's pending purchase of Aberthaw Power Station.

14. Cash and Cash Equivalents

The Joint Committee does not operate its own Bank Account, instead all cash transactions are administered by Cardiff Council in its role as Accountable Body in-line with its treasury management strategy. Interest received is recognised in the Comprehensive Income and Expenditure Statement.

The amount of £65,300,564 shown as Cash and Cash Equivalents in the Balance is represented by monies held with Cardiff Council as investments and inter-authority cash on behalf of the Joint Committee and immediately available for the Joint Committee's use.

31 March 2021 £	Cash and Cash Equivalents	31 March 2022 £
47,803,597	Cardiff Council Inter-Co Cash	65,300,564
47,803,597	**Total**	**65,300,564**

15. Financial Instruments

The Joint Committee's 'Financial Instruments' consist of Financial Assets in the form of loans, equity and amounts detailed within the Cash and Cash Equivalents note (Note 14) above. Loans and equity are held or acquired for Joint Committee policy purposes and have been elected to be accounted for as Fair Value through Other Comprehensive Income.

'Equity' refers to CCRCD's £2.00m investment in Healthcare Evaluation Associates Ltd (previously Pharmatelligence Ltd) and their 'Project Livingstone' supporting the commercialisation and roll out of an analytical software product in the medical data arena. The investment provides CCRCD with a 16.67% shareholding, which does not represent any form of 'control'.

A loan to Compound Semi-Conductor Foundry Ltd (CSC Foundry Ltd.) funded the acquisition (from Welsh Government) of the Foundry building, its refurbishment, fit-out and initial start-up costs. Loans amounting to £24.66m were drawn down in 2017/18 and £12.46m in 2018/19. The loan is profiled to be repaid over an 11-year term and loan repayments commenced in August 2021. The loan repayments will be recycled back into the Wider Investment Fund and used to fund future City Deal projects. During the year, a repayment of £1.35m was made resulting in a revised balance of £35.77m outstanding on CCRCD's balance sheet as at 31 March 2022.

A loan of £2.06m was made to Creo Medical Ltd to support the development of cool plasma sterilisation and decontamination technology. The loan was drawn down in July 2020, has a backstop repayment date of July 2025 and an interest-free period to

October 2021. Notional interest of £60,170 (2020/21: £41,872) has been accrued and accounted for within the Comprehensive Income & Expenditure Statement.

A further loan of £2.67m was made to ZipWorld Ltd to create an Outdoor Adventure Tourism attraction within the region. The loan was drawn down in August 2021 and has a backstop repayment date of August 2026. Interest is due from year one, however interest payments will not be received until August 2022 as set out in the loan agreement. On this basis, notional interest of £75,711 has been accrued and accounted for within the Comprehensive Income & Expenditure Statement.

Equity, Loans and Cash and Cash Equivalents are shown in the accounts at their carrying value.

During the year Arlingclose were commissioned to undertake a fair value calculation for all CCRCD equity investments and loans. The table below sets out the carrying amounts, the fair value amounts and the movements between for 2021/22.

In prior years accounts, equity and loans were disclosed as fair value which was also equal to their carrying value. Fair value calculations are required for accounting purposes. Figures are provided here for accounting information purposes and only the carrying value is recognised within CCRCD's balance sheet.

31 March 2021			31 March 2022		
Carrying Amount (CA) £	Fair Value (FV) £		Carrying Amount (CA) £	Fair Value (FV) £	Movements between CA and FV £
2,000,000	2,000,000	Long Term Investment - Equity	2,000,000	6,123,289	4,123,289
2,096,872	2,096,872	CREO Medical Ltd Loan	2,158,042	2,200,016	41,974
37,118,359	37,118,359	CSC Foundry Ltd Loan	35,768,358	37,899,069	2,130,711
0	0	ZipWorld Ltd Loan	2,745,711	2,940,422	194,711
47,803,597	47,803,597	Cash and Cash Equivalents	65,300,564	65,300,564	0
89,018,828	**89,018,828**	**Total**	**107,972,675**	**114,463,360**	**6,490,685**

The fair value estimate for the equity investment in Healthcare Evaluation Associates Ltd has been calculated using the cashflow in perpetuity method as at 31 March 2022 and is based on the company's projected revenue and costs to 2026/27 and its current financial statements. It is not based on quoted prices as the company is not listed. The valuation may change subject to the company's actual performance in terms of profit and income along with the relevant multipliers in the industry within the company's areas of operation, technical accounting adjustments and the economic climate and any accounting valuation information should be used with caution.

Additionally, the fair value estimates for CREO medical Ltd, CSC Foundry Ltd and ZipWorld Ltd have all been calculated by discounting future cashflows.

Financial Instrument Gains/Losses

Interest amounting to £30,366 (2020/21: £114,119) was earned on the Joint Committee's Cash balances held by the Accountable Body during the year.

The structure of the loan made to CSC Foundry Ltd was agreed as part of the extensive due diligence and associated State Aid advice undertaken to approve the investment proposal. This confirmed that the investment would not carry any coupon/interest charge and therefore the loan has generated no gains or losses during the year.

The terms of the loan made to CREO Medical Ltd mean that an accrual of £60,170 (2020/21: £41,872) and interest accrued for ZipWorld Ltd of £75,711 in recognition of future interest payments to be received has been included in the Joint Committee's accounts for 2021/22.

The Nature and Extent of Risks arising from Financial Instruments

The Joint Committee's 'Cash and Cash Equivalents' are managed by Cardiff Council in accordance with its overall Treasury Management Strategy.

Cardiff Council places deposits only with banks and building societies that have the Fitch minimum criteria of F1. Ratings are regularly reviewed and to date, the Council has not experienced default of any institution and this is not deemed to be a significant risk for investments held. In respect of 2021/22, it has been determined that no provisions for expected credit losses are required.

The recoverability of the loans made to CSC Foundry Ltd are subject to regular reviews by CCRCD board members. Quarterly project updates are provided to CCRCD by both boards for CREO Medical Ltd and ZipWorld Ltd and are subject to regular reviews by CCRCD board members and in all cases also by CCRCD Project Officers and the City Deal Director. This range of measures provide the framework for the ongoing review of the loan value; accordingly, no impairment is considered to be required in respect of the outstanding loan value as at 31 March 2022.

16. Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the Joint Committee 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 Joint Committee Balance is fully offset by transfers to and from the Account.

2020/21 £	Accumulated Absences Account	2021/22 £
0	**Balance as at 1 April**	(24,409)
(24,409)	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 accounting requirements.	(21,190)
(24,409)	**Balance as at 31 March**	**(45,599)**

17. Creditors

Short term £	Long Term £	31 March 2021 £	Creditors	Short term £	Long Term £	31 March 2022 £
10,131,601	41,836,518	51,968,119	Central Government Bodies	43,549,870	22,578,935	66,128,805
94,303	0	94,303	Other Local Authorities	34,961	0	34,961
3,061,303	0	3,061,303	Other Entities and Individuals (Inc. Public Corporations)	2,592,659	0	2,592,659
13,287,206	**41,836,518**	**55,123,724**	**Total**	**46,177,490**	**22,578,935**	**68,756,425**

HM Treasury Capital Grant totalling £22.00m was received during the year in respect of the fifth year of City Deal funding. The grant is passported through Welsh Government (the grant paying body) following acceptance of their grant terms & conditions.

Welsh Government have confirmed that in any year, where funds have been committed and/or there is a clear intention to spend, carry forward of funding to future years will be permitted. £6,042,230 of the funding available has been drawn down to cover eligible expenditure during the financial year.

18. Usable Reserves

Total Usable Reserves 2020/21 £	General Fund 2020/21 £	Earmarked Reserves 2020/21 £	Usable Capital Receipts Reserve 2020/21 £	Usable Reserves	General Fund 2021/22 £	Earmarked Reserves 2021/22 £	Usable Capital Receipts Reserve 2020/21 £	Total Usable Reserves 2021/22 £
212,080	212,080	0	0	**Balance as at 1 April**	212,080	41,872	0	**253,952**
				Movements during year:				
4,492,401	4,492,401	0	0	Surplus on Provision of Services	4,360,211	0	0	**4,360,211**
(4,474,938)	(4,474,938)	0	0	Financing of Expenditure, Capital Adjustment Account	(3,936,742)	0	0	**(3,936,742)**
0	0	0	0	Transfer from Capital Adjustment Account	0	0	1,350,000	**1,350,000**
24,409	24,409	0	0	Financing of Expenditure, Accumulated Absences Account	0	0	0	**0**
0	(41,872)	41,872		Transfer from General Fund to Earmarked Reserves	(423,469)	423,469	0	**0**
253,952	**212,080**	**41,872**	**0**	**Balance as at 31 March**	**212,080**	**465,341**	**1,350,000**	**2,027,421**

19. Earmarked Reserves

Total Earmarked Reserves 2020/21 £	2020/21 £	Earmarked Reserves	2021/22 £	Total Earmarked Reserves 2021/22 £
	0	**Balance as at 1 April**	**41,872**	
		Movements during year:		
41,872	41,872	Accumulated Investment Interest Reserve	166,247	**208,119**
0	0	CJC Preparation Costs Reserve	227,222	**227,222**
0	0	Gateway Review Costs Reserve	30,000	**30,000**
41,872	**41,872**	**Sub Total: Earmarked Reserves**	**423,469**	**465,341**
0	0	Capital Loan Repayment Received, transferred from Capital Adjustment Account	1,350,000	1,350,000
0	**0**	**Sub Total: Usable Capital Receipts Reserve**	**1,350,000**	**1,350,000**
41,872	**41,872**	**Balance as at 31 March**	**1,815,341**	**1,815,341**

20. Notes to the Cash Flow Statement

2021/22 £	Operating Activities	2021/22 £
2,496,166	Increase / (Decrease) in Creditors	26,763
(4,709,170)	(Increase) / Decrease in Debtors	3,598,667
0	Capital Charges	412,773
(2,000,000)	Capital grants / contributions recognised in I&E	(4,370,706)
(2,183,693)	Revenue grants / contributions recognised in I&E	(4,562,130)
(6,396,697)	**Adjustments to net surplus or deficit on the provision of services for non-cash movements**	**(4,894,633)**

2021/22 £	Investing Activities	2021/22 £
2,000,000	Long Term Investments	0
2,474,938	Purchase of Property, Plant and Equipment	1,700,706
2,096,872	Long Term Debtors	3,128,753
6,571,810	**Adjustments to net surplus or deficit on the provision of services for investing activities**	**4,829,459**

2021/22 £	Financing Activities	2021/22 £
(10,000,000)	HMT Grant received	(22,000,000)
(250,000)	SBRI Grant	(200,000)
0	ULEV Grant	(410,846)
0	CJC Grant	(250,001)
(2,000,000)	Capital contribution received	0
(12,250,000)	**Adjustments to net surplus or deficit on the provision of services for financing activities**	**(22,860,847)**

21. Capital Adjustment Account

The Capital Adjustment Account reflects differences between normal accounting practice and statutory requirements. This includes treatment of depreciation, gains or losses on the value of investments, and it is credited with the amounts used as finance for capital expenditure.

2020/21 £	Capital Adjustment Account	2021/22 £
36,518,359	**Balance as at 01 April**	**40,993,297**
	Capital financing applied in the year:	
4,474,938	Capital Grants and Contributions recognised in Comprehensive Income & Expenditure Statement	4,370,706
0	Capital Loan Repayment Received, transferred to Usable Capital Receipts Reserve	(1,350,000)
0	Depreciation Charge	(412,773)
40,993,297	**Balance as at 31 March**	**43,601,230**

Group Accounts

Introduction

The group accounts that follow comply with the requirement of the 2021/22 Code of Practice, that a local authority with interests in subsidiaries, associates and joint ventures should prepare group accounts in addition to its single entity accounts. These accounts consolidate the operating results and balances of Cardiff Capital Region City Deal Joint Committee and its subsidiary, Compound Semi-Conductor Foundry Ltd (CSC Foundry Ltd).

A second Special Purpose Vehicle, CCR Energy Limited, was incorporated 3 March 2022 and will be used to administer the purchase, remediation, and development of Aberthaw Power Station, which is in the process of being purchased, subject to the transfer of certain environmental permits. This company is currently dormant, with no financial transactions but is expected to be in operation during 2022/23 and will be treated as a subsidiary of Cardiff Capital Region City Deal Joint Committee and consolidated into these group accounts in the same way as the CSC Foundry Ltd. balances are.

Accounting Policies Applicable to the Group Accounts

Basis of Consolidation

The group accounts have been prepared on the basis of a full consolidation of the financial transactions and balances of the Cardiff Capital Region City Deal Joint Committee and CSC Foundry Ltd. Inter-group transactions and balances between the Joint Committee and its subsidiary have been eliminated in full.

Accounting policies

CSC Foundry Ltd is a private company, limited by shares, domiciled in England and Wales, registration number 10888081. The registered office is Tredomen Innovation & Technology Centre, Tredomen Park, Ystrad Mynach, Hengoed, Wales CF82 7FN. Its accounts have been prepared in accordance with the provisions of FRS102 Section 1A small entities.

The Group Accounts are prepared in accordance with the Code, using uniform accounting policies for like transactions and other events in similar circumstances. The policies to be applied are those specified for the single entity financial statements of the reporting authority, requiring realignment of the policies applied by other group members where they have materially different effect.

Therefore, the financial statements in the group accounts are prepared in accordance with the policies set out in the Statement of Accounting Policies.

