Cabinet Prifddinas Ranbarth Caerdydd | Cardiff Capital Region Cabinet

9 OCTOBER 2023

DRAFT STATEMENT OF ACCOUNTS 2022/23 AND DRAFT ANNUAL GOVERNANCE STATEMENT – CONTROLS, RATINGS AND ACTIONS

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

AGENDA ITEM: 4

Reason for this Report

1. To present to Regional Cabinet the Draft Statement of Accounts for 2022/23 and Draft Annual Governance Statement in respect of the Cardiff Capital Region City Deal (CCRCD) Joint Committee.

2. Joint Committees fall within the definition of 'local government bodies in Wales provided by section 12 of the Public Audit (Wales) Act 2004, and therefore, fall within the Auditor General's duty to audit the accounts of such bodies. Where qualifying income or expenditure exceeds £2,500,000, the requirement is to produce a full set of accounts which comply with the International Standard on Auditing 260 (ISA 260).

3. To note that the Section 151 Officer has signed the certificate within the Statement of Responsibilities of the Draft Statement of Accounts (Appendix 1). This and the draft AGS has been sent to Audit Wales (AW) to commence its external audit in line with the audit plan.

Background

4. The Statement of Accounts is prepared in accordance with a Code of Practice on Local Authority Accounting ("the Code") 2022/23 developed by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Accounts aim to give electors, those subject to levied taxes and charges, those charged with governance, members of the partnering authorities, employees and other interested parties information about the Joint Committee's finances.

5. The preparation of the Statement of Accounts and its subsequent audit is important to ensure accountability of public funds, to allow comparison across organisations and to meet legislative requirements. However, the accounts contain complex technical statements which are necessary in order to comply with the requirements of the Code.

6. Under the Accounts and Audit (Wales) (Amendments) Regulations 2018, the Joint Committee's draft accounts are required to be signed by 30 June and the final audited Statement of Accounts for 2022/23 approved and published by 30 November 2023. Following the pandemic and infrastructure asset audit issues raised last year, there has been some disruption in the standard accounts preparation timetable for a number of years. For the publication of the audited 2022/23 accounts, the result of this is that the deadline has been extended to 31 December 2023.

Content of the Accounts

7. The Statement of Accounts include:

- a Narrative Report setting out an introduction to CCRCD, financial and non-financial performance during 2022/23 as well as an introduction to the statements included within the accounts;

- accounting policies;

- the core financial statements for 2022/23:
  - Movement in Reserves Statement
  - Comprehensive Income and Expenditure Account
  - Balance Sheet
  - Cash Flow Statement;

- other accompanying notes as a result of legislative or accounting requirements such as:
  - Disclosures on financial instruments (Financial Assets and Financial Liabilities);
  - Capital Expenditure and financing arrangements;
  - Remuneration and exit packages.

Group Accounts

8. The Code of Practice also requires the preparation of Group Accounts where material subsidiaries, associates or joint ventures exist. The Special Purpose Vehicles (SPVs) established to deliver the Compound Semi-Conductor project (CSC Foundry Ltd.) and to deliver the Aberthaw project (CCR Energy Ltd.) are consolidated and included within the Joint Committee's Group Accounts also included in Appendix 1.

Draft Annual Governance Statement (AGS)

9. 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).

10. Attached at Appendix 2 is the draft AGS which represents an update and assessment in accordance with the principles of the 'Delivering Good Governance in Local Government' framework, developed by CIPFA and the Society of Local Authority Chief Executives and Senior Managers (SOLACE).

11. The AGS assessment exercise was 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.

12. The assessment was led by the City Deal Senior Leadership Team, with input and support from the Accountable Body. In order to gauge wider stakeholder views the draft statements, proposed responses and ratings, were shared with the Chairs and Vice Chairs of Regional Cabinet, Investment Panel, Regional Economic Growth Partnership and Programme Board.

13. The assessment concluded that STRONG assurance can be provided against 14 statements, with 5 statements being rated as STRONG/MODERATE and 1 statement (Statement 16), being assessed at MODERATE. No significant governance issues were identified in respect of any of the 20 good practice assurance statements in 2021/22.

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

Next Steps

15. The next steps are:

    a) to advertise and facilitate the opportunity for an online public inspection of the accounts for a period of four weeks in line with statutory requirements;
    b) to support the external audit of the accounts in line with the Audit plan for 2022/23;
    c) Regional Cabinet to approve and sign the audited accounts and Annual Governance Statement at a future meeting and no later than 30 December 2023;
    d) to publish the approved accounts on the Joint Committee website following approval of the audited Statements and Annual Governance Statement.

Reasons for Recommendations

16. To provide Regional Cabinet with the opportunity to review and comment on the Draft Statement of Accounts for the year ended 31 March 2023 and the Draft Annual Governance Statement – Controls, Ratings and Actions document.

Financial Implications

17. This report has no direct financial implications. Regional Cabinet must discharge its duty to approve the audited Joint Committee's Statement of Accounts and Annual Governance Statement for 2022/23 by 31 December 2023.

Legal Implications

18. 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

19. In considering this matter 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 religion or 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.

20. 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.

21. 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.

RECOMMENDATIONS

22. It is recommended that the Cardiff Capital Region Regional Cabinet:

(1) notes that the Draft Statement of Accounts for the year ended 31 March 2023 (attached as Appendix 1) has been:

i. signed by the Section 151 Officer;
ii. provided to Audit Wales to allow them to commence their audit of the statements;
iii. will be made available for public inspection for a period of four weeks.

(2) notes that the Draft Annual Governance Statement document attached as Appendix 2 has also been provided to Audit Wales as part of the audit.

Chris Lee
Section 151 Officer
Cardiff Capital Region
9 October 2023

Kellie Beirne
Director

Appendices

Appendix 1	Draft Statement of Accounts 2022/23
Appendix 2	Draft Annual Governance Statement 2022/23
Appendix 2a	Declarations of Interest Summary 2022/23
Appendix 2b	Draft AGS Controls, Ratings and Actions 2022/23
Appendix 2c	Draft AGS Action Plan 2022/23
Appendix 3	Well-being of Future Generations Assessment

Appendix 1

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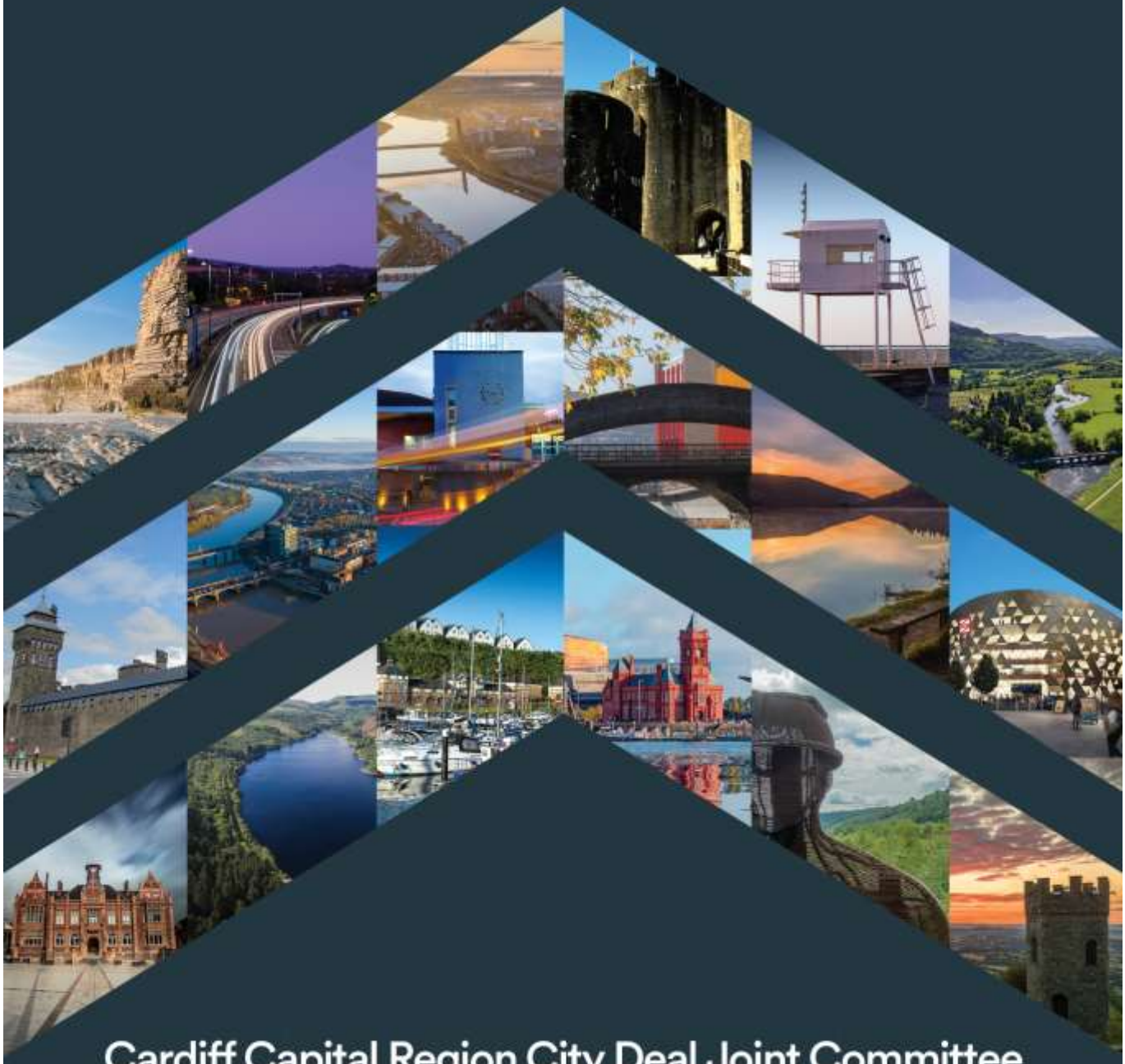

Cardiff Capital Region City Deal Joint Committee
Draft Unaudited Statement of Accounts

2022/2023

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Cardiff Capital Region City Deal – Chair's Statement

"Signed in March 2017 across the ten Cardiff Capital Region (CCR) local authorities, Welsh and UK Governments, the Cardiff Capital Region City Deal has the ambition to foster a regional economy that is bigger, fairer, and greener, generating good growth and creating conditions for shared prosperity across the ten local authorities that make up our Region. The City Deal comprises £734m for the South Wales Metro project and £495m for the CCR Wider Investment Fund (WIF).

Unlike some other Investment Funds, the CCR WIF did not have prescribed programmes or projects agreed at the outset. Rather, in recognition of the need for a different approach to addressing the various challenges facing the South East Wales economy over the last 25 years, Welsh and UK Government Ministers set out an approach for CCR that embedded an inherent flexibility and the need for the public sector to show adaptive and dynamic leadership.

The City Deal has been more than a funding mechanism. Along with the evolution of governance to promote a networked and distributed culture of leadership, from the Regional Economic Growth Partnership (REGP) through to the Joint Committee, it has been the first stage of regional economic governance. As CCR transitions from a single funding programme to a standalone corporate body ('Corporate Joint Committee' or CJC), this approach is more critical than ever.

As the 2022/23 accounts show, the scale of investments made are growing in both size and complexity. Significant strides forward in deployment of the City Deal Wider Investment Fund are being made and in 22/23, £46.85M of funds (against a forecast sum of £37M) were deployed and delivered into a variety of schemes that all contribute to fulfilling the aims and ambitions set out in the recently revised CCR Regional Economic & Industrial Plan (REIP). This is important because whilst it represents a step change in the pace of delivery of the City Deal programme – it also reflects a more complex set of accounts that span debt, equity, and grant investments through a range of sub-funds, direct transactions, and establishment of new mechanisms such as the Limited Partnership which deploys the Innovation Investment Fund and CCR Energy Ltd.

Further impacting this picture, is the transition to the new South East Wales Corporate Joint Committee (SEW CJC) which will see CCR manage and account for its funds directly as a new legal corporate entity. The work to effect this is significant, and many challenges and opportunities are presented. Foremost amongst which, is the need to develop a sustainable future funding approach, which seeks to maximise resources and ensure the SEW CJC has its own clearly defined Medium Term Financial Plan, a dynamic funding model and develops the financial models and tools to govern ongoing, effective financial stewardship and a responsible approach to investment through work commenced in 2022/23 on a Portfolio Investment Review through to key decisions in respect of establishing a Recycled Reserves Fund and commencing a longer-term piece of work, informed by independent expert advisors on a Future

Funding Strategy – 2022/23 has been a critical year in which progress has been made that aligns with the level of maturity of the programme and its next steps into the Corporate Joint Committee.

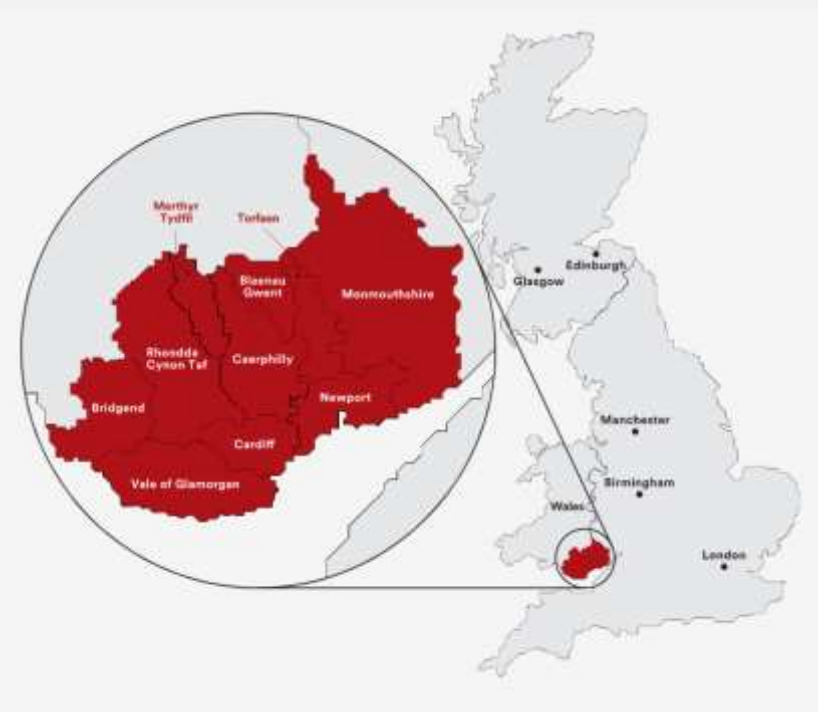
CCR is on a positive trajectory, and it is my belief, the professional, timely and constructive manner in which the year-end accounts for 2022/23 has been brought together is testament to this."

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.

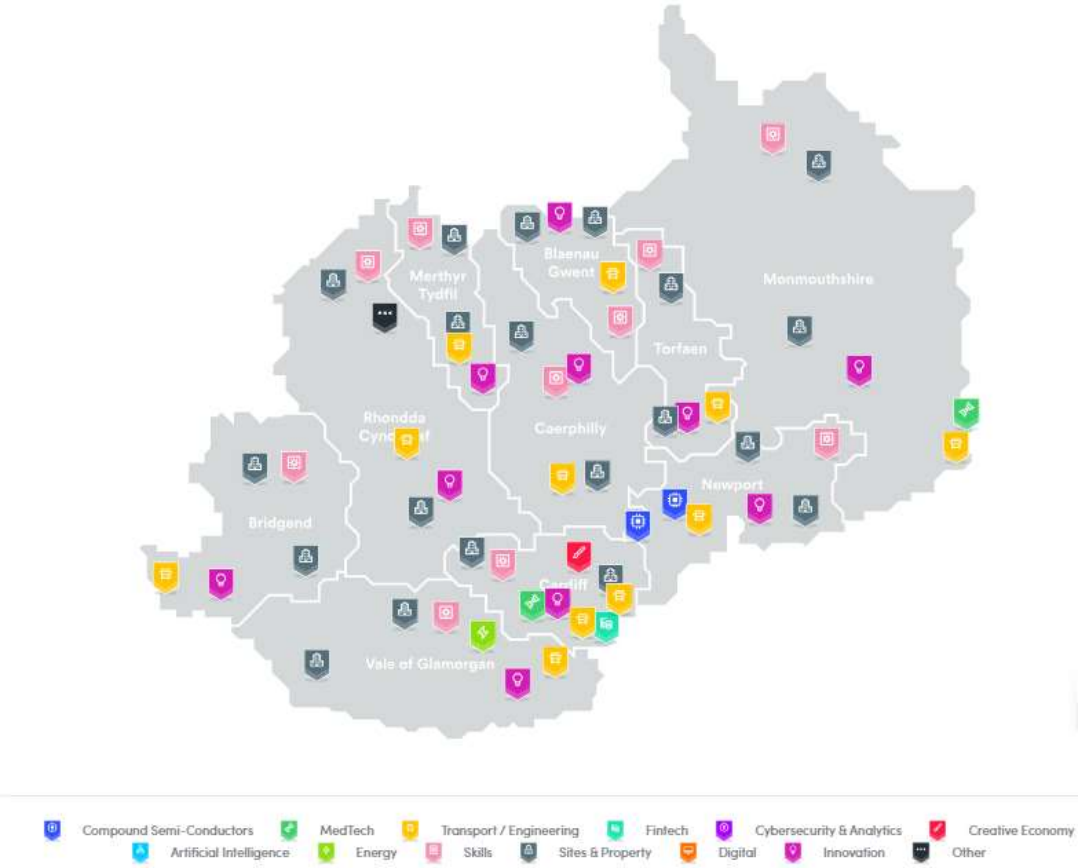
However it is not just about economic growth in isolation, it is also about building sustainability and resilience into the economy of the region, about creation and dissemination of wealth amongst the most disadvantaged, but also about innovation, not only to business and technology, but also to public services and civic society.

Background

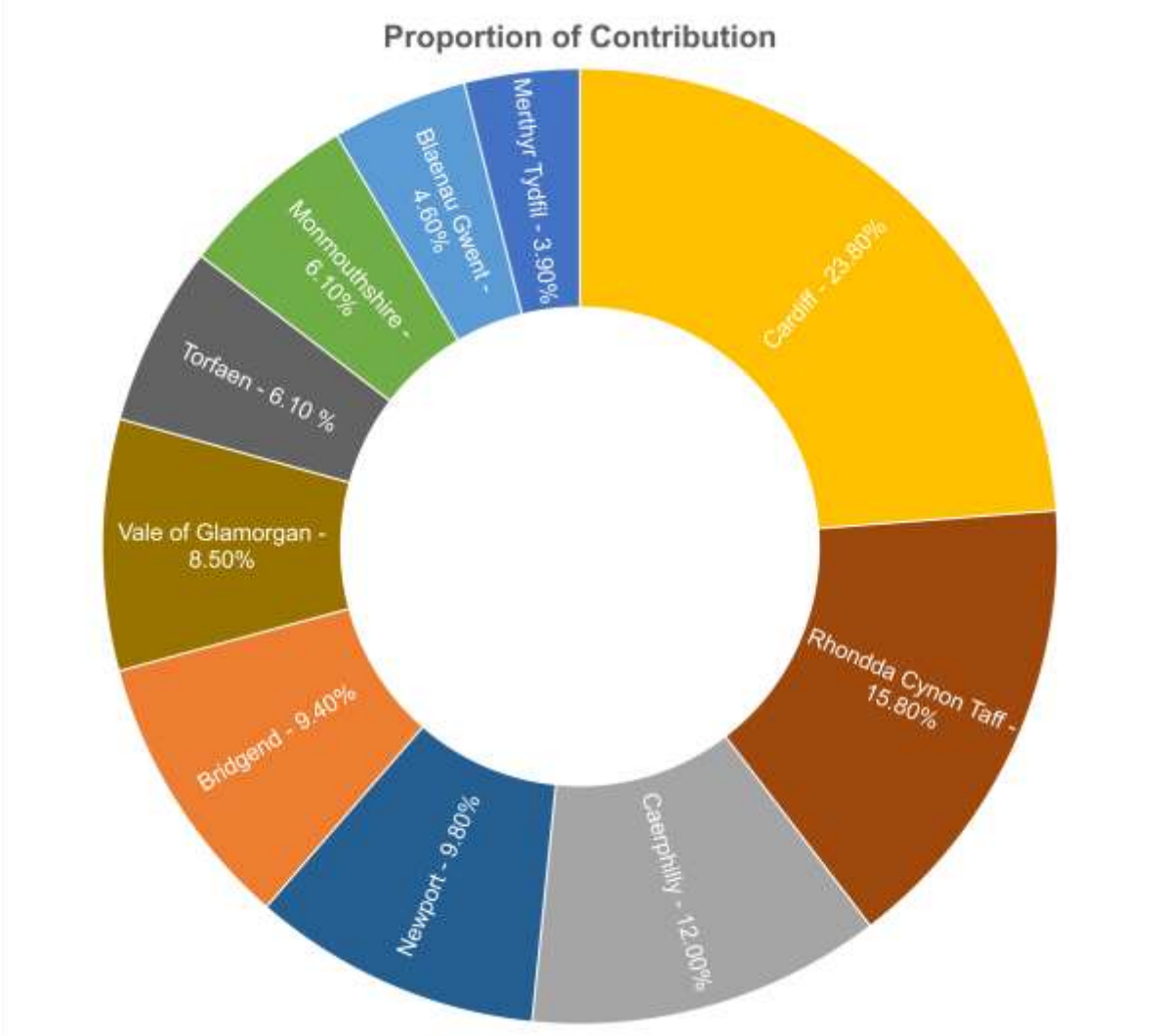
Ten partner authorities established the Cardiff Capital Region City Deal Joint Committee, by signing a Joint Working Agreement (JWA) in relation to the delivery of the City Deal on 01 March 2017. This sets out governance arrangements, an Assurance Framework as well as an implementation plan. One elected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

Current Approved Projects – Wider Investment Fund

The graphic below shows the location and nature of investments committed to across the Region.