2021/22 Group Comprehensive Income & Expenditure Statement

2020/21 £		Notes	2021/22 £
	Cost of Services		
1,198,815	Staff Costs		1,765,951
15,434	Premises	23	15,965
3,663	Transport	24	889
2,206,806	Supplies & Services	25	3,087,803
1,086,000	Revenue Expenditure funded from Capital Under Statute		400,000
207,427	Support Services	26	366,164
0	Capital Charges		412,773
4,718,145	**Operating Expenditure**		**6,049,545**
(2,190,817)	Contributions from Local Authorities	28/29	(1,160,058)
(2,183,693)	Grant Income	28	(4,562,130)
(2,911,253)	Fees and Charges	28	(2,830,523)
(7,285,763)	**Operating Income**		**(8,552,711)**
(2,567,618)	**Net Cost of Services**		**(2,503,166)**
(156,682)	Interest & Investment Income	34	(167,764)
7,550,589	Change in Fair Value of Investment Properties	35	111,699
7,393,907	**Financing & Investment Income & Expenditure**		**(56,065)**
(4,474,938)	Recognised Capital Grants & Contributions	39	(4,370,706)
(920,313)	Corporation Tax	27	488,248
(5,395,251)	**Taxation and Non-Specific Grant Income**		**(3,882,458)**
(568,962)	**(Surplus) / Deficit on Provision of Services**		**(6,441,689)**
0	Other Comprehensive Income & Expenditure		0
(568,962)	**Total Comprehensive Income & Expenditure**		**(6,441,689)**

2021/22 Group Movement in Reserves Statement

Movements in Reserves	General Fund Balance £	General Fund Earmarked Reserves £	Usable Capital Receipts Reserve £	Total Usable Reserves £	Capital Adjustment Account £	Accumulated Absence Account £	Share Capital £	Total Unusable Reserves £	Total Reserves £
Balance at 31st March 2021 Carried Forward	**9,890,767**	**41,872**	**0**	**9,932,639**	**34,054,226**	**(24,409)**	**10**	**34,029,827**	**43,962,467**
Movements in Reserves During 2021/22									
Surplus / (Deficit) on the Income and Expenditure Account	6,441,689	0	0	6,441,689	0	0	0	**0**	**6,441,689**
Total Comprehensive Income and Expenditure	**6,441,689**	**0**	**0**	**6,441,689**	**0**	**0**	**0**	**0**	**6,441,689**
Adjustments between Accounting Basis and Funding Basis	(3,825,044)	0	0	(3,825,044)	3,846,234	(21,190)	0	**3,825,044**	**0**
Called up Share Capital	0	0	0	0	0	0	0	**0**	**0**
Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves	**2,616,645**	**0**	**0**	**2,616,645**	**3,846,234**	**(21,190)**	**0**	**3,825,044**	**6,441,689**
Transfers to/(from) Reserves	**(423,469)**	**423,469**	**1,350,000**	**1,350,000**	**(1,350,000)**	**0**	**0**	**(1,350,000)**	**0**
Increase/(Decrease in Year)	**2,193,176**	**423,469**	**1,350,000**	**3,966,645**	**2,496,234**	**(21,190)**	**0**	**2,475,044**	**6,441,689**
Balance at 31st March 2022	**12,083,943**	**465,341**	**1,350,000**	**13,899,285**	**36,550,460**	**(45,599)**	**10**	**36,504,871**	**50,404,156**

Movements in Reserves	General Fund Balance £	General Fund Earmarked Reserves £	Usable Capital Receipts Reserves £	Total Usable Reserves £	Unusable Reserves £	Accumulated Absence Account £	Share Capital £	Total Unusable Reserves £	Total Reserves £
Balance at 31 March 2020 Carried Forward	**6,263,618**	**0**	**0**	**6,263,618**	**37,129,877**	**0**	**10**	**37,129,887**	**43,393,505**
Movements in Reserves During 2020/21									
Surplus / (Deficit) on the Income and Expenditure Account	568,961	**0**	**0**	568,961	0	0	0	**0**	**568,961**
Total Comprehensive Income and Expenditure	**568,961**	**0**	**0**	**568,961**	**0**	**0**	**0**	**0**	**568,961**
Adjustments between Accounting Basis and Funding Basis	3,100,060	**0**	**0**	3,100,060	(3,075,651)	(24,409)	0	**(3,100,060)**	**0**
Called up Share Capital	0	**0**	**0**	0	0	0	0	**0**	**0**
Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves	**3,669,021**	**0**	**0**	**3,669,021**	**(3,075,651)**	**(24,409)**	**0**	**(3,100,060)**	**568,962**
Transfers to/(from) Reserves	**(41,872)**	**41,872**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Increase/(Decrease in Year)	**3,627,149**	**41,872**	**0**	**3,669,021**	**(3,075,651)**	**(24,409)**	**0**	**(3,100,060)**	**568,962**
Balance at 31 March 2021	**9,890,767**	**41,872**	**0**	**9,932,639**	**34,054,226**	**(24,409)**	**10**	**34,029,827**	**43,962,467**

Group Balance Sheet as at 31 March 2022

31st March 2021 £		Notes	31st March 2022 £
29,000,000	Investment Properties		28,950,000
2,474,938	Property, Plant & Equipment - Assets Under Construction		1,286,236
0	Property, Plant & Equipment		2,476,635
2,000,000	Long Term Investments		2,000,000
12,985,451	Long Term Debtors	31	16,278,567
46,460,389	**Long Term Assets**		**50,991,438**
6,642,064	Short Term Debtors	31	6,966,556
1,318,423	Deferred Tax Asset	27	1,339,646
51,356,967	Cash & Cash Equivalents	33	68,734,461
59,317,454	**Current Assets**		**77,040,663**
(15,149,071)	Short Term Creditors	36	(49,830,862)
(24,409)	Accumulated Absences	32	(45,599)
(15,173,480)	**Current Liabilities**		**(49,876,461)**
(44,680,788)	Long Term Creditors	36	(25,280,904)
(1,961,109)	Provision for Liabilities	27	(2,470,580)
(46,641,897)	**Long Term Liabilities**		**(27,751,484)**
43,962,466	**Net Assets**		**50,404,156**
253,952	Usable Reserves	37	2,027,421
10	Called up Share Capital		10
9,678,677	Profit and Loss Account	37	11,871,864
34,054,236	Capital Adjustment Account	39	36,550,460
(24,409)	Accumulated Absences	32	(45,599)
43,962,466	**Total Reserves**		**50,404,156**

2021/22 Group Cash Flow Statement

31 March 2021 £		Notes	31 March 2022 £
(568,961)	Net (Surplus) / Deficit on the provision of services		(6,441,689)
2,428,194	Adjust net surplus or deficit on the provision of services for non-cash movements	38	7,033,884
1,859,233	**Net cash flows from operating activities**		**592,195**
6,633,510	Investing activities	38	4,891,159
(12,250,000)	Financing activities	38	(22,860,847)
(3,757,257)	**Net (increase) / decrease in cash and cash equivalents**		**(17,377,494)**
(47,599,710)	Cash and cash equivalents at the beginning of the reporting period		(51,356,967)
(51,356,967)	**Cash balance as at 31 March**		**(68,734,460)**

22. Remuneration

The CSC Foundry subsidiary accounts do not include any direct remuneration to any officers. Note 1 covers remuneration costs for Cardiff Capital Region City Deal employees.

23. Premises Costs

The following table analyses Premises expenditure for the year.

2020/21 £	Premises Costs	Joint Committee £	CSC Foundry Ltd £	2021/22 £
15,120	Rents	15,000	0	15,000
314	Other Premises Related Expenditure	965	0	965
15,434	**Total**	**15,965**	**0**	**15,965**

24. Transport Costs

The following table analyses Transport expenditure for the year.

2020/21 £	Transport Costs	Joint Committee £	CSC Foundry Ltd £	2021/22 £
2,440	Car Allowances	(84)	0	(84)
1,223	Travel Expenses	973	0	973
3,663	**Total**	**889**	**0**	**889**

25. Supplies and Services

The following table analyses Supplies and Services expenditure for the year.

2020/21 £	Supplies and Services	Joint Committee £	CSC Foundry Ltd £	2021/22 £
36,466	ICT, Telephones, Printing & Software	25,992	0	25,992
22,607	Meeting Room Hire & Other Meeting Costs	29,409	0	29,409
136,686	Marketing, Branding & Communications	104,732	0	104,732
1,659,505	Programme Development & Support*	1,847,917	0	1,847,917
150,000	Revenue Project Grants**	341,208	0	341,208
201,543	Other Supplies & Services Costs	715,841	22,705	738,546
2,206,807	**Total**	**3,065,098**	**22,705**	**3,087,803**

* Programme Development & Support covers a range of professional advice and support needed to ensure that all projects taken forward are robust and have undergone the necessary level of challenge and independent verification to comply with requirements of the Assurance Framework. This includes legal consultancy, due diligence, market testing and costs incurred in the preparation of HM Treasury compliant Business Cases.

** Revenue Project Grants	2021/22 £
FinTech Wales	150,000
Cyber Masters - Cardiff University	178,500
Media.Cymru	12,708
Total	**341,208**

26. Support Service Costs

The following table analyses Support Service expenditure for the year.

2020/21 £	Support Service Costs	Joint Committee £	CSC Foundry Ltd £	2021/22 £
8,570	HR People Services	18,456	0	18,456
83,267	Accountancy Support	130,212	15,000	145,212
4,857	Exchequer, Internal Audit & Insurance	4,857	0	4,857
60,540	Legal & Governance Support	121,060	0	121,060
13,534	ICT, Information & Governance	20,231	0	20,231
0	Translation Services	8,270	0	8,270
34,382	External Audit (Inc. Technical Advice)	44,073	3,800	47,873
2,277	Other Support	205	0	205
207,427	**Total**	**347,364**	**18,800**	**366,164**

27. Deferred Corporation Tax

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

The following table analyses reconciles the £488,288 tax charge recognised in 2021/22 financial year to the movement on the tax liability and deferred tax asset.

Movement 2021/22	Provision for Tax Liability £	Deferred Tax Asset £	Movement
Opening Balance 1 April 2021	(1,961,109)	1,318,423	
Movement:			
Additional Tax Provision	(509,470)	0	(509,470)
Deferred Tax	0	21,223	21,223
Closing Balance 31 March 2022	**(2,470,579)**	**1,339,646**	**(488,247)**

Prior Year for Comparison	Provision for Tax Liability £	Deferred Tax Asset £	Movement
Opening Balance 1 April 2020	(1,562,998)	0	
Movement:			
Additional Tax Provision	(398,111)	0	(398,111)
Deferred Tax	0	1,318,423	1,318,423
Closing Balance 31 March 2021	**(1,961,109)**	**1,318,423**	**920,312**

28. Income

The following table analyses Income accounted for during the year.

2020/21 £	Income	Joint Committee £	CSC Foundry Ltd £	2021/22 £
(2,190,817)	Contributions from Local Authorities	(1,160,058)	0	(1,160,058)
(2,183,693)	Fees and Charges	(94,556)	(2,735,967)	(2,830,523)
(2,911,253)	Grant Income	(4,562,130)		(4,562,130)
(7,285,763)	**Total**	**(5,816,744)**	**(2,735,967)**	**(8,552,711)**

CSC Foundry Ltd. Fees and Charges income relates to the rental payments on its Investment Property.

29. Related Parties

Joint Committee Related Party transactions are set out in note 10 above.

During the financial year, CSC Foundry Ltd had 10 directors, each of whom represented a Local Authority which forms part of the Cardiff Capital Region City Deal. CSC Foundry Ltd has received an interest free loan of £35,768,359 (2021 £37,118,359) by way of partner authority contributions related to the Cardiff Capital Region City Deal. The Company also uses the services of a Project Manager from the City Deal Management Office and uses Monmouthshire County Council to assist in its financial administration under a Service Level Agreement.

Payments for services to Cardiff County Council during the period amounted to £14,552 (2021 £38,168). Payments to Monmouthshire County Council during the period amounted to £15,000 (2021 £15,000).

30. External Audit Costs

2020/21 £	External Audit Costs	Joint Committee £	CSC Foundry Ltd £	2021/22 £
24,500	Joint Committee Financial Audit	29,043	0	29,043
20,748	Joint Committee Performance Audit	21,515	0	21,515
3,500	Audit of Accounts	0	3,800	3,800
48,748	**Total**	**50,558**	**3,800**	**54,358**

Note 30 records the Audit Fee proposed for the year's audit as per the Audit Plans presented to Regional Cabinet and differ from those shown in the Comprehensive Income and Expenditure Statement and Note 25 above which show in year actual costs, made up of accruals for planned costs along with differences between planned and actual costs. Final costs for the 2021/22 audit will be charged following the completion of audit work.

31. Debtors

Joint Committee £	CSC Foundry Ltd £	Total 31st March 2021 £	Debtors	Joint Committee £	CSC Foundry Ltd £	Total 31st March 2022 £
			Short Term:			
0	0	0	Central Government Bodies	249,509	0	249,509
4,800,243	0	4,800,243	Other Local Authorities	1,548,465	0	1,548,465
1,876,964	(35,143)	1,841,821	Other Entities and Individuals	5,159,104	9,478	5,168,582
6,677,207	**(35,143)**	**6,642,064**	**Short Term Debtors**	**6,957,078**	**9,478**	**6,966,556**
			Long Term:			
77,015	12,908,436	12,985,451	Other Entities and Individuals	4,224,375	12,054,192	16,278,567
77,015	**12,908,436**	**12,985,451**	**Long Term Debtors**	**4,224,375**	**12,054,192**	**16,278,567**
6,754,222	**12,873,293**	**19,627,515**	**Total Debtors**	**11,181,453**	**12,063,670**	**23,245,123**

32. Accumulated Absences Account

The CSC Foundry subsidiary accounts do not include any direct remuneration to any officers. Note 16 covers the Accumulated Absences Account for Cardiff Capital Region City Deal employees.

33. Cash and Cash Equivalents

The Joint Committee does not hold its own bank account, so all income and expenditure is managed by Cardiff Council in its role as the Accountable Body, through its own bank balance. Therefore, the amount of £65,300,564 shown as cash in the balance sheet represents the inter-authority cash held by the Accountable Body on behalf of the Joint Committee along with balances held by CSC Foundry Ltd.

31 March 2021 £	Cash and Cash Equivalents	Joint Committee £	CSC Foundry Ltd £	Total 31 March 2022 £
3,553,370	Bank	0	3,433,897	3,433,897
47,803,597	Cardiff CC Inter-Co Cash	65,300,564	0	65,300,564
51,356,967	**Total**	**65,300,564**	**3,433,897**	**68,734,461**

34. Financial Instruments

In addition to the Financial Assets of the Joint Committee, CSC Foundry Ltd holds Cash and Cash Equivalents amounting to £3,433,897 (2020-21: £3,553,370).

The loan between the Joint Committee and CSC Foundry Ltd is neutralised on consolidation and ceases to be a Financial Instrument in the Group Accounts.

Financial Instrument Gains/Losses

Net interest of £30,366 (2020/21: £144,810) has been earned on balances held, in line with each organisation's policies.

The Nature and Extent of Risks arising from Financial Instruments:

Cash and Cash Equivalents are managed by Cardiff Council, by CSC Foundry Ltd and by Monmouthshire County Council as host Authority for the CSC Foundry Ltd project in accordance with each organisation's Treasury Management Strategy. No provisions or losses are to be recognised.

35. Investment Property

The Investment property held at the balance sheet date is valued on the basis of Fair Value, defined as: Investment property: valued to fair value (FRS 102 section 16 or IFRS 13) assuming that the property would be sold subject to any existing leases.

The property was valued at fair value at the balance sheet date, by the independent external valuers, Jones Lang LaSalle Ltd. The valuation was subject to the existing tenancy at the balance sheet date.

The CIPFA Code requires revaluation gains and losses to be transferred from the General Fund to the capital adjustment account and reported in the MiRS.

36. Creditors

Joint Committee £	CSC Foundry Ltd £	Total 31st March 2021 £	Creditors	Joint Committee £	CSC Foundry Ltd £	Total 31st March 2022 £
			Short Term:			
10,131,601	0	10,131,601	Central Government Bodies	43,549,870	0	43,549,870
94,303	0	94,303	Other Local Authorities	34,961	0	34,961
3,061,303	1,861,864	4,923,167	Other Entities and Individuals	2,592,659	3,653,372	6,246,031
13,287,207	**1,861,864**	**15,149,071**	**Short Term Creditors**	**46,177,490**	**3,653,372**	**49,830,862**
			Long Term:			
41,836,518	0	41,836,518	Central Government Bodies	22,578,935	0	22,578,935

0	2,844,270	2,844,270	Other Entities and Individuals	0	2,701,969	2,701,969
41,836,518	**2,844,270**	**44,680,788**	**Long Term Creditors**	**22,578,935**	**2,701,969**	**25,280,904**
55,123,725	**4,706,134**	**59,829,859**	**Total Creditors**	**68,756,425**	**6,355,341**	**75,111,766**

37. Usable Reserves

General Fund 2020/21 £	Earmarked Reserves 2020/21 £	CSC Foundry Ltd P&L 2020/21 £	Usable Capital Receipts Reserve 2020/21 £	Total Usable Reserves 2020/21 £	Usable Reserves	General Fund 2021/22 £	Earmarked Reserves 2021/22 £	Usable Capital Receipts Reserve 2021/22 £	CSC Foundry Ltd P&L 2021/22 £	Total Usable Reserves 2021/22 £
212,080	**0**	**6,051,538**	**0**	**6,263,618**	**Balance as at 1 April**	**212,080**	**41,872**	**0**	**9,678,687**	**9,932,639**
					Movements during year:					
4,492,401	0	(3,923,440)	0	**568,961**	Surplus / (Deficit) on Provision of Services	4,360,211	0	0	2,081,478	**6,441,689**
(4,474,938)	0	7,550,589	0	**3,075,651**	Financing of Expenditure, Capital Adjustment Account	(3,936,742)	0	0	111,699	**(3,825,043)**
0	0	0	0	**0**	Transfer from Capital Adjustment Account	0	0	1,350,000	0	**1,350,000**
24,409	0	0	0	**24,409**	Financing of Expenditure, Accumulated Absences Account	0	0	0	0	**0**
(41,872)	41,872	0	0	**0**	Transfer from General Fund to Earmarked Reserves	(423,469)	423,469	0	0	**0**
212,080	**41,872**	**9,678,687**	**0**	**9,932,639**	**Balance as at 31 March**	**212,080**	**465,341**	**1,350,000**	**11,871,864**	**13,899,285**

38. Notes to the Cash Flow Statement

2020/21 £		2021/22 £
3,000,358	Increase / (Decrease) in Creditors	(812,348)
(8,795,448)	(Increase) / Decrease in Debtors	2,186,828
0	Depreciation	412,773
7,550,589	Change in Fair Value of Investment Properties	111,699
(2,000,000)	Capital grants / contributions recognised in I&E	(4,370,706)
(2,183,693)	Revenue grants / contributions recognised in I&E	(4,562,130)
(2,428,194)	**Adjustments to net surplus or deficit on the provision of services for non-cash movements**	**(7,033,884)**

2020/21 £	Investing Activities	2021/22 £
2,000,000	Long Term Investments	0
2,536,638	Purchase of Property, Plant and Equipment	1,762,406
2,096,872	Long Term Debtors	3,128,753
6,633,510	**Adjustments to net surplus or deficit on the provision of services for investing activities**	**4,891,159**

2020/21 £		2021/22 £
(10,000,000)	HMT Grant received	(22,000,000)
(250,000)	SBRI Grant received	(200,000)
0	ULEV Grant received	(410,846)
0	CJC Grant received	(250,001)
(2,000,000)	Capital contribution received	0
(12,250,000)	**Adjustments to net surplus or deficit on the provision of services for financing activities**	**(22,860,847)**

39. Capital Adjustment Account

The Capital Adjustment Account reflects differences between normal accounting practice and statutory requirements. This includes treatment of depreciation, gains or losses on the value of investments, and it is credited with the amounts used as finance for capital expenditure.

2020/21 £	Capital Adjustment Account	2021/22 £
37,129,877	**Balance as at 01 April**	**34,054,227**
	Capital financing applied in the year:	
4,474,938	Grants and contributions	4,370,705
(7,550,588)	Revaluation of Investment Property	(111,699)
	Return on Investment	(1,350,000)
0	Depreciation Adjustment	(412,773)
34,054,227	**Balance as at 31 march**	**36,550,460**

Glossary of Relevant Local Government Accountancy Terms

Knowledge of basic accountancy terminology is assumed. However, there are certain specialist terms related to local government finance, which are described below:

Accruals Basis

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

Asset Under Construction

An asset that is not yet complete.

Borrowing

Loans taken out to pay for capital expenditure or for the prudent management of the Joint Committee's financial affairs.

Capital Adjustment Account

The Account accumulates (on the debit side) the write-down of the historical cost of non-current assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (revenue expenditure funded by capital under statute). The balance on the account thus represents timing differences between the amount of the historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

Capital Expenditure

Capital expenditure pays for improvements to existing and new assets used in the delivery of services as well as other items determined by Regulation. Capital resources are scarce, costly and also have long term revenue implications over many years and even generations where capital expenditure is funded by borrowing. Hence the requirement of the Prudential Code to ensure what is charged as Capital Expenditure is Prudent, Sustainable and Affordable.

The statutory definition of capital expenditure is given in the Local Government Act 2003, the Local Authorities (Capital Finance) Regulations 2003 and 2004 amended. Statute relies on the accounting measurement of cost in IAS 16 to determine whether expenditure is eligible to be capitalised or whether it should be treated as revenue expenditure. Key to what is eligible as capital spend are the following words in IAS 16 - 'Costs directly attributable to bringing the specific asset into working condition for its intended use'.

Carrying Amount

The Balance Sheet value recorded of either an asset or a liability.

Cash and Cash Equivalents
Sums of money available for immediate use and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Chartered Institute of Public Finance & Accountancy (CIPFA)
CIPFA is the leading professional accountancy body which determines accounting standards and reporting standards to be followed by Local Government.

Creditors
Amounts owed by the Joint Committee for work done, goods received or services rendered, for which payment has not been made at the date of the balance sheet.

Current Value
The current value of an asset reflects the economic environment prevailing for the service or function the asset is supporting at the reporting date.

Debtors
These are sums of money due to the Joint Committee that have not been received at the date of the Balance Sheet.

Earmarked Reserves
Amounts set aside to be used to meet specific, known or predicted future expenditure.

External Audit
The independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Joint Committee has made proper arrangements to secure value for money in its use of resources.

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

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

Impairment
A reduction in the value of assets below its value brought forward in the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in an asset's market value or recoverability and evidence of obsolescence or physical damage to the asset.

Investments
The purchase of financial assets in order to hold temporary cash balance, receive income and/or make capital gain at a future time, however with the prime concern being security of the initial sum invested.

Liabilities
These are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

Prior Period Adjustments
These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

Property, Plant and Equipment (PPE)
Tangible assets (i.e., assets that have physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one year.

Provisions
Amounts set aside in respect of liabilities or losses which are likely or certain to be incurred, but in relation to which the exact amount and date of settlement may be uncertain.

Related Parties
Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, all senior officers from Director and above. For individuals identified as related parties, the following are also presumed to be related parties:

- members of the close family, or the same household; and
- partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

Reserves
Reserves are also amounts set aside for future use. Reserves may be for a specific purpose in which case they are referred to as 'earmarked reserves' or they may be general reserves (or balances) which every organisation must maintain as a matter of prudence.

Revenue Expenditure funded from Capital Under Statute (REFCUS)
Represents expenditure that may properly be capitalised under statutory provisions, but which creates no tangible asset for the Joint Committee.

Treasury Management
The process by which the Joint Committee controls its cash flow and lending activities.

Archwilio Cymru
Audit Wales

Audit of Accounts Report – Cardiff Capital Region City Deal Joint Committee

Audit year: 2021-22

Date issued: March 2023

Document reference: 3465A2023

Purpose of this document

This document is a draft supplied in confidence solely for the purpose of verifying the accuracy and completeness of the information contained in it and to obtain views on the conclusions reached.

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

Contents

We intend to issue an unqualified audit report on your Accounts. There are some issues to report to you prior to their approval.

Audit of Accounts Report

Introduction 4

Timetable 4

Proposed audit opinion 5

Significant issues arising from the audit 5

Recommendations 7

Appendices

Appendix 1 – Final Letter of Representation 8

Appendix 2 – Proposed Audit Report 11

Appendix 3 – Summary of Corrections Made 16

Appendix 4 – Recommendations 20

Audit of Accounts Report

Introduction

1 We summarise the main findings from our audit of your 2021-22 statement of accounts in this report.

2 We have already discussed these issues with the Director City Deal and the Corporate Director of Resources and Head of Finance of the accountable body.

3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.

4 We set this level at £428,000 for the single entity accounts and £516,000 for the Group accounts for this year's audit.

5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these, as follows:

- Senior Officers Remuneration – £1,000
- Related Party Transactions – £10,000

6 We have now substantially completed this year's audit.

7 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and our objectivity has not been compromised in any way. However, in our Audit Plan dated June 2022, we brought to your attention one potential conflict of interest. This relates to the Financial Audit Manager whose wife previously worked with, and remains, a friend of the Leader of RCT's mother. In my opinion, as the work of the Financial Audit Manager does not require any direct contact with this Joint Cabinet member outside of Joint Cabinet meetings, I do not believe that this impacts on our objectivity and independence.

Timetable

8 Given the continuing slippage arising from the COVID-19 pandemic and national issues relating to the audit of infrastructure assets, the Welsh Government provided local government bodies with flexibility in terms of both the accounts preparation and the audit deadlines:

- the timescale for completing your signed draft accounts was revised by the Welsh Government from 31 May 2022 to 31 August 2022.
- we received the draft accounts on 15 June 2022.
- our deadline for completing our audit was changed from 31 July 2022 to 31 January 2023.
- as a result of a number of ongoing technical accounting matters and potential adjustments that were being discussed and competing demands on the finance and audit teams' time, the 31 January deadline was not met. We

expect your audit report to be signed by the Auditor General on 28 March 2023.

Proposed audit opinion

9 We intend to issue an unqualified audit opinion on this year's accounts once you have provided us with a Letter of Representation based on that set out in **Appendix 1**.

10 We issue a 'qualified' audit opinion where we have material concerns about some aspects of your accounts; otherwise, we issue an unqualified opinion.

11 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards along with confirmation of other specific information you have provided to us during our audit.

12 Our proposed audit report is set out in **Appendix 2**.

Significant issues arising from the audit

Uncorrected misstatements

13 There are no misstatements identified in the accounts, which remain uncorrected.

Corrected misstatements

14 There were initially misstatements in the accounts that have now been corrected by management. However, we believe that these should be drawn to your attention, and they are set out with explanations in **Appendix 3**.

Other significant issues arising from the audit

15 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. There were some issues arising in these areas this year as shown in **Exhibit 1.**

Exhibit 1 – significant issues arising from the audit

Issue	Explanation	Recommendation
Quality of draft financial statements presented for audit	Our initial review of the draft financial statements presented for audit highlighted potential concerns relating to the accuracy of a number of the key primary statements and supporting notes (eg the Movement in Reserves (MIRS) and supporting notes), Expenditure and Funding Analysis (EFA), Useable Reserves, Group Useable Reserves and Group Capital Adjustment Account). As a result of discussions with management and our audit of these areas, a significant number of amendments have been required to many aspects of the draft financial statements.	See **Appendix 4** Recommendation 1.

Issue	Explanation	Recommendation
Closer liaison between individual project managers and finance teams responsible for preparing the financial statements is required	As the number and nature of the projects that CCRCD undertakes grows, it is apparent that there will on occasions be a need for a closer working relationship between project managers and the finance team responsible for the preparation of the financial statements. This will ensure that the accounting treatment of transactions in the draft financial statements is appropriate. For example, significant in-year additions were shown in the Vehicle Plant and Equipment category of the Plant, Property and Equipment note. Our audit work identified that many of these 'additions' had not been brought into use by the year-end and had therefore been classified incorrectly in the draft financial statements as highlighted in **Appendix 3**.	See **Appendix 4** Recommendation 2.

Recommendations

17 The recommendations arising from our audit are set out in **Appendix 4**. Management has responded to them and we will follow up progress against them during next year's audit. Where any actions are outstanding, we will continue to monitor progress and report it to you in next year's report.

Appendix 1

Final Letter of Representation

[Audited body's letterhead]

Auditor General for Wales
Wales Audit Office
1 Capital Quarter,
Tyndall Street,
Cardiff
CF10 4BZ

27 March 2023

Representations regarding the 2021-22 financial statements

This letter is provided in connection with your audit of the financial statements of Cardiff Capital Region City Deal Joint Committee and its group for the year ended 31 March 2022 for the purpose of expressing an opinion on their truth and fairness [and their proper preparation].

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 in particular the financial statements give a true and fair view in accordance therewith;
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- full access to:

  - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
  - additional information that you have requested from us for the purpose of the audit; and
  - unrestricted access to staff from whom you determined it necessary to obtain audit evidence;
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- our knowledge of fraud or suspected fraud that we are aware of and that affects the Joint Committee and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements;
- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements; and
- the identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these items is set out below:

Representations by those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Joint Committee on 27 March 2023.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:	Signed by:
[Officer who signs on behalf of management]	[Officer or Member who signs on behalf of those charged with governance (director only for companies)]
Date: 27 March 2023	Date: 27 March 2023

Appendix 2

Proposed Audit Report

The independent auditor's report of the Auditor General for Wales to the members of Cardiff Capital Region City Deal Joint Committee

Opinion on financial statements

I have audited the financial statements of:

- Cardiff Capital Region City Deal Joint Committee; and
- Cardiff Capital Region City Deal Joint Committee Group

for the year ended 31 March 2022 under the Public Audit (Wales) Act 2004.

Cardiff Capital Region City Deal Joint Committee 's financial statements comprise the Expenditure and Funding Analysis, the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes, including a summary of significant accounting policies.

Cardiff Capital Region City Deal Joint Committee's Group financial statements comprise the Group Expenditure and Funding Analysis, the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet, the Group Cash Flow Statement and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.

In my opinion the financial statements:

- give a true and fair view of the financial position of Cardiff Capital Region City Deal Joint Committee and Cardiff Capital Region City Deal Joint Committee Group as at 31 March 2022 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Cardiff Capital Region City Deal Joint Committee and the group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial

Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Cardiff Capital Region City Deal Joint Committee and the group's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the narrative report for the financial year for which the financial statements are prepared is consistent with the financial statements and the narrative report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22; and

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of Cardiff Capital Region City Deal Joint Committee and the group and its environment obtained in the course of the audit, I have not identified material misstatements in the narrative report or the Annual Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept, or returns adequate for my audit have not been received;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for the preparation of the statement of accounts, including Cardiff Capital Region City Deal Joint Committee's Group financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the Cardiff Capital Region City Deal Joint Committee's and group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from

fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- enquiring of management, Cardiff Capital Region City Deal Joint Committee's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Cardiff Capital Region City Deal Joint Committee and group's policies and procedures concerned with:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in revenue recognition and posting of unusual journals.
- obtaining an understanding of Cardiff Capital Region City Deal Joint Committee and group's framework of authority as well as other legal and regulatory frameworks that Cardiff Capital Region City Deal Joint Committee and group operate in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Cardiff Capital Region City Deal Joint Committee .

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, those charged with governance and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of the Regional Cabinet; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Cardiff Capital Region City Deal Joint Committee and group's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities . This description forms part of my auditor's report.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Cardiff Capital Region City Deal Joint Committee and group in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton
Auditor General for Wales
March 2023

1 Capital Quarter
Tyndall Street
Cardiff CF10 4BZ

Appendix 3

Summary of Corrections Made

During our audit, we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Exhibit 2: summary of corrections made

Value of correction	Nature of correction	Reason for correction
£1,286,236	**Balance Sheet – Note 12 PPE** Additions to Vehicles, Plant & Equipment assets reclassified to Vehicles, Plant & Equipment Under Construction as at 31 March 2022	Many of the electric taxi charger points initially capitalised as in-year additions within Vehicles Plant & Equipment were determined as not being fully operational at 31 March 2022, and therefore have been reclassified as Assets Under Construction.
£810,000	**Balance Sheet – Note 12** The Other Land and Buildings Under Construction balance has been reclassified as a Payment in Advance within the short-term Debtors balance as at 31 March 2022.	The deposit paid in respect of the purchase of the Aberthaw Power Station was incorrectly accounted for as an Asset Under Construction initially.
£183,748	**CIES – 'Capital Charges'** recalculated using the revised and reduced Vehicles, Plant and Equipment balance as at **31-3-22**.	As a result of the correction above, the annual depreciation expense charged in the year was overstated as in line with CCRCD's accounting policy depreciation is not charged until assets are fully operational.