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 South Wales Metro project 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 15 years, with £50 million revenue grant paid in years 1-5, followed by £325 million of capital grant between years 6-15;
- £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 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. A new National Evaluation Framework (NEF) has been developed for the second Gateway Review cycle and the enhancements to the NEF will better demonstrate impact of the City Deal, across four thematic areas – Transport; People; Infrastructure; and Enterprise & Innovation.

A revised Local Evaluation Framework (LEF) was approved at Regional Cabinet in March 2023 and sets out the agreed methods for evaluation, timescales & detailed monitoring requirements. It sets the frame of context for CCR and determines how we will measure against outputs, outcomes, and impacts. The LEF also determines the reporting approach for DLUHC, UKG and WG – helping to manage funder expectations while ensuring CCR is robustly assessing performance.

Funding for financial years 2021/22 to 2025/26 was 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 2022/23 Joint Committee Revenue Budget Final Outturn Position which sets out the financial performance against the approved revenue budget for the financial year. In summary (subject to Audit), the approved budget of £2,863,263 was underspent by £558,079 allowing a reduction in the budgeted drawdown of the Wider Investment Fund 'Top-Slice' funding and the carrying forward of £270,307 as a general reserve.

https://www.cardiffcapitalregion.wales/wp-content/uploads/2023/07/item-4-outturn.pdf

Cardiff Capital Region Cabinet 2022/23 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 £1,952,000 against the approved 'Top-Slice' budget of £2,225,300 and expenditure of £44,898,100 on approved projects. Unused annual allocations are carried forward to fund future project expenditure.

https://www.cardiffcapitalregion.wales/wp-content/uploads/2023/07/item-5-quarter-4.pdf

Cardiff Capital Region Cabinet Wider Investment Fund – Annual Business Plan 2023/24 which, as a requirement of the 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 2023/24 and the medium term, also setting out how this is expected to be funded.

https://www.cardiffcapitalregion.wales/wp-content/uploads/2023/01/item-5-abp.pdf

Establishment of the South East Wales Corporate Joint Committee. Reports providing 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 can be found here:

Governance Papers - Cardiff Capital Region

Financial Performance 2022/23

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

Table 1: 2022/23 Joint Committee Revenue Budget & Outturn Position

Joint Committee Revenue Budget	2022/23 Budget £	2022/23 Out-turn £	2022/23 Variance £
Expenditure:			
City Deal Office	2,529,621	1,970,574	(559,047)
Accountable Body Support Services	333,642	334,610	968
Total	**2,863,263**	**2,305,184**	**(558,079)**
Funded by:			
Partner Contributions	(1,218,061)	(883,759)	334,302
WIF 'Top-Slice' Contribution - Reserve	(1,645,202)	(1,421,425)	223,777
Total	**(2,863,263)**	**(2,305,184)**	**558,079**
Net Position	**0**	**0**	**0**

The Joint Committee budget underspend of £558,079 for 2022/23 was utilised by reducing the budgeted funding required from the Wider Investment Fund 'Top-Slice' and adding the to the Joint Committee's General Reserve. Reasons for the underspend are set out in the Final Outturn Position report, to which there is a link above.

Table 2: 2022/23 Wider Investment Fund 'Top-Slice' Budget & Outturn Position

Wider Investment Fund	2022/23 Budget £	2022/23 Out-turn £	2022/23 Variance £
Expenditure:			
Wider Investment Fund Top Slice	2,225,300	1,952,026	(273,274)
Approved Projects - Revenue	2,244,000	3,502,539	1,258,539
Future Revenue Projects	2,000,000	0	(2,000,000)
Sub Total Revenue	6,469,300	5,454,565	(1,014,735)
Approved Projects - Capital	19,011,800	41,395,600	22,383,800
Future Capital Projects	20,800,000	0	(20,800,000)
Sub Total Capital	39,811,800	41,395,600	1,583,800
Total Investment	**46,281,100**	**46,850,165**	**569,065**
Funded by			
HMT Contribution (Revenue)	(6,469,300)	(5,454,565)	1,014,735
HMT Contribution (Capital)	(36,600,000)	(41,395,600)	(4,795,600)
Sub Total HMT Contributions	(43,069,300)	(46,850,165)	(3,780,865)
Council Contribution	(3,211,800)	0	3,211,800

Temp Borrowing 'Cost of Carry'	0	0	0
Sub Total Council Contributions	(3,211,800)	0	3,211,800
Total Funding	**(46,281,100)**	**(46,850,165)**	**(569,065)**
Net Position	**0**	**0**	**0**

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 2022/23 and anticipated 2023/24 spend are provided in the other reports for which links are provided above.

Table 2 also details the anticipated use of the Wider Investment Fund for approved and potential new projects during the year, as set out in the 2022/23 Annual Business Plan. Further detail on this is included in the Annual Business Plan – Quarter 4 Performance Report referenced above.

Key expenditure in 2022/23 was on the following approved projects:

- £0.61m Revenue expenditure and £0.80m Capital expenditure on Challenge Fund projects
- £0.80m Revenue expenditure on the FinTech project
- £0.56m Revenue expenditure on the Media.Cymru project
- £0.25m Revenue expenditure and £0.72m Capital expenditure on the Ultra Low Emission Vehicle project
- £2.25m Capital expenditure on Housing Viability Gap Fund schemes
- £1.86m Capital expenditure on Strategic Premises Fund schemes
- £10.77m Capital expenditure on Metro Plus schemes
- £1.31m Capital expenditure on the Metro Central project
- £7.84m Capital expenditure on equity and loan investments into a number of SMEs with the Region
- £15.70m Capital expenditure on a loan to CCR Energy Ltd in order to purchase and begin the demolition and remediation of the former Aberthaw Power Station

Financial Position as at 31 March 2023

The Joint Committee's Balance Sheet position is summarised below and provides details of its assets and liabilities as at 31 March 2023.

Summary of Balance Sheet	31 March 2022 £	31 March 2023 £
Long Term Assets : Long Term Debtors, Revenue and Capital	42,127,434	63,843,812
Current Assets & Liabilities: Short Term Debtors, Cash & Cash Equivalents, less Short Term Creditors	26,034,553	23,759,059
Long Term Liabilities	(22,578,935)	(12,831,364)
Net Assets	**45,583,052**	**74,771,507**
Usable Reserves	2,027,421	9,332,533
Unusable Reserves	43,555,631	65,438,974
Financed by	**45,583,052**	**74,771,507**

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 2023, the Joint Committee held Usable Reserves of £9,332,533. These are carried forward as a General Reserve of £355,820 to supplement Joint Committee Revenue Budget resources available in future years, and Earmarked Reserves of £1,698,268 in relation to accumulated interest on investments which is intended to be used to fund future project expenditure, £234,482 in relation to CJC Transition expenses to be incurred in 2023/24, £145,778 in relation to future Gateway Review costs and a usable Capital Receipts reserve of £6,898,186 from recycled funding 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 is dynamic in nature and takes place following a review of a number of best practice statements and resulting actions where deemed required. For example, the 2020/21 assessment included changes in governance arrangements to reflect the Covid-19 pandemic.

For 2022/23, the context for the assessment concentrated on the following areas:

- The significant strides forward in the deployment of the City Deal fund with £46.85m of funds being deployed against a forecast sum of £37m, by the year-end a total of 24 interventions had been approved since the launch of the Wider Investment Fund with £338m of the fund now committed;

- Performance - the City Deal has now entered the second Gateway Review cycle, which concludes in 2025. There has been significant progress in this area, including revision of the Local Evaluation Framework (LEF) which is a core requirement of the Gateway Review process;

- Preparation for Transition to South East Wales Corporate Joint Committee - CCR has been a key voice and driver in the transition to Corporate Joint Committees across Wales and worked with the UK & Welsh Governments to understand and resolve the challenges to transition. Given this progress, the Transition Plan for the CJC has been approved and workstreams have been enacted across key areas, from finance and HR to portfolio transfer and stakeholder engagement.

- Delivering For Our Communities - the transition to a fully functional CJC will ensure CCR is responsive to changes in the social, political, and economic climate. It will foster local government collaboration; develop new policies and approaches to fiscal levers and incentives; provide enhanced shared services; and improve sustainability and liveability.

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 2022/23 review builds on the assessments undertaken in previous years, outlining the extent to which the Joint Committee's 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.

Cardiff Capital Region - Re-energising our Region, Reshaping our Future

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 Ltd and CCR Energy Ltd.

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 2022/23 (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 2022/23 and the financial position at 31 March 2023.

Christopher Lee **Date:** **15 September 2023**

Section 151 Officer

Audit of Financial Statements Report

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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 2023 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 2022/23 (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**
   International Financial Reporting Standard 16 – Leases was adopted in the 2022/23 Code. Following a consultation with local authorities and auditors, the timescale for required adoption has been pushed back to the financial year beginning 1 April 2024 or earlier if deemed possible. 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. Cash is represented by cash in hand and the net balance attributable to Cardiff Capital Region City Deal on all of the Council's bank accounts. It includes deposits with financial institutions that are repayable on notice of not more than 24 hours without significant penalty. It also includes investments maturing and interest received on the first working day of April.

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. This funding is then applied to the capital adjustment account through the Movement in Reserves Statement, to finance the capital expenditure in year.

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 were 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 2022/23 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 CSC Foundry Ltd 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.

The CCR Energy Ltd Investment property held at the balance sheet date is valued as per the company's accounts prepared by Baker Knoyle Ltd and includes the original purchase price, various other capitalised acquisition and demolition costs and a provision for future costs required to fully demolish and remediate the site.