Value of correction	Nature of correction	Reason for correction
£233,494	**CIES** – Reclassification of costs from 'Transport', Note 3, to 'Supplies and Services', Note 4.	Costs associated with the ULEV electric taxi project had been incorrectly classified within the draft financial statements.
£55,921	CIES – 'Staff Costs' and Creditors overstated.	Staff costs and creditors were overstated as a result of a liability being included twice in the draft accounts. Corresponding increase in Grant Income received in advance results in no overall impact on the in-year surplus and reserves.
£39,157	CIES – 'Supplies and Services' and creditors balance were understated as at 31 March 2022.	A liability relating to the 2021-22 financial year had not been accrued for. Corresponding reduction to Grant Income received results in no overall impact on the in-year surplus and reserves.
£22,868	CIES – Grant Income and 'Supplies and Services' expenditure were both overstated.	Grant income drawn down to finance eligible expenditure was accounted for incorrectly.

Value of correction	Nature of correction	Reason for correction
£418,678	**Group Balance Sheet** – reclassification from Long Term to Short Term Creditors.	Amended disclosure to reflect the loan repayments due to be repaid within and after 12 months of the balance sheet date. Adjustment required following completion of audit of subsidiary, CSC Foundry Ltd.
£611,517	**Group Balance Sheet, Reserves** – decrease to CSC Profit and Loss Reserve as at 31 March 2022, Corresponding increase in Group Capital Adjustment Account balance as at 31 March 2022.	An accounting error was made when presenting the annual revaluation charge relating to the Group Investment Property. There were a number of significant presentational amendments to the Group MIRS, Group Usable Reserves and Group Capital Adjustment Account as a result of this accounting error.
Movement In Reserves, Note 9, Note 18 Useable Reserves	A number of amendments to General Fund, Capital Adjustment Account, Accumulated Absence Account and the Useable Capital Receipts Reserve disclosures and movements were required.	To ensure the correct accounting treatment and consistent disclosure in the various reserves and supporting notes to the financial statements.

Value of correction	Nature of correction	Reason for correction
Expenditure and Funding Analysis and Note 8	A number of amendments to the CIES disclosures and movements relating to the Capital Adjustment Account and Accumulated Absence Account were required.	To ensure the correct accounting treatment and consistent disclosure.

Appendix 4

Recommendations

We set out all the recommendations arising from our audit with management's response to them. We will follow up these next year and include any outstanding issues in next year's audit report:

Exhibit 3: matter arising 1

Matter arising 1 – quality of draft financial statements presented for audit	
Findings	Our initial review of the draft financial statements presented for audit, highlighted potential concerns relating to the accuracy of a number of the key primary statements and supporting notes (eg the Movement in Reserves (MIRS and supporting notes), Expenditure Funding Analysis (EFA), Useable Reserves, Group Useable Reserves and Group Capital Adjustment Account). As a result of subsequent discussions with management and our audit of these areas, a significant number of amendments have been required to many aspects of the draft financial statements which have been reflected through adjustments to subsequent versions of the draft accounts.
Priority	High
Recommendation	As the financial statements of CCRDC become more complex, we recommend that there is a greater level of technical accountancy support combined with a more robust quality assurance review to identify/remedy any potential issues or errors prior to the draft financial statements being presented for audit.
Benefits of implementing the recommendation	Improved quality of the draft financial statements presented for audit.

Matter arising 1 – quality of draft financial statements presented for audit	
Accepted in full by management	Yes
Management response	Agree that additional capacity and resources are required to facilitate increased technical support and a quality independent review or identification of potential errors prior to issuing draft accounts. This will necessitate drawing up an action plan for the AB and CDO which sets out clear lines of responsibility and accountability and timescales necessary to enable this. Suggest the action plan is supplemented by regular audit checkpoints in line with an agreed timetable for information and exchange.
Implementation date	April and May 2023

Exhibit 4: matter arising 2

Matter arising 2 – closer liaison between individual project managers and finance team responsible for preparing the financial statements is required	
Findings	Our audit of the in-year additions included within Note 12 Plant, Property & Equipment of the draft financial statements identified that many of the 'additions' had not been brought into use at the year-end and had therefore been incorrectly classified in the draft financial statements (see **Appendix 3**).
Priority	High

Matter arising 2 – closer liaison between individual project managers and finance team responsible for preparing the financial statements is required	
Recommendation	As the number and nature of the different projects that CCRCD undertakes expands, it is apparent that there is a need for a closer working relationship between project managers and the finance team responsible for the preparation of the financial statements. This should be considered as part of CCRCD's year-end closedown plan in advance of draft financial statements being prepared. This will ensure that the finance team are fully aware of the status of each project and allow them to ensure that projects/transactions resulting from projects are accounted for correctly in the draft financial statements.
Benefits of implementing the recommendation	More accurate disclosure of the nature of the transactions and projects within the draft financial statements.
Accepted in full by management	Yes
Management response	The accounts are ever more complex, and this necessitates closer working between project leads and finance staff across the AB and CDO to ensure accuracy of information and interpretation of the information supporting the draft accounts preparation. Improvements in this regard have been brought in during 2022-23 through the development and implementation of a detailed budget monitoring and management accounting process. This has and will continue to facilitate improvements in coding and classification of transactions. The proposed action plan as set out in the response to Recommendation 1 will need to consider how the plan will be resourced and what additional support will be required to ensure a quality independent review is undertaken.
Implementation date	April and May 2023

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We welcome correspondence and telephone calls in Welsh and English. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.

Prifddinas Ranbarth Caerdydd | Cardiff Capital Region

Appendix 1b

Final Letter of Representation

Auditor General for Wales
Wales Audit Office
1 Capital Quarter,
Tyndall Street,
Cardiff
CF10 4BZ

27 March 2023

Representations regarding the 2021-22 financial statements

This letter is provided in connection with your audit of the financial statements of Cardiff Capital Region City Deal Joint Committee and its group for the year ended 31 March 2022 for the purpose of expressing an opinion on their truth and fairness [and their proper preparation].

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 in particular the financial statements give a true and fair view in accordance therewith;
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- full access to:
  - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
  - additional information that you have requested from us for the purpose of the audit; and
  - unrestricted access to staff from whom you determined it necessary to obtain audit evidence;
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- our knowledge of fraud or suspected fraud that we are aware of and that affects the Joint Committee and involves:

  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements;
- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements; and
- the identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these items is set out below:

Representations by those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Joint Committee on 27 March 2023.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Kellie Beirne

Programme Director, on behalf of management

Date: 27 March 2023

Signed by:

Cllr Anthony Hunt

Chair, on behalf of those charged with governance

Date: 27 March 2023

Prifddinas Ranbarth Caerdydd | Cardiff Capital Region

Appendix 2

CCR City Deal Joint Committee Annual Governance Statement 2021/22

Scope of Responsibility

1. The Cardiff Capital Region City Deal (CCRCD) is a unique programme of collaborative working to enable economic change, improved digital connectivity, improved skills and education opportunities, and regeneration across the region. The City Deal totals £1.229 billion and consists of £734 million allocated to the South Wales Metro, which is the responsibility of the Welsh Government and therefore, sits outside the scope of this Annual Governance Statement.

2. The balance of funding relates to the Wider Investment Fund of £495 million, which is met, from a HM Treasury Grant of £375 million (provided over a 20-year period) and Local Government capital contributions amounting to £120 million.

3. The CCRCD is overseen by a Joint Committee, which was established on the 1st March 2017, and which comprises one elected member representative from each of the following councils: Blaenau Gwent, Bridgend, Caerphilly, Cardiff, Merthyr Tydfil, Monmouthshire, Newport, Rhondda Cynon Taff, Torfaen and Vale of Glamorgan. The Joint Committee is chaired by Cllr Anthony Hunt, Leader of Torfaen County Borough Council and 2021/22 represents the committee's fifth full year of operation.

4. The Joint Committee is responsible for ensuring that CCRCD business is conducted in accordance with the law and proper standards. It oversees the City Deal Wider Investment Fund of £495 million having regard to a combination of economy, efficiency, and effectiveness. In discharging its role, the Joint Committee of the CCR City Deal is responsible for putting in place proper arrangements for the governance of its affairs.

5. The following governance disclosure represents an assessment in accordance with the principles of the 'Delivering Good Governance in Local Government' framework, developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE). This disclosure meets the requirements of the Accounts and Audit (Wales) Regulations 2014, as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018.

The Purpose of the Governance Framework, Background and Developments

6. The governance of the CCRCD comprises the systems, processes, culture and values in place to deliver the intended outcomes as reviewed through application of the CIPFA / SOLACE Governance Framework.

7. Since 2020/21, the AGS has taken into consideration the introduction of the CIPFA Financial Management Code 2019 (FM Code), as applicable to Joint Committee structures.

Background

8. As set out above, 2021/22 represents CCRCD's fifth full year of operation and therefore, the governance arrangements are beginning to bed down and mature.

9. The City Deal Director has made the following statement to provide the appropriate context to the work completed as part of the 2021/22 AGS:

"The Cardiff Capital Region City Deal is a unique programme of collaborative working which seeks to enable targeted economic change, through real-time, real-world investment in infrastructure, innovation, skills and challenge-driven approaches to tackling industrial and societal issues. It is an investment in people and place and aims to bring fairness and opportunities for all, no matter where they live in the region.

Building upon the mantra of 'no place gets behind', CCR remains committed to delivery of an effective and responsive City Deal and one which seeks to balance economic gains and benefits with the ways in which we make societal impact. The Covid pandemic has shown us that 'economic growth' cannot just be about economic benefits, but the way in which we respond to and anticipate social challenges and issues. As such, continuing to build a networked and distributed leadership culture, in which other actors, groups and stakeholders are supported to make a contribution – remains a key feature of our governance ambitions and approach.

In 2021/22 CCR sought to evolve this thinking even further with plans to evolve current structures into the new Corporate Joint Committee which was activated on 31st January 2022. The CJC implementation will continue into 2022/23 and as a series of outstanding technical issues regarding financial status are addressed. Whilst this whole process of evolution and transition may take time and iterations – it continues to offer potential for a new operating model which places the principles of good governance at its heart. In this way, there is the opportunity for CCR to build its own capacity and capabilities; to develop its own balance sheet, constitution and partnership and collaboration arrangements.

CCR thus, has to remain adaptive to the continual changes we see around us and with the scarring effects on the economy now becoming more visible and the beginnings of a cost of living crisis, high inflation environment and possible economic downturn start to play out. This approach continues to require a high productivity environment which is dynamic and continues to evolve and respond to both macro and micro-level challenges. Our Enterprise Risk Policy, developed and approved in 2021/22, will play a key role in holding us to account in this regard.

In terms of delivery, 2021/22 has been a critical year in both consolidating progress and further building the development pipeline and programme. From approvals for Media Cymru, the Cyber Innovation Hub, operationalisation of the Strategic Premises Fund and significantly, exchanging contracts on the sale of the former Aberthaw Power Station – the opportunity set is growing. It was further pleasing that through the Comprehensive Spending Review 2021, the Chancellor of the Exchequer announced the forward funding of the CCR City Deal – bringing forward £120M to distil delivery of the deal into a 15 year overall-period.

To date, we have focussed on building momentum. The focus now turns to delivery. The principles of ROI, leveraging the resources of others and co-investing continues – and whilst this means CCR investment should be only used once and when others are also investing – we recognise the imperative to ensure approved programmes are

delivering optimally. To this end, in 2021/22, CCR has started to develop its framework for benefits realisation, and I look forward to seeing this rolled out in the coming year.

Our five-year strategic business plan continues to guide our objectives and goals. Working alongside our regional partnerships, and in particular the Regional Economic – we look forward to converting this to a revised Regional Economic and Industrial Growth Plan in 2022/23.

A key feature of 2020/21 in governance terms has also been the development of enhanced programme governance and monitoring – which continues into 2022/23. This will evolve into our revised Investment Strategy in 2022/23 and set the context for how we eventually, 'lift and shift' into the Corporate Joint Committee. The appointment of a dedicated lead for Governance and a new Head of Governance, Communications and Policy – help reinforce the importance attached to this ongoing.

As we look ahead, it is clear that 2021/22 has started to prepare CCR for what lies ahead in terms of post pandemic recovery and in the face of yet more turbulence around energy and food security, high inflation and further economic downturn. These risks present potential significant threats and demonstrate why responsive governance is key to ensuring our commitments to responsible investing, ESG and equality, inclusion, and diversity – are front and centre.

With an expectedly high turnover in representation on the Regional Cabinet with the elections in May 2022, there will be focus on the induction of new members. Ensuring that they are brought up to speed with robust governance and ownership of their respective portfolios. Providing them with the knowledge and confidence required to sign-off on investments early in their tenure, mitigating any potential slowdown to the programme.

CCR is about region-building. But more than in just an economic opportunity sense – it's about the kind of region we want to be and the kind of fair, green and equitable society we want to for our future generations. We remain committed to being a permeable entity – open to all ideas and thinking and continuing to build a networked and integrated approach. The more voices and diversity the better and I feel assured the model of highly adaptive engaged and collaborative leadership we are building – is an effective one capable of serving the needs and aspirations of those we are privileged to serve."

Key Developments in Respect of Assurance Matters during 2020/21

The Governance Framework

10. The Governance Framework comprises two core principles and five supporting principles. Principles A and B permeate implementation of principles C to G but good governance is dynamic, and the CCRCD Joint Committee is committed to improving governance on a continuing basis through a process of evaluation and review.

Core Principles

a) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
b) Ensuring openness and comprehensive stakeholder engagement.

Supporting Principles

c) Defining outcomes in terms of sustainable economic, social, and environmental benefits;
d) Determining the interventions necessary to optimise the achievement of the intended outcomes;
e) Developing the entity's capacity, including the capability of its leadership and the individuals within it;
f) Managing risks and performance through robust internal control and strong public financial management;
g) Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

2021-22 AGS Assessment Process

11. At its meeting of the 18th February 2019, the Joint Committee approved a report on the 'Establishment of the City Deal Office – Restructure and Resourcing Plan', and during 2019/20 the Director, recruited the Senior Leadership Team. Therefore, in-line with previous year the AGS assessment process for 2021/22 has been led by the City Deal Office Senior Leadership Team, with input and support from the Accountable Body and other key stakeholders.

12. Furthermore, the AGS assessment includes and recognises 'Other Cardiff Capital Region City Deal Governance Related Work', that has been undertaken during the year. Details are set out in section 5 below.

1. The following officers with key governance responsibilities reported the extent of assurance they could provide in their capacity against the 20 good practice assurance statements. The assessment was carried out in two stages, with the first stage linking specific statements to functional responsibilities (as detailed in brackets below).
   - Joint Committee Section 151 Officer (Statements 10, 15, 17, 18 & 19);
   - Joint Committee Monitoring Officer (Statements 11, 12 & 13)
   - Scrutiny team Rhondda Cynon Taf County Borough Council (Statement 16)
   - City Deal Director (all other Statements);
   - Head of Finance, Risk & Assurance (all other Statements);
   - Marketing & Communications Lead (Statements 4, 5, 6 & 9)

2. Each officer was provided with details of 2019/20 AGS and asked to provide an initial assessment of the extent of assurance that could be provided against their respective statements in 2020/21. The initial responses were collated and then as a second stage exercise, the full 20 statements were issued to officers for wider consideration.