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 statutory accounts have two types of reserves, usable and unusable. The Joint Committee sets aside amounts as usable reserves for future policy purposes or to cover contingencies, which can be used for future spend. Unusable 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 and cannot be used for future spend.

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.

2022/23 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.

2021/2022 £		Notes	2022/2023 £
	Cost of Services		
1,751,398	Staff Costs		2,220,378
15,965	Premises	2	33,127
889	Transport	3	4,354
3,065,098	Supplies & Services	4	3,884,705
400,000	Revenue Expenditure funded from Capital Under Statute	5	15,524,969
347,364	Support Services	6	663,662
412,773	Capital Charges	12	811,976
5,993,487	**Operating Expenditure**		**23,143,171**
(1,160,058)	Contributions from Local Authorities	7/10	(1,218,011)
(4,562,130)	Grant Income	7	(21,139,356)
(94,556)	Fees and Charges	7	(264,183)
(5,816,744)	**Operating Income**		**(22,621,550)**
176,743	**Net Cost of Services**		**521,621**
(166,248)	Interest & Investment Income	15	(1,490,148)
(166,248)	**Financing & Investment Income & Expenditure**		**(1,490,148)**
(4,370,706)	Recognised Capital Grants & Contributions	21	(28,219,927)
(4,370,706)	**Taxation and Non-Specific Grant Income**		**(28,219,927)**
(4,360,211)	**(Surplus) / Deficit on Provision of Services**		**(29,188,454)**
0	Other Comprehensive Income & Expenditure		0
(4,360,211)	**Total Comprehensive Income & Expenditure**		**(29,188,454)**

2022/23 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 2022 Carried Forward	**212,080**	**465,341**	**1,350,000**	**2,027,421**	**43,601,229**	**(45,599)**	**43,555,630**	**45,583,051**
Movements in Reserves During 2022/23								
Surplus / (Deficit) on the Income and Expenditure Account	29,188,455	0	0	**29,188,455**	0	0	**0**	**29,188,455**
Total Comprehensive Income and Expenditure	**29,188,455**	**0**	**0**	**29,188,455**	**0**	**0**		**29,188,455**
Adjustments between Accounting Basis and Funding Basis	(30,497,338)		0	(30,497,338)	27,407,953	23,577	**27,431,530**	**(3,065,809)**
Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves	**(1,308,883)**	**0**	**0**	**(1,308,883)**	**27,407,953**	**23,577**	**27,431,530**	**26,122,646**
Transfers to/(from) Reserves	**1,452,624**	**1,613,186**	**5,548,186**	**8,613,996**	**(5,548,186)**		**(5,548,186)**	**3,065,810**
Increase/(Decrease in Year)	**143,741**	**1,613,186**	**5,548,186**	**7,305,113**	**21,859,767**	**23,577**	**21,883,343**	**29,188,456**
Balance at 31st March 2023	**355,821**	**2,078,527**	**6,898,186**	**9,332,534**	**65,460,996**	**(22,022)**	**65,438,973**	**74,771,507**

Movements in Reserves - Prior Year for Comparison	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**

Balance Sheet as at 31 March 2023

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

31 March 2022 £		Notes	31 March 2023 £
1,286,236	Property, Plant & Equipment - Assets Under Construction	12	1,430,305
2,476,635	Property, Plant & Equipment	12	4,420,420
2,000,000	Long Term Investments	15	8,828,320
36,364,563	Long Term Debtors	15	49,164,767
42,127,434	**Long Term Assets**		**63,843,812**
6,957,078	Short Term Debtors	13	10,210,350
65,300,564	Cash & Cash Equivalents	14	47,097,808
72,257,642	**Current Assets**		**57,308,158**
(46,177,490)	Short Term Creditors	17	(33,527,076)
(45,599)	Accumulated Absences	16	(22,023)
(46,223,089)	**Current Liabilities**		**(33,549,099)**
(22,578,935)	Long Term Creditors	17	(12,831,364)
(22,578,935)	**Long Term Liabilities**		**(12,831,364)**
45,583,052	**Net Assets**		**74,771,507**
2,027,421	Usable Reserves	18,19	9,332,533
43,601,230	Capital Adjustment Account	21	65,460,997
(45,599)	Accumulated Absences	16	(22,023)
45,583,052	**Total Reserves**		**74,771,507**

2022/23 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 2022 £		Notes	31 March 2023 £
(4,360,211)	Net (Surplus) / Deficit on the provision of services		(29,188,455)
4,894,633	Adjust net surplus or deficit on the provision of services for non-cash movements	20	43,120,176
534,422	**Net cash flows from operating activities**		**13,931,721**
4,829,459	Investing activities	20	28,219,928
(22,860,847)	Financing activities	20	(23,948,894)
(17,496,966)	**Net (increase) / decrease in cash and cash equivalents**		**18,202,755**
(47,803,597)	Cash and cash equivalents at the beginning of the reporting period		(65,300,563)
(65,300,563)	**Cash balance as at 31 March**		**(47,097,808)**

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	
£	2021/22	2022/23
115,000 - 119,999	1	1
90,000 - 94,999	1	1
70,000 - 74,999	1	2
65,000 - 69,999	1	2
Total	**4**	**6**

Post Title	Salary, fees, and allowances £	Employers Pension Contributions £	Total £	Notes
City Deal Director	120,479	29,035	149,514	Post commenced August 2018.
Chief Operating Officer	92,245	19,095	111,340	Post commenced August 2019.
Head of Finance, Risk and Assurance	74,217	15,363	89,580	Post commenced August 2019.
Head of Inclusive Growth & Business Development	70,955	14,688	85,643	Post commenced July 2019.
Head of Governance, Policy & Communications	67,839	14,043	81,882	Post commenced October 2021.

Head of Innovation & Clusters	54,729	9,730	64,459	Post commenced August 2021 and ceased November 2023 Annualised 2022/23 Salary £74,217.
Head of Digital & Data Innovation	68,902	14,262	83,164	Post commenced September 2021.
Total Senior Staff	**549,366**	**116,216**	**665,582**	

Note: Accumulated Absence Accrual costs for these Officers total £8,230 and Employers NI Contributions total £62,478

Prior Year for Comparison:

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. Annualised Salary £69,030 balance reflects prior year adjustment
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	7,961	46,411	Post commenced September 2021. Annualised Salary £65,914
Total Senior Staff	**476,181**	**100,295**	**576,476**	

2. Premises

The following table analyses premises expenditure for the year.

2021/22 £	Premises	2022/23 £
15,000	Rents	31,055
965	Other Premises Related Expenditure	2,072
15,965	**Total**	**33,127**

3. Transport

The following table analyses transport expenditure for the year.

2021/22 £	Transport	2022/23 £
(84)	Car Allowances	766
973	Travel Expenses	3,587
889	**Total**	**4,354**

4. Supplies and Services

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

2020/21 £	Supplies & Services	2022/23 £
25,992	ICT, Telephones, Printing & Software	32,910
29,409	Meeting Room Hire & Other Meeting Costs	89,722
104,732	Marketing, Branding & Communications	67,472
1,847,917	Programme Development & Support*	1,637,929
341,208	Revenue Project Grants**	1,862,860
715,841	Other Supplies & Services Costs	193,812
3,065,098	**Total**	**3,884,705**

* 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	2022/23 £
FinTech Wales	800,000
Cyber Masters - Cardiff University	277,860
Media.Cymru	557,792
Cyber Innovation Hub - Cardiff University	141,742
Shared Apprenticeship Scheme	85,466
Total	**1,862,860**

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.

2021/22 £	Revenue Expenditure funded from Capital under Statute (REFCUS)	2022/23 £
0	Metro Plus Schemes	10,771,382
0	Housing Viability Gap Fund	2,250,508
400,000	Challenge Fund	799,196
0	Premises Fund	157,952
0	Metro Central	1,262,076
0	Cyber Innovation Hub	283,855
400,000	**Charged to Income & Expenditure Statement**	**15,524,969**
	Funded by:	
(400,000)	**Grants and Contributions**	**(15,524,969)**

6. Support Services

The following table analyses support service expenditure for the year.

2021/22 £	Support Service Costs	2022/23 £
18,456	HR People Services	16,417
130,212	Accountancy Support	125,000
4,857	Exchequer, Internal Audit & Insurance	4,857
121,060	Legal & Governance Support	121,060
20,231	ICT, Information & Governance	24,998
8,270	Translation Services	5,500
44,073	External Audit	63,558
0	Investment & Intervention Fund Costs	302,222
205	Other Support	50
347,364	**Total**	**663,662**

7. Income

The following table analyses income accounted for during the year.

2021/22 £	Income	2022/23 £
(1,160,058)	Contributions from Local Authorities	(1,218,011)
(94,556)	Fees and Charges	(264,184)
(4,562,130)	Grant Income	(21,139,355)
(5,816,744)	**Total**	**(22,621,550)**

Contributions from Local Authorities are in respect of the Joint Committee Revenue Budget from the ten partnering authorities.

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:

2021/22 £	Grants and Contributions Credited to Operating Income	2022/23 £
(4,562,130)	WIF HM Treasury Grant	(21,139,356)
(4,728,894)	**Total**	**(21,139,356)**

2021/22 £	Grants and Contributions Receipts in Advance	2022/23 £
(43,469,300)	WIF HM Treasury Grant - Short Term Creditor	(28,181,000)
(200,000)	SBRI Challenge Fund Grant	(600,000)
(43,669,300)	**Sub Total**	**(28,781,000)**
(17,778,935)	WIF HM Treasury Grant - Long Term Creditor	(7,831,364)
(5,000,000)	Housing Viability Gap Funding - Long Term Creditor	(5,000,000)
(22,778,935)	**Sub Total**	**(12,831,364)**
(66,448,235)	**Total**	**(41,612,364)**

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 2022/23	Net Expenditure Chargeable to General Fund Balances £	Adjustments between accounting and funding basis - Capital £	Adjustments between accounting and funding basis - Other £	Comprehensive Income & Expenditure 2022/23 £
Staff Costs	2,196,801	0	(23,577)	2,173,225
Premises	33,127	0	0	33,127
Transport	4,354	0	0	4,354
Supplies & Services	3,884,705	0	0	3,884,705
Revenue Expenditure funded from Capital Under Statute	15,524,969	0	0	15,524,969
Support Services	663,662	0	0	663,662
Capital Charges	811,976	(811,976)	0	0
Contributions from Local Authorities	(1,218,011)	0	181,265	(1,036,746)
Grant Income	(21,139,356)	0	0	(21,139,356)

Fees and Charges	(264,183)	0	0	(264,183)
Net Cost of Services	**498,044**	**(811,976)**	**157,688**	**(156,244)**
Interest & Investment Income	(1,490,148)	0	1,490,148	0
Recognised Capital Grants & Contributions	(28,219,928)	28,219,928	0	0
(Surplus) or Deficit	**(29,212,032)**	**27,407,952**	**1,647,836**	**(156,244)**
Opening Usable Reserves Balance 1 April 2022	(2,027,421)			
Plus Surplus on Usable Reserves Balance in Year				
Transfer, surplus to General Fund	(143,741)			
Transfer, General Fund to Earmarked Reserves	(1,613,186)			
Transfer, Capital Adjustment Account to Usable Capital Receipts Reserve	(5,548,186)			
Closing Usable Reserves Balance 31 March 2023	**(9,332,534)**			

2021/22 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 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	0	(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	4,370,706	0	(5,180,706)
(Surplus) or Deficit	**(479,389)**	**3,957,933**	**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)**			

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.

2022/23	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	(28,219,927)	28,219,927	0	**0**
Charges for depreciation and impairment of non-Current assets	811,976	(811,976)	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.	23,577	0	(23,577)	**0**
Total	**(27,384,374)**	**27,407,951**	**(23,577)**	**0**

2021/22 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	(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	0	(21,190)	**0**
Total	**(4,746,743)**	**4,767,933**	**(21,190)**	**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 2022/23 are detailed in note 7.

Such transactions are detailed below.

Related Party Transactions	Revenue £	Capital £	2022/23 £
Blaenau Gwent CBC	(56,271)	0	(56,271)
Bridgend CBC	(114,973)	0	(114,973)
Caerphilly CBC	(145,779)	0	(145,779)
City of Cardiff Council	(288,944)	0	(288,944)
Merthyr Tydfil CBC	(48,002)	0	(48,002)
Monmouthshire County Council	(74,826)	0	(74,826)
Newport City Council	(119,567)	0	(119,567)
Rhondda Cynon Taf CBC	(192,100)	0	(192,100)
Torfaen CBC	(74,309)	0	(74,309)
Vale of Glamorgan Council	(103,240)	0	(103,240)
Sub Total: Local Authority Contributions	**(1,218,011)**	**0**	**(1,218,011)**
HMT Capital Grant Funding (via Welsh Government)	0	(22,000,000)	(22,000,000)
Ultra-Low Emission Vehicle Grant Funding	0	(2,902,254)	(2,902,254)
Welsh Government Food Challenge Grant	0	(400,000)	(400,000)
Welsh Government Local Area Energy Plan Grant	(244,794)	0	(244,794)
Shared Prosperity Fund Grant (via Rhondda Cynon Taf CBC)	(46,155)	0	(46,155)
Sub Total: Contributions from Other Parties	**(290,949)**	**(25,302,254)**	**(25,593,203)**
Total	**(1,508,960)**	**(25,302,254)**	**(26,811,214)**

For Comparison - Related Party Transactions 2021/22	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 to be set out in the Statement of Accounts.

11. External Audit Costs

2021/22 £	External Audit Costs	2022/23 £
29,043	Joint Committee Financial Audit	29,043
21,515	Joint Committee Performance Audit	21,515
50,558	**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 2022/23 audit will be charged following the completion of audit work.

12. Property, Plant and Equipment

Property, Plant and Equipment	Vehicles, Plant & Equipment	Vehicles, Plant & Equipment Under Construction	Total Property, Plant & Equipment
Movements in Cost or Values	**£**	**£**	**£**
31-Mar-22	**2,889,408**	**1,286,236**	**4,175,644**
Additions	1,469,524	1,430,305	**2,899,830**
Other Reclassifications - Transfers	1,286,236	(1,286,236)	**0**
31-Mar-23	**5,645,168**	**1,430,305**	**7,075,474**

Movements in Depreciation/Impairment	**£**	**£**	**£**
31-Mar-22	**412,773**	**0**	**412,773**
Depreciation Charge	811,976	0	**811,976**
31-Mar-23	**1,224,749**	**0**	**1,224,749**

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

At 31 March 2023	**4,420,420**	**1,430,305**	**5,850,725**

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

13. Short Term Debtors

31 March 2022 £	Short Term Debtors	31 March 2023 £
249,509	Central Government Bodies	1,341,479
1,548,465	Other Local Authorities	422,233
5,159,104	Other Entities and Individuals	8,446,638
6,957,078	**Total**	**10,210,350**

The main components of the Debtor Balances with Other Local Authorities as at 31 March 2023 are mainly a result of timings of recharges being made at Financial Year End.

The Debtor Balance with Other Entities and Individuals consists mainly of repayments of loans made to CSC Foundry (£4,332,906) and an outdoor adventure tourism business (£667,500) due in 2023/24.

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 £47,097,808 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 2022 £	Cash and Cash Equivalents	31 March 2023 £
65,300,564	Cardiff Council Inter-Co Cash	47,097,808
65,300,564	**Total**	**47,097,808**

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 represents investments in a healthcare data business for a 16.67% shareholding; a 20.60% shareholding of a digital manufacturing business; a 5.88% shareholding in a FinTech business and a 7.22% shareholding in a BioTech business. None of these 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 are to be recycled back into the Wider Investment Fund and used to fund future City Deal projects. A balance of £31.53m was outstanding on CCRCD's balance sheet at 31 March 2023.

A loan of £2.06m was made to a MedTech business to support the development of cool plasma sterilisation and decontamination technology. The loan was drawn down in July 2020, and is due to be repaid in 2025 with interest payments being made in the interim.

A further loan of £2.67m was made to a business 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. A balance of £2.17m was outstanding on CCRCD's balance sheet at 31 March 2023.

New loans which were made in 2022/23 are:

- £1.01m to the healthcare data business in which CCRCD already holds an equity stake in order to support its ongoing activities. Interest is being received on this loan with the principal due to be repaid in 2025, therefore a balance of £1.01m is included in the CCRD balance sheet at 31 March 2023.

- £15.70m to CCR Energy Ltd to purchase, demolish and remediate the site of the former Aberthaw Power Station. The repayment profile of the loan is yet to be agreed as it is subject to future company receipts and therefore the total balance of £15.70m is included in the balance sheet at 31 March 2023.

- £1.70m as the first investment made via the Site & Premises Fund. As this is part of a total £50m fund which is intended to re-invest its returns until an exit expected at a future date, this is included in the balance sheet at £1.70m.

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 2022/23.

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 2022			31 March 2023		
Carrying Amount (CV) £	Fair Value (FV) £		Carrying Amount (CV) £	Fair Value (FV) £	Movements between CV and FV £
2,000,000	6,123,289	Long Term Investments - Equity	8,828,320	13,171,861	4,343,541
40,672,111	43,039,507	Long Term Investments - Loans	49,164,767	48,824,481	(340,286)
65,300,564	65,300,564	Cash and Cash Equivalents	47,097,808	47,097,808	0
107,972,675	**114,463,360**	**Total**	**105,090,895**	**109,094,150**	**4,003,255**

The fair value estimate for the equity investment in the healthcare data business has been calculated using the cashflow in perpetuity method as at 31 March 2023 and is based on the company's projected revenue and costs to 2026/27 and its balance sheet for the year ended 31st May 2022. 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.

For the digital manufacturing business investment, the company's shares are not traded on a stock exchange, so a market price is not readily available. Hence, the cashflow in perpetuity method has been used to assess a fair value estimate at 31 March 2023.

The FinTech company invested in also does not have its shares traded on a stock exchange. However, CCRCD purchased their shares in November 2022 and the price paid for them is deemed a suitable approximation to their fair value at 31 March 2023.

Similarly, regarding the investment in a BioTech business, CCRCD purchased their shares only a short time before the year end and there were no significant changes to the company during this time, therefore, the price paid for the shares is a suitable approximation to their fair value at 31st March 2023.

The fair value estimates of the loans made by CCRCD have all been calculated by discounting future cashflows.

Financial Instrument Gains/Losses

Interest amounting to £1,227,307 (2021/22: £30,366) 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.

For the other CCRCD loans, interest of £262,841 has been received during 2022/23.

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 2022/23, it has been determined that no provisions for expected credit losses are required.

The recoverability of the loans made are subject to regular reviews by board members and 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 2023.

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 on 31 March. Statutory arrangements require that the impact on the Joint Committee Balance is fully offset by transfers to and from the Account.

2021/22 £	Accumulated Absences Account	2022/23 £
(24,409)	**Balance as at 1 April**	(45,599)
(21,190)	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.	23,576
(45,599)	**Balance as at 31 March**	**(22,023)**

17. Creditors

31 March 2022 £	Long Term £	Short Term £	Creditors	Short Term £	Long Term £	31 March 2023 £
66,128,805	22,578,935	43,549,870	Central Government Bodies	29,864,188	12,831,364	**42,695,552**
34,961	0	34,961	Other Local Authorities	305,308	0	**305,308**
2,592,659	0	2,592,659	Other Entities and Individuals (Inc. Public Corporations)	3,357,580	0	**3,357,580**
68,756,425	**22,578,935**	**46,177,490**	**Total**	**33,527,076**	**12,831,364**	**46,358,440**

HM Treasury Capital Grant totalling £22.00m was received during the year in respect of the seventh 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. £46.85m of the funding available has been drawn down to cover eligible expenditure during the financial year.