3. The statements are outlined in CIPFA's 'Delivering Good Governance Framework', and the assessment recognises the Joint Committee's continued development and evolution, noting that controls in respect of some Statements are in a state of transition.

4. The responses aimed to identify the level of assurance that could be provided, using a broader RAG system, which has been expanded to allow five categories of ratings to be applied, as opposed to the standard three. For the purpose of the assessment, the ratings are defined as follows:

   - **GREEN** - Indicates a STRONG level of assurance;

   - **GREEN/AMBER** – Indicates STRONG/MODERATE level of assurance, but indicates the need to consider whether further controls could be put in place to strengthen the level of assurance;

   - **AMBER** – Indicates a MODERATE level of assurance, which is considered to be satisfactory, but recognises that further controls need to be put into place to strengthen the level of assurance and identifies the required action/s that need be taken;

   - **AMBER/RED** - Indicates MODERATE/LIMITED level of assurance and could become a 'significant governance issue', unless it is addressed as a matter of priority through an agreed action/s.

   - **RED** - Indicates a LIMITED level of assurance i.e. 'significant governance issue identified', which needs to be formally recognised and addressed through an agreed action as a matter of priority.

5. In order to gauge wider stakeholder views, the draft statements, proposed responses and ratings, were issued to select members of Regional Cabinet (Chair and Vice-chairs), Investment Panel, Regional Economic Growth Partnership and Programme Board. This process sought to assess the level of wider validation that could be attributed to the process and the draft findings.

6. The individual officer and wider stakeholder comments were brought together to produce the final consolidated assessment. Where further actions have been identified, these have been captured as part of the formal Action Plan as set out in the conclusions section below.

7. To ensure ownership, the Action Plan identifies the following details in respect of each action:
   - Action owner;
   - Target date for completion;
   - Mechanisms and frequency to review progress.

8. Once approved, progress against the Action Plan will be monitored and reported against on a regular basis through 2022/23.

Other Cardiff Capital Region City Deal Governance Related Work

13. In addition to the specific governance assessment process outlined above, a number of other governance related reviews have been undertaken since the Joint Committee's inception. This work and its findings serve to supplement and strengthen the overall AGS assessment process.

Internal Audit

14. Cardiff Council's Internal Audit Service is responsible for providing internal audit services to the Cardiff Capital Region City Deal through a Service Level Agreement (SLA) with the Accountable Body.

15. To enable the Internal Audit Service to fulfil its role, a five-year rolling audit plan was prepared, initially covering the period from 2017/18 to 2021/22 and sets out the proposed work required each year, to secure the appropriate level of assurance.

16. Therefore, 2021/22 represents the fifth year of the internal audit plan. Audit activity during the year consisted of completing the audit in respect of 2020/21 (the Terms of Reference for which, were agreed in June 2021). The findings of that audit, together with the agreed recommendations were included in the 2020/21 AGS.

17. The Terms of Reference and Audit Objectives 2021/22 audit were agreed in May 2022, audit work is due to be completed during the summer period and an update will be provided in due course. The recommendations from the internal audit will be incorporated into a quarterly performance report during the year.

External Audit (Audit Wales)

18. Audit Wales is the umbrella name for the Auditor General for Wales and the Wales Audit Office. The Auditor General for Wales is responsible for the external audit of the CCRCD Joint Committee.

19. An Annual Audit Plan was prepared and agreed with the Joint Committee, with 2021/22 also representing the fifth year of external audit work. In addition to financial audit work, audit staff from Audit Wales regularly liaise with City Deal officers.

Report 1: 2021 Audit Plan – Cardiff Capital Region City Deal Joint Committee

Commenced: June 2021
Letter Issued: November 2021

The Joint Committee formally considered the findings of the review at its meeting of the 29th November 2021, with Audit Wales' Letter being attached to Item 4b to that Cabinet report and being fully published in the public domain.

https://www.cardiffcapitalregion.wales/wp-content/uploads/2021/11/item-4-soa-and-ags.pdf

The report concluded that there were no material uncertainties identified relating to events or conditions that, individually or collectively, may cast significant doubt on the Cardiff Capital Region City Deal Joint Committee. Within the report it was stated that there were no material misstatements within the Narrative Report or Annual Governance Statement and no matters were raised with regards to accounting records, accounting returns, financial statements, and that all information required and requested by Audit Wales was provided.

Assurance Summary

20. The AGS assessment exercise completed was comprehensive, carried out in accordance with CIPFA's Delivering Good Governance Framework and considered all 20 good practice assurance statements, accepting that some statements may not be directly relevant to a joint committee arrangement.

21. Building on the comments included in the 2021/22 AGS, the City Deal Director has provided the following statement in respect of the work completed during 2021/22:

"In the light of the governance context and frameworks created that underpin the AGS process, in 2021/22 work in the main focussed on using these strong foundations as a platform for transitioning the SEW Corporate Joint Committee. A Governance and Delivery Options report was created (with legal input from advisor, Pinsent Masons); alongside a full transition plan, sub-group of Regional Cabinet and a process for resolving technical matters. Whilst this was partially achieved, addressing remaining outstanding financial status and technical issues was not possible in 2021/22 and so this work will continue into 22/23."

Summary of Findings

22. As a result of undertaking the assessment process outlined above, it has been concluded that STRONG assurance can be provided against 15 statements, with a further 5 statements being rated as STRONG/MODERATE.

23. There were no 'significant governance issues identified' in respect of the 20 good practice assurance statements in 2021/22.

24. A summary of the ratings in respect of the 20 good practice assurance statements are summarised in Table 1 below, with details of each statement, systems of internal control, rating and further actions needed, fully set out within Appendix 2b.

Table 1 - Summary of 2021/22 Assurance Ratings

Rating	Total	Assurance Statement Ref.	Full Details
Strong	**15**	**Statements: 1, 3, 4, 5, 6, 7, 8, 9, 11, 12, 15, 17, 18, 19, 20**	**Appendix 2b**
Strong/Moderate	**5**	**Statements: 2, 10, 13, 14, 16**	**Appendix 2b**
Moderate	**0**		**N/A**
Moderate/Limited	**0**	**N/A**	**N/A**
Limited	**0**	**N/A**	**N/A**

Conclusions & Next Steps (Action Plan)

25. The assessment completed in respect of the 2021/22 Annual Governance Statement, shows that there was further improvement to the assurance rating for 4 statements (Statements 1, 2, 7, & 8), whilst the ratings for the remaining 16 statements stayed the same.

26. The assessment identified that STRONG assurance can be provided for 15 of the 20 good practice assurance statements. These areas will be subject to 'ongoing review' by officers to ensure that the high standards of assurance continue to apply as the City Deal evolves and matures. A rating of STRONG/MODERATE was concluded for 5 of the statements.

27. The assessment process has identified 10 discrete actions, which once implemented, will seek to further strengthen the levels of assurance that can be placed against the 20 good practice statements.

28. The actions referred to above have been captured as part of the AGS Action Plan, which is attached at Appendix 2c. These actions will be progressed during the financial year 2022/23 and updates provided to Cabinet as part of the regular quarterly performance reporting arrangements.

29. Finally, 'Other Governance Related Work' is in the process of being completed. Once reports have been finalised, issued and agreed, the Joint Committee will formally consider and respond to any findings and recommendations put forward.

Certification by the Chair of the Cardiff Capital Region Joint Committee and the City Deal Programme Director.

_____	_____
Cllr Anthony Hunt	**Date**
_____	_____
Kellie Beirne	**Date**

Register of Interests 2021/22: SUMMARY/ Cofrestr Diddordebau 2021/22: CRYNODEB

APPENDIX 2a/Atodiad 2a

	Committee/Sub-Committee/Board/Group	Membership / Aelodaeth grŵp	Completed / wedi cwblhau	% Completed / wedi cwblhau
1	Regional Cabinet	10	10	100%
2	Investment Panel	10	10	100%
3	Regional Economic Growth Partnership	15	15	100%
4	Regional Transport Authority	10	10	100%
5	Regional Business Council	12	12	100%
6	Programme Board (CEXs Group)	10	10	100%
7	City Deal Office	35	35	100%
8	CSC Foundry Ltd (Board)	10	9	90%
9	Challenge Fund Strategic & Advisory Board	16	16	100%
10	Strategic Sites & Premises Advisory Board	8	8	100%
11	SEW Corporate Joint Committee	12	12	100%
	Total	**148**	**147**	**99%**

Annual Governance Statement: 2021/22 Controls, Ratings & Actions

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions / Notes
1	**We have and effectively communicate codes of conduct to define standards of behaviour for members and staff, and we have policies for dealing with whistleblowing and conflicts of interest.** 2020/21 Rating GREEN/AMBER **2021/22 Rating** **GREEN**			*Each member is governed by their own Authority's Code of Conduct when conducting Joint Committee business. Advice is available to members by the Accountable Body monitoring officer or their deputy, as well as the Monitoring Officer for the member's own Authority in relation to its application and interpretation. There is a specific reference within the Joint Working Agreement (JWA) to Codes of Conduct and induction sessions are organised for the Joint Committee members (Regional Cabinet) on these matters, given their importance and separate training has been given in relation to conflicts of interest. Any alleged breaches of the code of conduct is dealt with by the member's Authority. That Authority may seek advice/information from the Accountable Body.* *Each officer is subject their own employing Authority's terms and conditions and employment policies and procedures. This is managed in the usual way by management structures to ensure supervision and accountability. Any issues of misconduct would be referred to the relevant employing Authority to deal with. Again, the monitoring officer or their deputy can advise in relation to any relevant issues surrounding conflicts of interest etc.* *A 'Code of Conduct Protocol' has been prepared and agreed by the 10 Monitoring Officers along with contact details of each authority's MO. This was agreed 3rd of March 2020 and briefing sessions were held with all key boards and partnerships in place at that time.* *JWA has been updated as set out above and a deed of variation has been approved by all 10 Local Authorities (approved Cabinet at its October 2019 meeting).* *Update 2021/22* *The revised policy continues to work in line with the deed of variation submitted to the JWA in October 2019. In relation to compliance rates for declarations of conflicts of interest. Overall – across different committees, structures and layers of governance, CCR has achieved a 100% return rate.*	Note 1: Ongoing annual undertaking of the Declarations of Interest update process.
2	**We ensure:**			*The CCRCD Joint Committee follows the Policies & Procedures of the Accountable Body, which are supplemented with advice from the Accountable Body as required, to ensure these can be applied to specific Joint Committee requirements e.g., Financial*	Note 2: Subject to the resolution of the outstanding technical matters, actions

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions / Notes
	• **Compliance with relevant laws and regulations;** • **Compliance with internal policies and procedures;** • **that expenditure is lawful.** <u>2020/21 Rating</u> AMBER **<u>2021/22 Rating</u>** **GREEN/AMBER**			*Procedures Rules, Contract Standing Orders etc. all of which are compliant with all relevant laws and regulations.* *A number of 'governance related protocols' have been developed and approved to ensure compliance with relevant laws and regulations, whilst due diligence work aims to ensure expenditure is lawful. Monitoring Officer and S151 Officer (or nominated deputies) are present at every Joint Committee meeting and are comfortable that existing controls minimise the risk of unlawful expenditure being incurred.* *The approval and implementation of the Investment & Intervention Framework (IIF) in 2019/20 has provided additional assurance against this Statement and therefore confidence that expenditure complies with relevant laws, regulations, internal policies & procedures and that expenditure is lawful. Further details of the IIF are set out in Statements 5, 6 & 7 below.* *In respect of the COVID-19 pandemic which escalated towards the end of the year, CCR acted swiftly and in-line with approved laws and regulations. The key change largely relates to the preparation of 'CCR Priorities for Responding to COVID-19 & Beyond' document, which will work alongside the existing Industrial & Economic Growth Plan and the Investment & Intervention Framework and was approved by Regional Cabinet at its meeting of the 18th May 2020.* *Regular budget monitoring meetings take place throughout the year and are formally reported to the Joint Committee at appropriate intervals. Legal and financial implications written by appropriately qualified staff are included in all reports for decision to the Joint Committee. This is supplemented with external advice on a project-by-project basis to ensure that decisions taken are in compliance with internal policies and procedures and expenditure is lawful e.g., specific advice taken on State Aid etc.* *A Work Programme was developed during 2019/20 to assist with the planning of the large number of meetings that are needed in order support effective decision making i.e., Committees, Sub-Committees, Advisory Boards and Officer Groups etc. This has provided the CDO and Cabinet with greater visibility on the volume of meetings (and*	will be taken as part of the transition into the CJC to account for continued compliance for all regulatory and legal matters. Action 1: Further strengthen governance arrangement with the addition of the Corporate Governance Manager Role.

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	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions / Notes
				complexity of the interfaces) that must be serviced in order to comply with current governance arrangements. *In order to strengthen the level of assurance around this key Good Practice Statement and to improve the quality of the decision-making process further, the CDO Senior Leadership Team have identified the need to recruit a Head of Governance, Communications & Policy to take responsibility for a key number of functions. In addition, general office support needs to be strengthened. The necessary HR processes to set-up and recruit to these posts are underway. A Task & Finish Group was set-up in May 2020 and a number of improvements were made in a relatively short space of time. These include: a monthly Agenda Forward Planner, Reporting Cycle Process Note and Checklist (pre & post decision), Issues & Action Log and Cabinet Report Library. The introduction of these tools will provide a platform from which the new roles identified above can build on, once appointed.* *It should be noted that legal and financial advice is available at all Joint Committee meetings and can be sought or given as required. Finally, all Cabinet reports are accompanied by a Wellbeing of Future Generations Assessment, to help apply the Act.* *<u>Update 2021/22</u>* *We continue to work in line with Joint Working Agreement, Assurance Framework and the relevant structures developed for the Investment and Intervention Framework. Coupled with the advice and guidance of statutory officers – s151 and Monitoring Officer, we remain satisfied that the required controls are in place.* *Our processes and the new way of working that were implemented as a result of the impact of the Covid pandemic have embedded into the operations.* *Internal audit continues through SLAs agreed with the Accountable with the remit expanded in 2021/22 to recognise the growing portfolio of activity under Cardiff Capital Region City Deal. In addition, in 2021/22 a new Enterprise Risk Policy was developed and is now in operation, highlighting an approach to risk management and mitigation, built upon core lines of defence and setting out a 'red lines' approach to developing a 'risk-wise' culture.* *In 2021/22 a Head of Governance, Communications and Policy was also recruited and is now in post – bringing improvements to back-office structures and processes that*	

DRAFT

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				suit CCR's phase of evolution. Recruitment drives generally have maintained – with recruitment difficulties continuing to be demonstrated as the skills market over-heats *To further strengthen the governance arrangements, a new role to lead on governance has recruitment process has started for a Corporate Governance Manager.* *On the CJC front, whilst 'lift and shift' did not occur in 2021/22, the Transition Plan accounts for compliance with CJC legislation – which was met in relation to observing the 'effective date' of the legislation by setting a budget by 31 January 2021; the activation of immediate 'commencement duties' on 30 June 2022 and relevant provisions in relation to audit and compliance around governance issues. These will be further developed as progress is made on the key technical issues leading to CJC operationalisation further into 2022/23.*	
3	**We are committed to openness and acting in the public interest**. 2020/21 Rating GREEN **2021/22 Rating** **GREEN**			*We comply with Local Government legislation on public meetings and aim is to ensure that decision making meetings are held in compliance with legislation and open to public. Where information is deemed to be confidential, the appropriate tests are applied, and suitable disclosures are made on published agendas within the prescribed timescales.* *CCRCD follows the Accountable Body's policies for cabinet papers and related procedures. Minutes of the meetings are recorded and approved at the following meeting, with full publication and availability on the CCRCD website.* *Cabinet agendas and minutes are produced in Welsh as standard, and all other reports and items are available in Welsh upon request. This protocol is applied to all policies, strategies, plans and consultation papers etc. as mandated by the regulations. Policies and procedures will be constantly updated to reflect the latest guidance and to ensure there is clarity regarding the services that are available in Welsh and accessibility is clearly visible to all.* *Furthermore, CCRCD seeks to demonstrates that is committed to openness and acting in the public interest as follows:* • *Through a comprehensive approach to seeking, capturing and making available its Register of Interests (see Statement 1);*	Action 2: To enact public live streamed meetings as and when. In person meetings to resume in-line with guidance/regulations issued. Hybrid solutions will be considered as an interim measure.