18. Usable Reserves

Total Usable Reserves 2020/21 £	Usable Capital Receipts Reserve 2021/22 £	Earmarked Reserves 2021/22 £	General Fund 2021/22 £	Usable Reserves	General Fund 2022/23 £	Earmarked Reserves 2022/23 £	Usable Capital Receipts Reserve 2022/23 £	Total Usable Reserves 2022/23 £
253,952	0	41,872	212,080	**Balance as at 1 April**	212,080	465,341	1,350,000	**2,027,421**
				Movements during year:				
4,360,211	0	0	4,360,211	Surplus on Provision of Services	29,188,455	0	0	**29,188,455**
(3,936,742)	0	0	(3,936,742)	Financing of Expenditure, Capital Adjustment Account	(30,497,338)	0	0	**(30,497,338)**
1,350,000	1,350,000	0	0	Transfer from Capital Adjustment Account	0	0	5,548,186	**5,548,186**
0	0	423,469	(423,469)	Transfer from General Fund to Earmarked Reserves	1,452,624	1,613,186	0	**3,065,810**
2,027,421	**1,350,000**	**465,341**	**212,080**	**Balance as at 31 March**	**355,821**	**2,078,527**	**6,898,186**	**9,332,534**

19. Earmarked Reserves

Closing Balances 2021/22 £	Movement 2021/22 £	Opening Balances 2021/22 £	Earmarked Reserves	Opening Balances 2022/23 £	Movement 2022/23 £	Closing Balances 2022/23 £
208,120	166,248	**41,872**	Accumulated Investment Interest Reserve	**208,120**	1,490,148	**1,698,268**
227,221	227,221	**0**	CJC Preparation Costs Reserve	**227,221**	7,260	**234,481**
30,000	30,000	**0**	Gateway Review Costs Reserve	**30,000**	115,778	**145,778**
465,341	**423,469**	**41,872**	**Sub Total: Earmarked Reserves**	**465,341**	**1,613,186**	**2,078,527**
1,350,000	1,350,000	**0**	Capital Loan Repayments Received, transferred from Capital Adjustment Account	**1,350,000**	5,548,186	**6,898,186**
1,350,000	**1,350,000**	**0**	**Sub Total: Usable Capital Receipts Reserve**	**1,350,000**	**5,548,186**	**6,898,186**
1,815,341	**1,773,469**	**41,872**		**1,815,341**	**7,161,372**	**8,976,713**

20. Notes to the Cash Flow Statement

31 March 2022 £	Operating Activities	31 March 2023 £
26,763	Increase / (Decrease) in Creditors	3,694,616
3,598,667	(Increase) / Decrease in Debtors	3,235,101
412,773	Capital Charges	811,976
(4,370,706)	Capital grants / contributions recognised in I&E	(29,722,513)
(4,562,130)	Revenue grants / contributions recognised in I&E	(21,139,356)
(4,894,633)	**Adjustments to net surplus or deficit on the provision of services for non-cash movements**	**(43,120,176)**

31 March 2022 £	Investing Activities	31 March 2023 £
0	Long Term Investments	6,828,320
1,700,706	Purchase of Property, Plant and Equipment	2,981,608
3,128,753	Long Term Debtors	18,410,000
4,829,459	**Adjustments to net surplus or deficit on the provision of services for investing activities**	**28,219,928**

31 March 2022 £	Financing Activities	31 March 2023 £
(22,000,000)	HMT Grant received	(22,000,000)
(200,000)	SBRI Grant	0
(410,846)	ULEV Grant	(1,304,100)
(250,001)	CJC Grant	0
0	LAEP Grant	(244,794)
0	Challenge Fund Grant	(400,000)
(22,860,847)	**Adjustments to net surplus or deficit on the provision of services for financing activities**	**(23,948,894)**

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.

2021/22 £	Capital Adjustment Account	2022/23 £
40,993,297	**Balance as at 01 April**	**43,601,230**
	Capital financing applied in the year:	
4,370,706	Capital Grants and Contributions recognised in Comprehensive Income & Expenditure Statement	28,219,927
(1,350,000)	Capital Loan Repayment Received, transferred to Usable Capital Receipts Reserve	(5,548,186)
(412,773)	Depreciation Charge	(811,976)
43,601,230	**Balance as at 31 March**	**65,460,995**

Group Accounts

Introduction

The group accounts that follow comply with the requirement of the 2022/23 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 subsidiaries, Compound Semi-Conductor Foundry Ltd (CSC Foundry Ltd) and CCR Energy Ltd.

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, CSC Foundry Ltd and CCR Energy 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.

CCR Energy Ltd is a private company, limited by shares, domiciled in England and Wales, registration number 13951868. The registered office is Aberthaw Power Station, The Leys, Aberthaw, Barry, Wales CF62 4ZW. 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.

2022/23 Group Comprehensive Income & Expenditure Statement

2021/22 £		Notes	2022/23 £
	Cost of Services		
1,765,951	Staff Costs		2,235,473
15,965	Premises	23	33,127
889	Transport	24	4,354
3,087,803	Supplies & Services	25	3,945,661
400,000	Revenue Expenditure funded from Capital Under Statute		15,524,969
366,164	Support Services	26	691,462
412,773	Capital Charges		811,976
6,049,545	**Operating Expenditure**		**23,247,022**
(1,160,058)	Contributions from Local Authorities	28/29	(1,218,011)
(4,562,130)	Grant Income	28	(21,139,356)
(2,830,523)	Fees and Charges	28	(1,818,622)
(8,552,711)	**Operating Income**		**(24,175,989)**
(2,503,166)	**Net Cost of Services**		**(928,967)**
(167,764)	Interest & Investment Income	34	(1,562,279)
111,699	Change in Fair Value of Investment Properties	35	2,411,499
(56,065)	**Financing & Investment Income & Expenditure**		**849,220**
(4,370,706)	Recognised Capital Grants & Contributions	39	(28,219,928)
488,248	Corporation Tax	27	(158,286)
(3,882,458)	**Taxation and Non-Specific Grant Income**		**(28,378,214)**
(6,441,689)	**(Surplus) / Deficit on Provision of Services**		**(28,457,961)**
0	Other Comprehensive Income & Expenditure		0
(6,441,689)	**Total Comprehensive Income & Expenditure**		**(28,457,961)**

2022/23 Group Movement in Reserves Statement

Movements in Reserves - Group	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 2022 Carried Forward	**12,083,944**	**465,341**	**1,350,000**	**13,899,285**	**36,550,458**	**(45,599)**	**10**	**36,504,869**	**50,404,154**
Movements in Reserves During 2022/23									
Surplus / (Deficit) on the Income and Expenditure Account	29,807,560	0	0	29,807,560	0	0	0	**0**	**29,807,561**
Total Comprehensive Income and Expenditure	**29,807,560**	**0**	**0**	**29,807,560**	**0**	**0**	**0**	**0**	**29,807,561**
Adjustments between Accounting Basis and Funding Basis	(29,435,427)	0	0	(29,435,427)	27,407,953	23,576	0	**27,431,530**	**(2,003,898)**
Called up Share Capital	0	0	0	0	0	0	1	**1**	**1**
Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves	**372,133**	**0**	**0**	**372,133**	**27,407,953**	**23,576**	**1**	**27,431,530**	**27,803,663**
Transfers to/(from) Reserves	**1,452,624**	**1,613,186**	**5,548,186**	**8,613,996**	**(7,959,695)**	**(0)**	**0**	**(7,959,696)**	**654,301**
Increase/(Decrease in Year)	**1,824,757**	**1,613,186**	**5,548,186**	**8,986,129**	**19,448,258**	**23,576**	**1**	**19,471,835**	**28,457,964**
Balance at 31st March 2023	**13,908,701**	**2,078,527**	**6,898,186**	**22,885,414**	**55,998,716**	**(22,023)**	**11**	**55,976,704**	**78,862,118**

Movements in Reserves (Group) - Prior Year for Comparison	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**	**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)		**3,825,044**	**0**
Called up Share Capital	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**

Group Balance Sheet as at 31 March 2023

31 March 2022 £		Notes	31 March 2023 £
28,950,000	Investment Properties		63,593,021
1,286,236	Property, Plant & Equipment - Assets Under Construction		1,430,305
2,476,635	Property, Plant & Equipment		4,454,840
2,000,000	Long Term Investments		8,828,320
16,278,567	Long Term Debtors	31	16,477,850
50,991,438	**Long Term Assets**		**94,784,336**
6,966,556	Short Term Debtors	31	12,445,971
1,339,646	Deferred Tax Asset	27	1,797,831
68,734,461	Cash & Cash Equivalents	33	54,429,796
77,040,663	**Current Assets**		**68,673,598**
(49,830,862)	Short Term Creditors	36	(38,011,299)
(45,599)	Accumulated Absences	32	(22,023)
(49,876,461)	**Current Liabilities**		**(38,033,322)**
(25,280,904)	Long Term Creditors	36	(43,792,017)
(2,470,580)	Provision for Liabilities	27	(2,770,479)
(27,751,484)	**Long Term Liabilities**		**(46,562,496)**
50,404,156	**Net Assets**		**78,862,116**
2,027,421	Usable Reserves	37	9,332,533
10	Called up Share Capital		11
11,871,864	Profit and Loss Account	37	13,552,880
36,550,460	Capital Adjustment Account	39	55,998,716
(45,599)	Accumulated Absences	32	(22,023)
50,404,156	**Total Reserves**		**78,862,117**

2022/23 Group Cash Flow Statement

31 March 2022 £		Notes	31 March 2023 £
(6,441,689)	Net (Surplus) / Deficit on the provision of services		(28,457,962)
7,033,884	Adjust net surplus or deficit on the provision of services for non-cash movements	38	43,610,740
592,195	**Net cash flows from operating activities**		**15,152,778**
4,891,159	Investing activities	38	38,800,778
(22,860,847)	Financing activities	38	(39,648,893)
(17,377,493)	**Net (increase) / decrease in cash and cash equivalents**		**14,304,663**
(51,356,967)	Cash and cash equivalents at the beginning of the reporting period		(68,734,459)
(68,734,460)	**Cash balance as at 31 March**		**(54,429,796)**

22. Remuneration

The CSC Foundry Ltd and CCR Energy Ltd 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.

2021/22 £	Premises Costs	Joint Committee £	CSC Foundry Ltd £	CCR Energy Ltd £	2022/23 £
15,000	Rents	31,055	0	0	31,055
965	Other Premises Related Expenditure	2,072	0	0	2,072
15,965	**Total**	**33,127**	**0**	**0**	**33,127**

24. Transport Costs

The following table analyses Transport expenditure for the year.

2021/22 £	Transport Costs	Joint Committee £	CSC Foundry Ltd £	CCR Energy Ltd £	2022/23 £
(84)	Car Allowances	766	0	0	766
973	Travel Expenses	3,587	0	0	3,587
889	**Total**	**4,353**	**0**	**0**	**4,353**

25. Supplies and Services

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

2021/22 £	Supplies and Services	Joint Committee £	CSC Foundry Ltd £	CCR Energy Ltd £	2022/23 £
25,992	ICT, Telephones, Printing & Software	32,910	0		32,910
29,409	Meeting Room Hire & Other Meeting Costs	89,722	0		89,722
104,732	Marketing, Branding & Communications	67,472	0		67,472
1,847,917	Programme Development & Support*	1,637,929	0		1,637,929
341,208	Revenue Project Grants**	1,862,860	0		1,862,860
738,546	Other Supplies & Services Costs	193,812	10,689	50,266	254,767
3,087,803	**Total**	**3,884,705**	**10,689**	**50,266**	**3,945,660**

* 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	2022/23 £
FinTech Wales	800,000
Cyber Masters - Cardiff University	277,860
Media.Cymru	557,792
Cyber Innovation Hub - Cardiff University	141,742
Shared Apprenticeship Scheme	85,466
Total	**1,862,860**

26. Support Service Costs

The following table analyses Support Service expenditure for the year.

2021/22 £	Support Service Costs	Joint Committee £	CSC Foundry Ltd £	CCR Energy Ltd £	2022/23 £
18,456	HR People Services	16,417	0	0	16,417
145,212	Accountancy Support	125,000	15,000	5,950	145,950
4,857	Exchequer, Internal Audit & Insurance	4,857	0	0	4,857
121,060	Legal & Governance Support	121,060	0	0	121,060
20,231	ICT, Information & Governance	24,998	0	0	24,998
8,270	Translation Services	5,500	0	0	5,500
47,873	External Audit	63,558	3,850	3,000	70,408
0	Investment & Intervention Fund Costs	302,222	0	0	302,222
205	Other Support	50	0	0	50
366,164	**Total**	**663,662**	**18,850**	**8,950**	**691,462**

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 £158,285 tax charge recognised in 2022/23 financial year to the movement on the tax liability and deferred tax asset.

Movement 2022/23	Provision for Tax Liability £	Deferred Tax Asset £	Movement £
Opening Balance 1 April 2022	(2,470,579)	1,339,646	
Movement:			
Additional Tax Provision	(299,900)	0	(299,900)
Deferred Tax	0	458,185	458,185
Closing Balance 31 March 2023	**(2,770,479)**	**1,797,831**	**158,285**

Prior Year for Comparison	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)**

28. Income

The following table analyses Income accounted for during the year.

2021/22 £	Income	Joint Committee £	CSC Foundry Ltd £	CCR Energy Ltd £	2022/23 £
(1,160,058)	Contributions from Local Authorities	(1,218,011)	0	0	(1,218,011)
(2,830,523)	Fees and Charges	(264,184)	(1,554,439)	0	(1,818,623)
(4,562,130)	Grant Income	(21,139,356)	0	0	(21,139,356)
(8,552,711)	**Total**	**(22,621,550)**	**(1,554,439)**	**0**	**(24,175,990)**

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 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 £15,095 (2022 £14,552). Payments to Monmouthshire County Council during the period amounted to £15,000 (2021 £15,000).

Also, during the financial year, CCR Energy Ltd had 1 director, representing CCRCD while the full shareholder's agreement is in the process of being agreed. CCR Energy has received an interest-bearing loan of £15,700,000 by way of the City Deal Capital Grant. The company does not have any Service Level Agreements with any of the City Deal Local Authorities and therefore has not made any payments to any of them for services during the financial year.

30. External Audit Costs

2021/22 £	External Audit Costs	Joint Committee £	CSC Foundry Ltd £	CCR Energy Ltd £	2022/23 £
29,043	Joint Committee Financial Audit	29,043	0	0	29,043
21,515	Joint Committee Performance Audit	21,515	0	0	21,515
3,800	Audit of Accounts	0	3,850	3,000	6,850
54,358	**Total**	**50,558**	**3,850**	**3,000**	**57,408**

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 2022/23 audit will be charged following the completion of audit work.

31. Debtors

Total 31 March 2022 £	CCR Energy Ltd £	CSC Foundry Ltd £	Joint Committee £	Debtors	Joint Committee £	CSC Foundry Ltd £	CCR Energy Ltd £	Total 31 March 2023 £
				Short Term:				
249,509	0	0	249,509	Central Government Bodies	1,341,479	0	0	**1,341,479**
1,548,465	0	0	1,548,465	Other Local Authorities	422,233	0	0	**422,233**
5,168,582	0	9,478	5,159,104	Other Entities and Individuals	8,446,638	1,059,390	1,176,232	**10,682,260**
6,966,556	**0**	**9,478**	**6,957,078**	**Short Term Debtors**	**10,210,350**	**1,059,390**	**1,176,232**	**12,445,972**
				Long Term:				
16,278,567	0	12,054,192	4,224,375	Other Entities and Individuals	6,266,875	10,210,975	0	**16,477,850**
16,278,567	**0**	**12,054,192**	**4,224,375**	**Long Term Debtors**	**6,266,875**	**10,210,975**	**0**	**16,477,850**
23,245,123	**0**	**12,063,670**	**11,181,453**	**Total Debtors**	**16,477,225**	**11,270,365**	**1,176,232**	**28,923,822**

32. Accumulated Absences Account

The CSC Foundry and CCR Energy 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 £54,429,795 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 and CCR Energy Ltd.

Total 31 March 2022 £	Cash and Cash Equivalents	Joint Committee £	CSC Foundry Ltd £	CCR Energy Ltd £	Total 31 March 2023 £
3,433,897	Bank	0	3,237,278	4,094,709	7,331,987
65,300,564	Cardiff CC Inter-Co Cash	47,097,808	0	0	47,097,808
68,734,461	**Total**	**47,097,808**	**3,237,278**	**4,094,709**	**54,429,795**

34. Financial Instruments

In addition to the Financial Assets of the Joint Committee, CSC Foundry Ltd holds Cash and Cash Equivalents amounting to £3,237,278 (2021/22: £3,433,897) and CCR Energy Ltd holds Cash and Cash Equivalents amounting to £4,094,709 (2021/22: £0).

The loans between the Joint Committee and CSC Foundry Ltd and CCR Energy Ltd are neutralised on consolidation and cease to be Financial Instruments in the Group Accounts.

Financial Instrument Gains/Losses

Net interest of £1,299,169 (2021/22: £30,366) 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, by Monmouthshire County Council as host Authority for the CSC Foundry Ltd project and by CCR Energy Ltd in accordance with each organisation's Treasury Management Strategy. No provisions or losses are to be recognised.

35. Investment Property

The CSC Foundry Ltd 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.

The CCR Energy Ltd Investment property held at the balance sheet date is valued as per the company's accounts prepared by Baker Knoyle Ltd. and includes the original purchase price, various other capitalised acquisition and demolition costs and a provision for future costs required to fully demolish and remediate the site.

36. Creditors

Total 31 March 2022 £	CSC Foundry Ltd £	Joint Committee £	Creditors	Joint Committee £	CSC Foundry Ltd £	CCR Energy Ltd £	Total 31 March 2023 £
			Short Term:				
43,549,870	0	43,549,870	Central Government Bodies	29,864,189	0		**29,864,189**
34,961	0	34,961	Other Local Authorities	305,308	0		**305,308**
6,246,031	3,653,372	2,592,659	Other Entities and Individuals	3,357,580	4,358,552	125,671	**7,841,803**
49,830,862	**3,653,372**	**46,177,490**	**Short Term Creditors**	**33,527,077**	**4,358,552**	**125,671**	**38,011,300**
			Long Term:				
22,578,935	0	22,578,935	Central Government Bodies	12,831,364	0		**12,831,364**
2,701,969	2,701,969	0	Other Entities and Individuals	0	4,432,449	26,528,204	**30,960,653**
25,280,904	**2,701,969**	**22,578,935**	**Long Term Creditors**	**12,831,364**	**4,432,449**	**26,528,204**	**43,792,017**
75,111,766	**6,355,341**	**68,756,425**	**Total Creditors**	**46,358,441**	**8,791,001**	**26,653,875**	**81,803,317**

37. Usable Reserves

Usable Reserves	General Fund 2022/23 £	Earmarked Reserves 2022/23 £	Usable Capital Receipts Reserve 2022/23 £	CSC Foundry Ltd P&L 2022/23 £	CCR Energy Ltd P&L 2022/23 £	Total Usable Reserves 2022/23 £
Balance as at 1 April	**212,080**	**465,341**	**1,350,000**	**11,871,864**	**0**	**13,899,285**
Movements during year:						
Surplus / (Deficit) on Provision of Services	29,188,455	0	0	674,799	(55,694)	**29,807,560**
Financing of Expenditure, Capital Adjustment Account	(30,497,338)	0	0	1,061,911	0	**(29,435,427)**
Transfer from Capital Adjustment Account	0	0	0	0	0	**0**
Financing of Expenditure, Accumulated Absences Account	0	0	0	0	0	**0**
Transfer from General Fund to Earmarked Reserves	1,452,624	1,613,186	5,548,186	0	0	**8,613,996**
Balance as at 31 March	**355,821**	**2,078,527**	**6,898,186**	**13,608,574**	**-55,694**	**22,885,414**

Usable Reserves - Prior Year for Comparison	General Fund 2021/22 £	Earmarked Reserves 2021/22 £	Usable Capital Receipts Reserve 2021/22 £	CSC Foundry Ltd P&L 2021/22 £	CCR Energy Ltd P&L 2021/22 £	Total Usable Reserves 2021/22 £
Balance as at 1 April	**212,080**	**41,872**	**0**	**9,678,687**	**0**	**9,932,639**
Movements during year:						
Surplus / (Deficit) on Provision of Services	4,360,211	0	0	2,081,478	0	**6,441,689**
Financing of Expenditure, Capital Adjustment Account	(3,936,742)	0	0	111,699	0	**(3,825,043)**
Transfer from Capital Adjustment Account	0	0	1,350,000	0	0	**1,350,000**
Financing of Expenditure, Accumulated Absences Account	0	0	0	0	0	**0**
Transfer from General Fund to Earmarked Reserves	(423,469)	423,469	0	0	0	**0**
Balance as at 31 March	**212,080**	**465,341**	**1,350,000**	**11,871,864**	**0**	**13,899,285**

38. Notes to the Cash Flow Statement

31 March 2022 £	Operating Activities	31 March 2023 £
(812,348)	Increase / (Decrease) in Creditors	(3,794,867)
2,186,828	(Increase) / Decrease in Debtors	5,201,059
412,773	Depreciation	811,976
111,699	Change in Fair Value of Investment Properties	2,411,499
(4,370,706)	Capital grants / contributions recognised in I&E	(28,219,928)
(4,562,130)	Revenue grants / contributions recognised in I&E	(21,139,356)
(7,033,884)	**Adjustments to net surplus or deficit on the provision of services for non-cash movements**	**(44,729,617)**

31 March 2022 £	Investing Activities	31 March 2023 £
0	Long Term Investments	6,828,320
1,762,406	Purchase of Property, Plant and Equipment	13,562,458
3,128,753	Long Term Debtors	18,410,000
4,891,159	**Adjustments to net surplus or deficit on the provision of services for investing activities**	**38,800,778**

31st March 2022 £	Financing Activities	31st March 2023 £
(22,000,000)	HMT Grant received	(22,000,000)
(200,000)	SBRI Grant	0
(410,846)	ULEV Grant	(1,304,100)
(250,001)	CJC Grant	(250,001)
0	SPF Grant	(244,794)
0	LAEP Grant	(400,000)
0	Loans Raised	(15,700,000)
(22,860,847)	**Adjustments to net surplus or deficit on the provision of services for financing activities**	**(39,898,895)**

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.