DRAFT

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				• *Through effective Communication and Engagements with key stakeholders (see Statement 4);'* • *Through its established 'Joint Scrutiny Arrangements' (see Statement 16).* *<u>Update 2021/22</u>* *2021/22 saw the removal (then reinstating) of some of the Covid restrictions and so some meetings happened in-person/as a hybrid structure with the majority remaining virtual. All meetings ensure relevant access requirements, in relation to public interest and recording and all digital meetings are recorded and made available via the CCR website.* *The CCRCD website has been overhauled and comprehensively re-purposed in 2021/22 ensuring a much more user-friendly and accessible experience, with open access to public meetings, all documents that are required to be made available as well as robust contextual information about CCR, aims and ambitions and progress to date.* *The CCR Communications and Engagement work goes from strength to strength with a wider array of mediums in use – from newsletters, monthly and quarterly roundups, videos, podcasts and extensive use of all social media forms all in use.* *The CCR Scrutiny Committee arrangements remain in the oversight of RCT CBC and improvements continue to be made with a programme of training, development and additional meetings aimed at strengthening arrangements. Quorum has been an issue for some meetings – but is a matter than has been comprehensively addressed across CCR, RCT and the LA partners.*	
4	**We have established clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and**			*<u>Update 2021/22</u>* *We have maintained a comprehensive programme of communication with all stakeholders throughout 2021/22.* *Performance and activity updates for UKG and WG have been subject to continual improvement throughout 21/22 and are discussed at scheduled quarterly updates.* *Forward planning has improved resulting in increased ability to give visibility to upcoming milestones so that we maximise communications / PR opportunities for all concerned.* *Two additional websites were created in 2021/22:*	N/A

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	encouraging open consultation. 2020/21 Rating GREEN **2021/22 Rating** **GREEN**			*Firstly, our new Venture Skills and Talent hub Venture - Find Your Future (venturewales.org) was created to put all our skills relates initiatives in one place. These include; the new CCR Venture graduate programme in particular but also all the other talent related initiatives we support in some way EG Infuse, Young Innovators, Women in Innovation and Cyber Masters. We also launched a weekly Skills and Talent round up – capturing the key pan regional/ and Wales wide skills related developments taking place intended as a useful information tool for all our audiences' businesses, educational establishments, public sector orgs plus the general public.* *venture-news-quarterly-curation-jan-to-march-2022.pdf (cardiffcapitalregion.wales)* *Secondly, our new Challenge Fund website Cardiff Capital Region Challenge Fund was created to facilitate more extensive coverage of Challenge fund initiatives and to act as a central hub / useful resources facility to help organisations understand better how it works, if it's for them and how to engage. An interactive chat facility was added to encourage open dialogue and to build a community of engaged and interested audiences.* *In addition, we maintained an extensive programme of communication – covering pan CCR activity to shine a spotlight on the good and great things happening across our region to build confidence and pride in our place, plus a regular programme of decisions made and progress made on our CCR City Deal portfolio. Where possible we mix the media including regular audio features and, new for 2022, videos to make our content as accessible as possible to all our audiences. ccr-curated-content-jan-to-march-2022.pdf (cardiffcapitalregion.wales)* *A summary of the CCR City Deal activity in particular is produced in a quarterly newsletter and distributed via e-shot, website, social media to all our audiences. An example is attached below.* ***ccr-newsletter-q1-spring-2022-1.pdf (cardiffcapitalregion.wales)***	
5	**We have developed and communicated a**			*5 yr Joint Working Agreement (JWA) Business Plan agreed by Regional Cabinet and adopted by all 10 Councils in March 2018 and sets vision, aims & objectives. The approval of the Annual Business Plan translates the 5yr JWA Business Plan into a*	N/A

DRAFT

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	vision, which specifies intended outcomes for citizens and service users, which is used as a basis for planning. 2020/21 Rating GREEN **2021/22 Rating** **GREEN**			*tangible Work Programme each financial year. These documents, along with the accompanying Regional Industrial and Economic Growth Plan, the Investment and Intervention Framework and the Covid Priorities are all accessible on the CCR Website and have all been subject to published articles that explain the content in more digestible media to aid business/ public consumption. In 2021 we accompanied the publication of the investment prospects and associated Passenger Rail Vision with hosted video discussion in Q&A format with the sole intention of making the material as accessible as possible.* *2019/20 saw the approval and launch of the Investment & Intervention Framework (IIF) and accompanying Prospectus. The IIF is centre stage and will take forward the work done to-date, in terms of planning and delivery of the Wider Investment Funds. This will assist with designing outcomes with service users and the wider business community in mind. A key aspect of the work developed during 2019/20 relates to CCRCD 'Economic Inclusion' objectives and the approved Housing Fund provides and an example of how this objective will work alongside commercial objectives to ensure that proposals meets Regional Cabinet members' political aspirations for their communities.* *Update 2021/22* *2021/22 saw the development of a new vision, missions, values and goals statement for CCR. This can be found at item-4-abp.pdf (cardiffcapitalregion.wales)* *This provides a clear context in which to locate CCR's objectives and ensures a golden thread through our work, projects, culture and partnerships. The vision, mission and values has formed the starting point for annual business planning also and foregrounds the 2022/23 Annual Business Plan. The statement was debated and considered by Regional Cabinet before being formally agreed.* *The 2022/23 business plan (ABP link above) provides a comprehensive overview of key deliverables and milestones – as well as key measures and KPI – all demonstrating linkages back to the core aims and mission of the CCR.* *Looking ahead, this document sets the tone and context for revisions to the Regional Economic and Industrial Plan, the strengthened investment strategy and the framework for monitoring and evaluating and for measurement of benefits realisation.*	

DRAFT

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				All of these documents have been worked on extensively throughout the last quarter of 21/22 and first quarter of 22/23 and will be available summer 2022.	
6	**We have translated the vision into courses of action for our function, its partnerships and collaborations.** 2020/21 Rating GREEN **2021/22 Rating** **GREEN**			*Update 2021/22* *The Annual Business Planning process puts Regional Cabinet at its heart as executive leads for setting policy, direction and all decision making. This is supported by a comprehensive governance process, which makes clear recommendations on the basis of advice, evidence, due diligence and data, to Regional Cabinet. This comprises a structure where-in – the business plan sets out key themes, proposed projects and priority areas of activity. these are then translated into pipeline projects. The process supports conversion of these early-stage submissions into business cases through the application of Investment and Intervention Fund principles which include:* • *Consideration by the CCR Investment Plan* • *Endorsement of REGP* • *Consultation with Programme Board* • *Relevant thematic consultation with bodies such as RTA, CSC Foundry etc* *In the case of impact sub-funds – delegations are in place to allow decision making through bodies such as the Advisory Board for the Strategic Premises Fund and the Strategy Board for the Local Wealth Building Challenge Fund. Further collaboration and information sharing takes place via the Regional Business Council, which is a key way of engaging with the wider business audience and amplifying the message of CCR.* *In this way, the CCR structure is a one of networked and collaborative tiers of government. On a quarterly basis, monitoring meetings are also held across UKG and WG and bi-annually via the Joint Implementation Group.* *In 2021/22 we have continued to evolve the form and content of the quarterly update and planning information provided to our partner and stakeholder groups.* *In the last quarter we have also set up a communications forum with the UKG and WG teams to ensure that we try and optimise communications opportunities and present a coherent, integrated front to the wider public.*	N/A

DRAFT

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				Bi annual sessions have also been set up with the Minister for the Economy MS Vaughan Gething to facilitate a regular dialogue between the Regional Cabinet and WG with the first one taking place in Q4 2021//22.	
7	**We have mechanisms in place to review the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality.** 2020/21 Rating GREEN/AMBER **2021/22 Rating** **GREEN**			*Completion and approval of the AGS proforma by those responsible for and supporting CCRCD's governance arrangements and the resulting Action Plan, demonstrates that a mechanism for reviewing effectiveness is in place.* *Assurance Framework has been accepted by UK & Welsh Government and all investment proposals must comply with the Assurance Framework, whilst the 5yr Gateway Reviews act as a mechanism for challenge and review of decisions made and outcomes achieved. Quarterly liaison meetings with UK and Welsh Government are in place.* *The above is supplemented by the Investment and Intervention Framework (IIF), which is designed to ensure that there is a clear read-across from the priorities set out in the Industrial Growth Plan (and more recently the CCR Priorities for Responding to COVID-19 & Beyond' document) and the projects that are selected to enter the IIF. The IIF firstly perform a filtering or sift process (Stage 1A) to assess 'Strategic Fit' and if deemed 'appropriate', proposals then move into the formal IIF assessment process.* *The process for assessment is robust, independent and comprises due diligence and the proportionate application of the five-case model. There is a clear line of sight and reporting into an Investment Panel whose role is to test, challenge and scrutinise proposals and subsequent progress. The Investment Panel make recommendations to Regional Cabinet, who remain the decision-making body. The implementation of the IIF has been recognised and highlighted as significant by SQW Ltd - the UK Government's consultants on the Gateway Review.* *Work has now been completed to establish a series of measures on the economic and social make-up and performance of the region, as well as a baseline against which future performance can be assessed. This sectoral analysis data will inform the Gateway Review process and facilitate more effective decision making, through a better understanding of the region's strengths, and the opportunities which exist to make strategic interventions that are likely to have the greatest impact. As outlined above (Statements 5 & 6), this work has been published as 3 key documents ('Connected', 'Competitive' and 'Resilient').*	Action 3: Endorsement will be sought to implement in full the new operating protocols and full out subsequently undertaken throughout 22/23. Action 4: Implement training of the Investment and Intervention Framework to the team and undertake a 6-month review of the impact of the framework.

DRAFT

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				The approved IIF includes clear roles and input for the REGP, Investment Panel and Programme Board. It also provides the key decision-making gateways for Regional Cabinet. As outlined above, the effectiveness of the IIF will be reviewed at the end of the summer 2020. Amongst other measures of effectiveness, the review will consider: • *Assessment of how IIF is assisting in meeting the City Deal Targets of Jobs, Leverage, GVA and wider City Deal outcomes;* • *SQW reviews and assessments;* • *Gateway Review (WG and HMT endorsement);* • *Internal and External audit reports* *The 'bedding down' of the Joint Scrutiny function during 19/20 will introduce a further mechanism of decision-making review and challenge (see Statement 16).* *<u>Update 2021/22</u>* *Work has commenced in 2021/22 (and will be complete early 2022/23) to strengthen and reinforce all the back-office processes needed to track, record and monitor all parts of the WIF implementation process. This has involved a review of all parts of the process, an assessment of revised Green Book guidance and the case for proportionate business case development, as well as new tracking systems, project management tools and techniques for analysis.* *In 2021/22 a new weekly Investment Review meeting was initiated. This meeting has introduced enhanced control and transparency over a combination of pipeline activity, (by discussing early expressions of interest to assess suitability), speed of pipeline throughput (to ensure sufficient pace is being applied to assessing investment opportunities, recommendations for proceeding to the next stage and sharing for consideration by the Investment Panel) through an internal CCRCD Management panel assessment and challenge of viability and attractiveness, new tracking tools and dashboards for management overview.* *A full operating procedures manual has also been produced to guide and direct new users through the processes. Endorsement will be sought to implement in full the new operating protocols and full out subsequently undertaken throughout 22/23.*	

DRAFT

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8	**We measure the performance of services and related projects and ensure that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money.** 2020/21 Rating GREEN/AMBER **2021/22 Rating** **GREEN**			*Whilst the City Deal is maturing and strengthening its working arrangements all the time, it is still relatively at an infancy stage of development. With Full Business Cases approved in respect of 9 Projects/Programmes as at the 31st March 2021.* *As set out in Statement 7 above, the Intervention & Investment Framework (IIF) requires all projects to go through a formal business case development process and the financial assessment done as part of that process considers matters such as deliverability, value for money and compliance with funding terms and conditions. For example, business case development will assist by clearly articulating each proposal's 'benefits' and the management case will clearly set-out the benefits realisation strategy, whilst the monitoring & evaluation arrangements will measure and assess each project's defined outputs and outcomes.* *An appropriate level of resources (capacity and capability) has been identified to support these activities. Regular bi-monthly meetings with UK and Welsh Government, supplemented by the 5-year Gateway Review process adds appropriate challenge and review mechanisms. In that regard, the Regional Industrial & Economic Plan and the IIF have been recognised and highlighted as significant by SQW in its reports and the local evaluation framework.* *Quarterly Performance Reports are presented to Regional Cabinet which provide an update on progress against the Annual Business Plan and Work Programme. The City Deal Office continually monitors and evaluates the format, relevance and usefulness of the information provided to Regional Cabinet and other stakeholders and seeks to continually develop its reporting mechanisms, as the City Deal evolves. For example, as the number of projects approved under the IIF increases, there will need to be a greater emphasis (and resource allocation) on reporting against the 'Monitoring and Review' function of each project. In particular, the need to capture progress against the Benefits Realisation Plan and to take corrective action where projects fall behind their expected benefits plans.* *Update 2021/22:* *In 2021/22 work has been underway to fundamentally strengthen the processes and procedures for performance monitoring and evaluation. Linked to quarterly focussed performance meetings with UKG and WG – this has also led to the commencement of work with KPMG to produce a full benefits realisation framework. Called the 'Impact*	Action 5: To put forward an updated Investment strategy. Action 6: Ensure work undertaken with KPMG of Impact Delivery Framework is transitioned into an operational approach and bed-in practises for further review.

DRAFT

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				Delivery Framework', work will continue in 22/23 to implement this framework consistently across the team and the four portfolio areas now reported against: • *Innovation* • *Infrastructure* • *Challenge* • *Skills* *In 2021/22 work has also started to transfer the findings of previous Audit Wales work on the Investment Framework, as well as internal self-evaluation review findings, into a revised and updated Investment Strategy. It was envisaged that this would be done in readiness for transition to the CJC – but will now be brought forward in 2022/23 given some of the uncertainties that persist in the CJC environment.* *CCR is further part of the UK-wide City and Growth Deals Network. We anticipate learning through this network, as to when UKG frameworks for 'Gateway Review' evaluations will recommence and the process with which CCR will engage. In readiness for this, the work on benefits realisation and 'deeper dive' reviews into outcomes and impact, will set a strong platform on which to build.*	
9	**We have defined and documented the roles and responsibilities of members and management, with clear protocols for effective communication in respect of the authority and partnership arrangements.** <u>2020/21 Rating</u> GREEN			*The JWA sets out the roles and responsibilities of members and officers including S151 Officer and Monitoring Officer roles. This is supplemented by a number of 'working protocols' that have been agreed by the x10 Local Authority partners and through the development of clear Terms of References for the various Groups/Boards etc. that have been set-up. In addition, the Accountable Body's role and responsibilities are further detailed through a range of SLAs, which are agreed annually, and which clearly set out the level of support that will be provided.* *The operation of the IIF has led to enhanced working arrangements, strengthening of partnerships and aligning the flow, sequence and order of these, to better reflect the nature of business and how it needs to be done, have been key features of our work in 19/20. This again, reflects arrival of certain maturation points such as the activation of the Investment and Intervention Framework, the re-purposing of Programme Board and the establishment and operation of the Investment Panel.* <u>*Update 2021/22*</u>	Note 3: Consideration for further reviews as and when changes affect partnerships.

DRAFT

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	<u>2021/22 Rating</u> **GREEN**			*Partnerships continues to be an area of strength with the Gateway Review acknowledging this in May 2021.* *2021/22 saw the bedding in of a new Business Council and the formulation of a plan and agreed areas of focus.* *No further formal or informal reviews have been necessary to undertake throughout 21/22.* *Further reviews will be likely in 2022/23 off the back of the implementation of enhanced operating procedures throughout the end-to-end investment process in conjunction with the advent toward a CJC governance structure.*	
10	**Our financial management arrangements conform to all relevant legislative and best practice requirements.** <u>2020/21 Rating</u> GREEN/AMBER **<u>2021/22 Rating</u>** **GREEN/AMBER**			*Full budget cycle (budget setting, monitoring and accounts closure) is completed in accordance with statutory and internal deadlines.* *Regular budget monitoring meetings take place throughout the year and the position is reported to Regional Cabinet at appropriate intervals. Financial advice is provided on all public reports to Regional Cabinet and to the Regional Transport Authority. An SLA is in place which outlines the financial management support and services that will be provided throughout the year and this is reviewed and updated annually.* *A close working relationship is maintained with Audit Wales to ensure CCRCD expenditure is appropriately accounted for under the relevant legislative powers in the current year and going forward as each project is approved. Statement of Accounts are prepared, made available for public inspection and approved after an external audit, in line with statutory requirements and CIPFA Accounting Code requirements.* *The WG / HMT grant terms and conditions of funding require projects to be approved after a green book compliant process. As new types of projects are considered or where a condensed approach may be deemed necessary due to timescales, consideration of what is a proportionate business case should be undertaken, documenting the approach. The acceptability and approach to proportionate business cases, as well as resulting risks or mitigations are considered as part of project approval processes, with a report to Regional Cabinet setting out the process to be followed. This is to ensure that the approach adopted poses no risk to HMT / WG grant funding.*	Action 7: Undertaking the actions from the Financial Management Code Review.

DRAFT

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				1. *Approval of IIF, set out proposed arrangements going forward i.e., Investment Panel, IIF Process, support from external consultants, Local Partnership's work re: assurance and proportionate business case report with selected projects independently reviewed by Local Partnerships;* 2. *Annual and medium-term budget prepared which seeks to capture expenditure and resource profiles going forward as the types of projects and pipeline of approved projects accelerates;* 3. *The Annual Business Plan considers the potential use of a range of financial interventions, such as loans, equity and joint ventures. Complex accounting, VAT and financial management arrangements are considered at the outset and throughout the development of such proposals in the IIF to ensure no adverse financial implications and that all relevant factors have been considered;* 4. *Support of external advisors and peer review role undertaken by Local Partnership will seek to mitigate the funding risks outline above.* *Mandatory training e.g., VAT training is undertaken for all staff who have a SAP user role which is connected with either ordering goods / services or making payments or raising bills.* *<u>Update 2021/22</u>* *Statement of accounts for CCRCD for 2020/21, produced, audited and published. Delay in audit and publication until after statutory deadlines, but managed within Covid flexibility rules, allowing publication by November as with the previous year. The CCRCD accounts for 2021/22 will be prepared and submitted to Audit Wales External audit review in June 2022.* *CCRCD Annual Business Plan financial model updated with detailed projections of expenditure. Delay in project expenditure compared to that originally assumed when setting the budget for 2021/22 and future monitoring reports will need to track projections made for 2022/23, with early reporting of variances by project managers as part of the reporting process to also allow feedback to local authorities to support their own monitoring processes.* *The external performance and financial audit review as part of the 2020/21 accounts did not highlight any new issues or recommendations and there are no new actions arising from the management letter.*	

DRAFT

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				Finance and Accountancy SLAs updated for 2022/23 detailing activities and the level of resource required to support the activities of CCRCD effectively. Financial Management arrangements need to adapt and grow subject to the level and types of CCRCD activity. There will need to be a full assessment of financial resource requirements in line with the CJC transition whereby there will no longer be an Accountable Body provision. Although alternative arrangements will be developed as part of the transition plan e.g., transactional support form one of the local authorities. *The year 2020/21 was a 'shadow' year for the implementation of CIPFA's Financial Management (FM) Code. A key goal of the FM Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management.* *For the initial year, a high-level review of the FM code and an initial assessment against related statements and evidence was carried out by the City Deal Office. Where actions were identified these will be addressed as part of the CJC transition plan and are captured as part of the Action Plan Appendix 2c.* *Work continues in respect of review and advice with regard to any VAT matters for CCRCD activities. In addition, a financial management workstream was set up in 2021/22 to review the enactment of the CJC legislation and this has focused on VAT amongst other issues.*	
11	**We have effective arrangements in place to discharge the monitoring officer function.** 2020/21 Rating GREEN **2021/22 Rating** **GREEN**			*A Monitoring Officer representative is at all Joint Committee meetings and is able to contact senior staff and raise any concerns. A formal SLA is in place which outlines the support that will be provided to the City Deal Joint Committee, its sub-committees and any advisory partnerships and/or boards.* *Update 2021/22* *A Monitoring Officer representative continues to be present at all meetings, to advise on law and governance matters, and follow up on any issues. The Monitoring Officer is also involved in pre-meeting discussion and drafting/reviewing reports.* *A commercial lawyer was recruited to assist the team in relation to project work, and will assist the Monitoring Officer representative, providing cover for meetings etc.*	N/A

DRAFT

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12	**We have effective arrangements in place to discharge the head of paid service function.** 2020/21 Rating GREEN **2021/22 Rating** **GREEN**			*There is no 'Head of Paid Service' function as the Joint Committee is not a statutory body in its own right. Employees that are seconded from other Local Authorities are subject to their respective Head of Paid Service arrangements. The appointed City Deal Director has overall responsibility for HR/staffing issues in respect of the City Deal Office.* *Update 2021/22* *As above, with the role of Head of Paid Service being considered further as part of the CJC transition plan.*	Note 4: Head of Paid Service to be considered as part of the CJC transition plan.
13	**We provide relevant induction training and have mechanisms in place to identify the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.** 2020/21 Rating GREEN/AMBER **2021/22 Rating** **GREEN/AMBER**			*Member induction training is provided following each Local Government election process and each Local Authority leader has the benefit of their own Local Authority training. Annual review of Member Induction and Development requirements undertaken following the AGM and there is a rolling programme for new Member inductions and training for new City Deal Office (CDO) staff.* *Training for CDO (and wider) staff has been undertaken and provision for training has been allocated within the budget. Training provided to CDO staff on financial matters including budget matters e.g., chart of accounts, purchasing, ordering and payment of invoices. As part of the in-year monitoring meetings, Accountable Body staff meet with CDO to offer advice and guidance on financial management matters as well as dealing with any recurring issues. Staff are unable to access financial systems or secure a licence until all necessary training has been completed.* *There is a need to put in place arrangements for Personal Performance Development Reviews (PPDRs) for all City Deal Office staff (including for the Director) has been identified. This will contribute to the development of a CDO Training Plan and be in place once the new CDO structure has been fully implemented.* *Update 2021/22* *New members will receive training and briefings within their own authorities. However, induction and briefing sessions will be set up with specific reference to the joint*	Action 8: Induction of new members to take place in June 2022.

DRAFT

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions / Notes
				committee to assist the members to gain the initial knowledge and experience they need to be effective in their new role.	
14	**We have mechanisms to review the effectiveness of our framework for identifying and managing risks and performance and for demonstrating clear accountability.** 2020/21 Rating GREEN/AMBER **2021/22 Rating** **GREEN/AMBER**			*A 'Risk Register' has been in place since the latter part of 2018/19. In the report to Cabinet approved on 18th May 2020, the 'one year out' review undertaken by National Evaluation Panel lead, SQW was presented to Cabinet. This was used as the basis to begin setting out a number of wider risks and issues that are both emergent and present in relation to the macro-economic environment (and include COVID-19) and also, to the programme itself. The report sets out that given this new operating environment and given the impact on some of the risks surrounding Gateway Review, work would be undertaken to develop a wider Risk Management Strategy and Risk Policy, which would involve a high-level Risk Register and a programme level risk log. This will be brought back comprehensively to Cabinet later in the year. This work will not include commentary on changes to the external environment and their knock-on effect to the CCRCD Programme – but an assessment of the risk environment, appetite, monitoring and escalation processes.* *The report to Cabinet of 18th May started to outline, in illustrative form, how the new approach to risk would be developed and set out. The report also highlighted more immediate risks that jeopardise programme and delivery continuity such as those concerning staffing and resources. This was addressed via the actions of the Accountable Body and a report taken to Regional Cabinet on 15th June 2020.* *Beyond addressing risk via frameworks and policies, a risk-aware and risk-ready culture is also an area of focus. This links with the performance culture driven through the new Annual Business Plan; more focussed priorities, including 'logic model' frameworks consistent with National Evaluation Panel requirements and ensuring these drive a whole culture of productivity and self-awareness. This will be driven through a whole programme risk and performance approach as well as more specific-level risks and issues related to individual projects and investment programmes.* *In terms of developments since 19/20:* • *The IIF process went live – setting out the way we will do business and ensuring HMT compliance with green book;* • *Securing support from Local Partnerships with proportionate business case development – ensuring appropriate checks and balances are in place;*	Action 9: Further embed Enterprise Risk Management policy into CCR practice to identify, monitor, manage, and escalate risks in live projects and programmes

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions / Notes
				• *SQW has delivered both its baseline and first review report, and the one-year out report with the final evaluation document due in December 2020;* • *There is a sequence of reporting and reporting alignment in the run-up to Regional Cabinet formal decisions that ensures all reports progress through Investment Panel, REGP and Programme Board and where appropriate, CSC Foundry Ltd and the Regional Transport Authority;* • *Quarterly performance monitoring is undertaken against the Annual Business Plan and this is submitted to UK and Wales Governments, as well as other key stakeholders;* • *Process mapping and enhancements to the back office are being taken forward to ensure key structures and systems are in place to provide 'scaffolding' to the programme;* • *Arrangements are reviewed with the Accountable Body to ensure the level of support provided is commensurate to needs and requirements, particularly as these evolve.* *<u>Update 2021/22:</u>* *In the year 2021/22 a new Enterprise Risk Policy was implemented to apply an approach to risk and creating a 'risk-wise' culture within CCRCD to effectively identify and mitigate risk to within acceptable levels.* *Work has also been underway to develop processes and procedures to enhance quarterly performance monitoring reporting to key stakeholders including UKG and WG. The work has been undertaken with the support of KPMG who were engaged in order to produce a benefits realisation framework.* *Both the Enterprise Risk Policy and Benefits Realisation Framework further support direct lines of accountability within CCRCD.*	
15	**We ensure effective counter fraud and anti-corruption arrangements are developed and maintained.**			*SLA in place with the Accountable Body's Internal Audit section. The objectives of each annual audit are developed in consideration of the level of activity, risk and the strategic intentions of the City Deal. The fourth City Deal Internal Audit was completed by September 2021 and finalised during the following financial quarter, offering an audit opinion of 'Effective with opportunity for improvement' and twelve recommendations. The audit objectives covered the preparations for the intended creation of a Corporate Joint Committee, the governance structure and operation for decision making and*	Note 5: Implement Internal Audit recommendations as they arise and report progress accordingly via Quarterly Monitoring.

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	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions / Notes
	2020/21 Rating GREEN **2021/22 Rating** **GREEN**			*performance monitoring, financial management, commissioning and procurement, income and debt management, benefit realisation and the delivery of previous recommendations. The delivery of recommendations raised is being reviewed as part of a further Internal Audit to commence in June 2022.* *The latest Internal Audit engagement will commence in June 2022, to consider governance arrangements (in respect of decision making, performance and risk management oversight and assurance), compliance and control in respect of payroll, commissioning and procurement, income and debt management, and the arrangements for monitoring and managing project benefits. The findings and any associated recommendations will be reported for management consideration in the financial year 2022/23.* *The purchasing of goods & services must follow the Accountable Body's policies and procedures and City Deal Office staff have undergone training and have access to the relevant financial and administrative systems. Clearly identified financial authorisation limits are in place, along with segregation of duties. The Accountable Body provided training slides on 'effective counter fraud and anti-corruption arrangements' and these have been disseminated to all CDO staff.* *The accounts of CSC Foundry Ltd are externally audited to provide independent assurance and review.* *A "Know Your Customer" process is developed by the Accountable Body and has been shared with CDO to sit alongside/supplement the due diligence that is already completed as part of the IIF approval process where relevant for loans and other financial products. This will seek to strengthen risk mitigation measures in respect of financial support provided.* *Update 2021/22* *Internal audit to commence in June in respect of 2021/22 and assurance on the above is subject to an internal audit engagement which is commencing at the time of reporting. In each internal audit the combination of controls in place to ensure an effective control environment are reviewed across all areas subject to review, including the measures to prevent and detect fraud*	

DRAFT

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions / Notes
16	**We have an effective scrutiny function in place.** 2020/21 Rating GREEN/AMBER **2021/22 Rating** **GREEN/AMBER**			*The Joint Scrutiny Committee has a Forward Work Programme which is reviewed at each meeting of the Committee. Its purpose is to identify items for future prioritisation and consideration by the Joint Overview and Scrutiny Committee. It is also a medium to identify any invitees to attend future meetings to contribute to discussions and deliberations, to identify any training requirements required by the JOSC and to agree a schedule of meetings of the Joint Overview and Scrutiny Committee.* *The Forward Work Programme is flexible and is revisited at each meeting by Members and officers. A scrutiny criteria form accompanies the Forward Work Programme report, and its purpose is to allow Members to propose further items for the FWP which the Committee can then consider for prioritisation at a future meeting. The criteria form emphasises the need to consider issues such as impact, risk, performance, budget and community perception when identifying topics for investigation and to ensure a strategic responsibility for Scrutiny and that its work benefits those in the CCRCD areas.* *In addition, to holding formal meetings, the CCRCD Joint Scrutiny Committee has held a number of training sessions. As part of its training programme, a training session has been delivered by Public Governance Wales focusing on Enhancing Shared outcomes through effective Joint Scrutiny. The Welsh Local Government Association has also delivered training to the Chairperson and Vice-Chairperson of the Committee on effective chairing skills.* *Responsibility for the coordination of the CCRCD Joint Scrutiny Committee passed to Rhondda Cynon Taf Council with effect from September 2020 as Bridgend County Borough Council's two-year term for the co-ordination of the Committee's activities had come to an end.* *It should be noted that as the 'body being scrutinised', it is not the role of the City Deal Office to put in place the process, framework and work programme for Joint Scrutiny. This is a matter for the Joint Scrutiny Committee itself and the lead local authority. The City Deal Office will provide any information requested to allow the agreed processes to be completed and an appropriate judgement on effectiveness to be concluded.* *Update 2021/22:* *In continuing the responsibility for the facilitation of the scrutiny of CCRCD in 2021-22 a further four meetings have taken place where the following items were scrutinised:* • *Housing and Growth Development Fund*	Note 6: Tranche 4 of the CJC Regulations are due to be laid before the Senedd in the summer of 2022. The draft regulations set-out the provisions and opportunities for developing Joint Scrutiny and Overview arrangements for CJCs and these will be considered further as part of the work to resurrect the CJC Transition Plan later in the year. Action 8 (As in Statement 13): Induction of scrutiny new members to take place in June 2022. .

DRAFT

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions / Notes
				• *Audit Wales Report: Cardiff Capital Region City Deal Review of Governance arrangements* • *Supporting Enterprise and Business Growth* • *Future Ready Skills Framework – Graduate Offer Venture* *In addition to the items listed above members also received regular reporting on performance monitoring and the position on the establishment of the Corporate Joint Committees. The Committee were also sent CCRCD Cabinet Agendas, Reports and Minutes as part of their meetings and were able to provide comment for feedback on these items. This gave members the opportunities to understand the functions and the remit of the CCRCD and to develop their own Work Programme in line with the CCRCD priorities. This allowed members the opportunity to provide timely scrutiny and challenge, and the opportunity to scrutinise key decisions, particularly in relation to the process of the development of the Corporate Joint Committees. The CCRCD JOSC also invited Chair of the CCRCD Cabinet, Cllr Anthony Hunt to their meetings to provide updates to them as they found necessary.* *Meetings of the CCRCD JOSC have continued to be held on a virtual basis for the ease of member's attendance due to the wide geographical spread of members. Members of the Committee are also regularly supported by their deputy members and provide continuity on the Committee should the primary member not be able to attend a meeting. Since the review of the Governance arrangements of the Committee lead by RCTCBC which allowed for deputy members to contribute to debate in the Committee alongside their primary member, the Committee has seen an increase in attendance of the deputy members. The Committee has also strengthened their openness and transparency during 2021-22 by recording their meetings and publishing them online.* *Areas for Development 22/23:* *This period the Joint Committee will have a focus on the creation of the CJCs and how their role in scrutiny and challenge fits in with this arrangement. They will focus on a smooth transition to the CJC whilst ensuring Scrutiny and Challenge remains in place. Due to a number of members stepping down from their role as a Councillor and the Local Government Elections in May 2022 the CCRCD JOSC is likely to have a higher number of new members than it has seen in previous years, therefore a robust training and development programme will be put in place and led by RCTCBC.*	

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	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions / Notes
17	**Our internal audit assurance arrangements conform to Public Sector Internal Audit Standards and relevant best practice.** 2020/21 Rating GREEN **2021/22 Rating** **GREEN**			*SLA in place with the Accountable Body's Internal Audit section. The objectives of each annual audit are developed in consideration of the level of activity, risk and the strategic intentions of the City Deal.* *The Audit Manager has reported the Internal Audit Section's ongoing conformance with the Public Sector Internal Audit Standards and relevant best practice through processes for ongoing assurance and annual internal review. Conformance is required to be endorsed by a 5-yearly external peer review, which was completed by Rhondda Cynon Taf (RCT) in March 2018. Arrangements are in place for a further external peer review of conformance with the Standards, to be completed by Monmouthshire County Council during 2022/23.* *Update 2021/22* *Arrangements are in place for a further external peer review of conformance with the Standards, to be completed by Monmouthshire County Council during 2022/23.*	Action 10: External peer review to be undertaken, to be led by Monmouthshire County Council.
18	**We have arrangements in place for the delivery of the core functions of an audit committee.** 20120/21 Rating GREEN **2021/22 Rating** **GREEN**			*There is no statutory requirement for a Joint Committee to have its own audit committee. Regional Cabinet is the body charged with governance and therefore the 'core functions' of an audit committee are being delivered through a combination of roles and responsibilities'.* *Effective financial management and internal controls, preparing its accounts and submission for audit is discharged by Regional Cabinet through its appointed s151 Officer. Providing independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes is achieved via an SLA with the Accountable Body's Internal Audit section and through the annual external audit plan.* *No further updates or actions proposed at this time, but a 'watching brief' will be maintained on this matter, particularly as the level of City Deal activity increases. In addition to the points outlined above, this conclusion is further supported in view of:* *1. Quarterly Performance Reports prepared and considered by Regional Cabinet, which are then sent on to Funders (UK and Welsh Governments), Audit Wales and SQW (Gateway Review Assessors)* *2. Full external audit undertaken on the Joint Committee's accounts and those of its subsidiary*	Note 7: To implement the Governance and Audit sub-committee provisions as set out in the CJC regulations in line with the transition plan.

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	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions / Notes
				3. Joint Scrutiny arrangements are in place and operating (see Statement 16). *<u>Update 2021/22</u>* *No further updates or actions proposed at this time. However, it should be noted the CJC regulations specifically provide for a Governance and Audit sub-committee, the establishment of which will be considered as part of the CJC transition plan.*	
19	**We provide timely support, information and responses to external auditors and properly consider audit findings and recommendations .** <u>2020/21 Rating</u> GREEN **<u>2021/22 Rating</u>** **GREEN**			*An open two-way relationship is maintained with Audit Wales, with regular update meetings taking place throughout the year. Audit Plans are agreed annually and considered by Regional Cabinet outlining the approach to financial and performance audits.* *In respect of the 2020/21 accounts, a full ISA260 compliant audit was completed. One misstatement was identified in the financial statements, which was discussed with management and a decision was taken not to adjust. Audit Wales did not consider this to be material. The following statement was given: Whilst Auditing Standards require us to request that this is corrected, we accept management's view that given the relatively low value and the tight timescale for closure of the audit, there is little benefit in amending the statement of accounts. We request that the Regional Cabinet considers approving management's rationale for this and include this in the Letter of Representation.* *There were no other Findings and Recommendations relating to the 2020/21 external audit.* *<u>Update 2021/22</u>* *Quarterly meetings between CCR, the Accountable Body and Audit Wales continue in order to exchange information, key documents and frameworks and maintain good open relationships.* *The Audit Wales Audit Plan for CCR in 2021/22, was considered and approved by Regional Cabinet at their meeting of the 28th June 2021. An element of the Audit Plan will cover the transition arrangements to the new Corporate Joint Committee structure.*	N/A
20	**We incorporate good governance arrangements in**			*Joint Committee governance arrangements are set out in the JWA and have been approved by all ten partnering Authorities. Depending on the nature of the partnerships*	N/A

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions / Notes
	our partnerships and other joint working arrangements. 2020/21 Rating GREEN **2021/22 Rating** **GREEN**			*and other joint working arrangements, different governance structures are required, but in the main their Terms of Reference are agreed by Cabinet.* *Enhancing working arrangements, strengthening of partnerships and aligning the flow, sequence and order of these, to better reflect the nature of business and how it needs to be done, have been key features of our work in 19/20. This again, reflects arrival of certain maturation points such as the activation of the Investment and Intervention Framework, the re-purposing of Programme Board and the establishment and operation of the Investment Panel. Arrangements exist with both Welsh and UK Governments as well as with SQW (HM Treasury's appointed consultants that are leading the work on the Gateway Review). This requires participation in national and UK-level steering groups and policy fora.* *Good governance requires clear channels of communication to be established with partnerships and other joint working arrangements and it is recognised that further work is required to build on the work done to-date and respond to any feedback that is received. In 19/20 a Communications and Engagement professional was appointed as well as new contractual arrangements for a City Deal portal presence within Business News Wales. Combined with improvements to the overall engagement strategy, website and social media changes there was a three-fold increase in reach and sentiment in 19/20.* *Update 2021/22* *Good governance requires clear channels of communication to be established with partnerships and other joint working arrangements and it is recognised that further work is required to build on the work done to-date and respond to any feedback that is received. The ongoing work of the Engagement Team in respect of the Communications Plan, podcasts, monthly e-zines, the arrangement with Business News Wales and the production of key policy documents, continues to be a significant contributor to this important work. The three-fold increase in reach and sentiment continues.* *The recruitment of both a Head of Corporate Governance and a Corporate Governance Manager within CCRCD has strengthened the governance arrangements further within the arrangements for the partnerships and the execution of the protocols contained within the Joint working agreement.*	

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2021/22 AGS Action Plan

Table 1. below outlines the actions captured as part of a formal 2021/22 Action Plan, with a responsible officer and review period identified in respect of each action. The quarterly performance reports to Regional Cabinet will be used as the mechanism for providing progress updates and review against the target dates.

Table 1. AGS 2021/22 Action Plan

Action No.	Assurance Statement	Suggested Action	Responsible Officer/s	Target Date
1	Statement 2: We ensure: • Compliance with relevant laws and regulations; • compliance with internal policies and procedures; • that expenditure is lawful.	Further strengthen governance arrangement with the addition of the Corporate Governance Manager Role.	Head of Governance, Policy, and Comms	April 2022
2	Statement 3: We are committed to openness and acting in the public interest.	To enact public live streamed meetings as and when. In person meetings to resume in-line with guidance/regulations issued. Hybrid solutions will be considered as an interim measure.	Head of Governance, Policy, and Comms	As soon as possible with given guidelines
3	Statement 7: We have mechanisms in place to review the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality.	Endorsement will be sought to implement in full the new operating protocols and full out subsequently undertaken throughout 22/23.	COO	March 2023
4		Implement training of the Investment and Intervention Framework to the team and undertake a 6-month review of the impact of the framework.	COO/Head of Investments	September 2022
5	Statement 8: We measure the performance of services and related projects and ensure that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money.	Produce and put forward an updated Investment Strategy.	CCR Director	September 2022
6		Ensure work undertaken with KPMG of Impact Delivery Framework is transitioned into an operational approach and bed-in practises for further review.	COO/Head of Investments	December 2022
7	Statement 10: Our financial management arrangements conform to all relevant legislative and best practice requirements.	Undertaking the actions from the Financial Management Code Review.	Head of Finance	December 2022
8	Statement 13: We provide relevant induction training and have mechanisms in place to identify the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training. Statement 16: We have an effective scrutiny function in place.	Induction of new members to take place in June 2022.	Head of Governance, Policy, and Comms	July 2022

Action No.	Assurance Statement	Suggested Action	Responsible Officer/s	Target Date
9	Statement 14: We have mechanisms to review the effectiveness of our framework for identifying and managing risks and performance and for demonstrating clear accountability.	Further embed Enterprise Risk Management policy into CCR practice to identify, monitor, manage, and escalate risks in live projects and programmes	Corporate Governance Manager	March 2023
10	Statement 17: Our internal audit assurance arrangements conform to Public Sector Internal Audit Standards and relevant best practice.	External peer review to be undertaken, to be led by Monmouthshire County Council.	Corporate Governance Manager	March 2023

Future Generations Assessment Evaluation

(includes Equalities and Sustainability Impact Assessments)

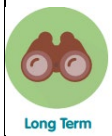
Name of the Officer completing the evaluation:	**Please give a brief description of the aims of the proposal:**
Kellie Beirne **Phone no:** 07826 919286 **E-mail:** kellie.beirne@cardiff.gov.uk	To meet statutory requirements in respect to the preparation, audit, approval and publication of the statement of accounts. To demonstrate a robust self assessment and procedures in place for governance of CCRCD and to identify an action plan for any development. To meet the requirements of Codes of Practice developed by CIPFA
Proposal: To approve the CCRCD Statement of Accounts and Annual Governance Statement for 2021/22	**Date Future Generations Evaluation form completed:** 27 March 2023

1. **Does your proposal deliver any of the well-being goals below?** Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal.

Well Being Goal	**Does the proposal contribute to this goal? Describe the positive and negative impacts.**	**What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?**
A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs	Public accountability for funds received and utilised in meeting CCRCD objectives	User friendly statements / Public disclosure / Opportunity for Public Inspection / Review by external audit / Opportunity for members of the public to ask questions of the auditor
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	n/a	n/a
A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood	n/a	n/a
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	n/a	n/a

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	n/a	n/a
A Wales of vibrant culture and thriving Welsh language Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	The documents will be translated into welsh prior to publications	n/a
A more equal Wales People can fulfil their potential no matter what their background or circumstances	n/a	n/a

2. How has your proposal embedded and prioritized the sustainable governance principles in its development?

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 Balancing short term need with long term and planning for the future	Yes - Financial sustainability / Going Concern	n/a
Working together with other partners to deliver objectives	Yes – Regular dialogue with Wales Audit during the course of the year and external bodies whom we rely on to provide information to prepare the accounts. Consultation with internal and external stakeholders in review of AGS.	n/a

Sustainable Development Principle		Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
	Involving those with an interest and seeking their views	Yes - Opportunity for public inspection / Regular dialogue with Audit Wales during the course of the year	
	Putting resources into preventing problems occurring or getting worse	Yes - Annual Governance Statement Action Plan developed for improvement areas	n/a
	Considering impact on all wellbeing goals together and on other bodies	Yes – Whole of government accounts and use of accounts by other local authority partners of CCRCD	n/a

3. **Are your proposals going to affect any people or groups of people with protected characteristics?** Please explain the impact, the evidence you have used and any action you are taking below.

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age	n/a	n/a	n/a
Disability	n/a	n/a	n/a
Gender reassignment	n/a	n/a	n/a
Marriage or civil partnership	n/a	n/a	n/a
Pregnancy or maternity	n/a	n/a	n/a
Race	n/a	n/a	n/a
Religion or Belief	n/a	n/a	n/a

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Sex	n/a	n/a	n/a
Sexual Orientation	n/a	n/a	n/a
Welsh Language	n/a	n/a	n/a

4. Safeguarding & Corporate Parenting. Are your proposals going to affect either of these responsibilities?

	Describe any positive impacts your proposal has on safeguarding and corporate parenting	Describe any negative impacts your proposal has on safeguarding and corporate parenting	What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?
Safeguarding	n/a	n/a	n/a
Corporate Parenting	n/a	n/a	n/a

5. What evidence and data has informed the development of your proposal?

Financial transactions from Accountable body
Feedback from stakeholders to CCRCD including internal audit reviews

6. SUMMARY: As a result of completing this form, what are the main positive and negative impacts of your proposal, how have they informed/changed the development of the proposal so far and what will you be doing in future?

On initial preparation of the draft accounts and AGS, they have subsequently been reviewed by Audit Wales.

7. MONITORING: The impacts of this proposal will need to be monitored and reviewed. Please specify the date at which you will evaluate the impact, and where you will report the results of the review.

The impacts of this proposal will be evaluated on:	n/a