2021/22 £	Capital Adjustment Account	2022/23 £
34,054,217	**Balance as at 01 April**	**36,550,449**
	Capital financing applied in the year:	
4,370,705	Grants and contributions	28,219,927
(111,699)	Revaluation of Investment Property	(2,411,499)
(1,350,000)	Return on Investment	(5,548,186)
(412,773)	Depreciation Adjustment	(811,976)

36,550,450	**Balance as at 31 March**	**55,998,715**

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.

Prifddinas Ranbarth Caerdydd | Cardiff Capital Region

Appendix 2

DRAFT CCR City Deal Joint Committee Annual Governance Statement 2022/23

Scope of Responsibility

1. The Cardiff Capital Region City Deal (CCR) 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 15 year period) and Local Government capital contributions amounting to £120 million.

3. The CCR is overseen by a Joint Committee, which was established on the 1 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 2022/23 represents the committee's sixth full year of operation.

4. The Joint Committee is responsible for ensuring that CCR 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 CCR Governance Framework comprises the systems, processes, culture and values that are in place to enable delivery of the intended outcomes from the Wider Investment Fund.

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. Further details of the conclusions reached following the 2022/23 FM Code review are set out in paragraph 13.

Background

8. As set out above, 2022/23 represents CCR's sixth full year of operation and therefore the governance arrangements, , have 'bedded down' and are now beginning to mature.

9. The City Deal Director has made the following statement to provide the appropriate context to the work completed as part of the 2022/23 AGS:

"Signed in March 2017 across the ten CCR local authorities, Welsh and UK Governments, the Cardiff Capital Region (CCR) City Deal has the ambition to foster a regional economy that is bigger, fairer, and greener, generating good growth and creating conditions for shared prosperity across the ten local authorities that make up our Region. The City Deal comprises £734m for the South Wales Metro project and £495m for the CCR Wider Investment Fund (WIF).

Unlike some other Investment Funds, the CCR WIF did not have prescribed programmes or projects agreed at the outset. Rather, in recognition of the need for a different approach to addressing the various challenges facing the South East Wales economy over the last 25 years, Welsh and UK Government Ministers set out an approach for CCR that embedded an inherent flexibility and the need for the public sector to show adaptive and dynamic leadership.

The City Deal has been more than a funding mechanism. Along with the evolution of governance to promote a networked and distributed culture of leadership, from the Regional Economic Growth Partnership (REGP) through to Joint Committee, it has been the first stage of regional economic governance. As CCR transitions from a single funding programme to a standalone corporate body ('Corporate Joint Committee' or CJC), this approach is more critical than ever.

This is central to the revised CCR Regional Economic & Industrial Plan (REIP) developed with the REGP and approved by Joint Committee in March 2023. As the overarching strategy for CCR, the REIP sets out the key challenges for the region, the progress to date of the City Deal, CCR ambition and objectives, and a high-level delivery plan to 2028. The REIP is an evolution of the CCR approach to date and sets a clear roadmap for a Competitive, Connected and Resilient region.

<u>Progress in 2023</u>

In 2022/23, CCR made significant strides forward in both deployment of the City Deal fund with £46.85m of funds being deployed against a forecast sum of £37m, and in preparing for transition to the CJC on the 1 April 2024. This accelerated deployment of funding was based on a robust Annual Business Plan and enhancements to the processes of our Investment & Intervention Framework (IIF). The IIF Process Catalogue & Operating Manual was issued in early 2022/23 and the enhanced processes have been vital in maintaining a healthy and productive pipeline throughout 2022/23.

By year-end 2022/23, a total of 24 interventions had been approved since the launch of the Wider Investment Fund with £338m of the fund committed. The CCR approach has been founded on a proportion of the fund being 'evergreen', yielding returns that can be recycled for future investment and this continues to be the case. Some of the early City Deal interventions have begun to yield returns, such as the CSC Foundry, realising benefits for the regions (such as, new, high-skill jobs and leveraging private sector investment), while generating a return on investment.

Regarding performance, the City Deal has now entered the second Gateway Review cycle, which concludes in 2025. There has been significant forward movement in this area, including revision of the Local Evaluation Framework (LEF) which is a core requirement of the Gateway Review process. A new National Evaluation Framework (NEF) has been developed for the second Gateway Review cycle and the enhancements to the NEF will better demonstrate impact of the City Deal.

A draft revised LEF was agreed at Regional Cabinet in March 2023, with delegated authority to the City Deal Director to approve and submit the final version to the Department for Levelling Up, Housing and Communities (DLUHC) in summer 2023. This sets the agreed methods for evaluation, timescales & detailed monitoring requirements. The LEF also determines reporting approaches for DLUHC, UK Government (UKG) and Welsh Government (WG) – helping to manage funder expectations while ensuring CCR is robustly assessing its performance. There has been a significant enhancement of project monitoring as a result, with an updated Theory of Change clearly set out for each project and an expanded range of meaningful indicators against outputs, outcomes and impacts.

There have been some areas of standout performance across the City Deal portfolio of investments, spanning the themes of Innovation, Infrastructure, Skills and Challenge. In 2022/23, City Deal interventions delivered more than 600 jobs; generated £10m of co-investment; leveraged £86m of private investment; and, provided support to 162 businesses. These achievements indicate a positive trajectory for CCR as it transitions to the CJC.

<u>Preparing for Transition to South East Wales Corporate Joint Committee</u>

As the CCR Joint Committee, set up and defined by the Joint Working Agreement, transitions into the South East Wales Corporate Joint Committee (SEWCJC), governance will be critical. With this in mind, 2022/23 was focussed on ensuring the current governance arrangements continue to be implemented appropriately, with clarity on roles and responsibilities as well as improving the management of partnership boards and committees. All of this work was designed to build on the platform to-date, ensuring that CCRCD governance and decision making was clearly understood and adhered to.

CCR has been a key voice and driver in the transition to Corporate Joint Committees across Wales and worked with the UK & Welsh Governments to

understand and resolve the challenges to transition, including status in respect of treatment for VAT and the UK's wider taxation regime. This resulted in a Consequential Amendments bill being laid before UK Parliament in February 2023, and subsequently enacted.

Given this progress, the Transition Plan for the CJC has been approved and workstreams have been enacted across key areas, from finance and HR to portfolio transfer and stakeholder engagement. Likewise, a greater understanding has been developed on the new powers of the CJC through the Strategic Development Plan and Regional Transport Plan. 2022/23 also saw the early stages of development in relation to the statutory requirements for the SEWCJC - a Joint Oversight and Scrutiny Committee, a Standards Committee and an Audit & Governance Committee.

Delivering For Our Communities

The transition to a fully functional CJC will ensure CCR is responsive to changes in the social, political, and economic climate. It will foster local government collaboration; develop new policies and approaches to fiscal levers and incentives; provide enhanced shared services; and improve sustainability and liveability.

The City Deal continues to be a strong example of the growing room for public leadership in fostering productive and sustainable growth, recognising there is much to build upon and more to do."

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.

2022-23 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 years, the AGS assessment process for 2022/23 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 recognises and includes assessments carried out as part of other CCR City Deal governance related work, that has been undertaken during the year. Details are set out in paragraphs 14 to 22 below.

    a. 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 1, 2, 3, 11 & 12)
        - Scrutiny Team Rhondda Cynon Taf County Borough Council (Statement 16)
        - CCR Marketing & Communications Lead (Statements 4, 5, 6 & 9)
        - CCR Change Manager (Statements 7 & 14)
        - CCR Head of Digital & Data Innovation (Statements 8 & 13)

    b. Each officer was provided with details of 2021/22 AGS and asked to provide an initial assessment of the extent of assurance that could be provided against their respective statements for 2022/23. The initial responses were collated and then as a second stage exercise, the full 20 statements were issued to officers for wider consideration.

    c. 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.

    d. 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.

e. In order to gauge wider stakeholder views, the draft statements, proposed responses and ratings, were issued to the Chairs and Vice Chairs of Joint Committee, 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.

f. The individual officer and wider stakeholder comments have been brought together to produce a 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.

   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.

g. Once approved, progress against the Action Plan will be monitored and reported to Joint Committee on a regular basis throughout 2023/24.

CIPFA Financial Management Code 2019 (FM Code)

13. The Accountable Body has led the 2022/23 FM Code review and makes important statements regarding adherence to the Code and future developments, as CCR seeks to transition to a Corporate Joint Committee (CJC) structure. These developments will seek to build on the financial platform which the Accountable Body has put in place, since the inception of CCR back in March 2017. In summary, the following key points were highlighted, which will be considered further as part of the CJC Implementation Plan:

    - Ongoing development of the CJC transition to give full consideration as to how the CJC becomes fit for purpose and how the new regime will impact on

the requirement for CCR to manage all responsibilities for delivery of good financial management;

- Level of recurring and detailed Accountable Body support to be reviewed and reduced as the transition to CJC develops. Finance resource requirement for CCR will need to be established and recruited to, along with any external specialist advice required as the scope of CCR and complexity of projects and financial accounting increases;

- Strategic Plan and long-term financial strategy to continue to be developed in line with the Funding Strategy review and as CJC activities and complexity increases further;

- The detailed budget monitoring process implemented during 2022/23 should continue to be developed to ensure accuracy of forecasting and reporting and to identify risks to financial sustainability;

- Overall resource requirement under consideration as part of the People Workstream within the CJC Transition programme must acknowledge the increasing complexity and scope of CCR activities;

Other Cardiff Capital Region City Deal Governance Related Work

14. In addition to the specific governance assessment process outlined above, a number of other statutory and internal governance related assessments take place during the year to review and supplement the extant internal assurance controls. This important work and its findings serve to supplement and strengthen CCR's overall AGS assessment process.

Internal Audit

15. 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.

16. 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. Each year the rolling plan is updated and seeks to focus on key CCR developments and findings/recommendations from previous audits.

17. Therefore, 2022/23 represents the sixth year of the internal audit plan. Audit activity during the year consisted of completing the 2021/22 audit (the Terms of Reference for which, were agreed in May 2022).

    <u>CCRCD Internal Audit Report 2021/22</u>

    Commenced: Summer 2022

Report Issued: April 2023

Audit Objectives:

a) Sufficient governance arrangements are in place and operating effectively in respect of decision making, performance and risk management, oversight and assurance;
b) There are effective payroll controls to ensure accurate and bona fide payments;
c) Commissioning and Procurement activities are undertaken in compliance with Contract Standing Order and Procurement Rules;
d) Controls and processes are in place for income and debt management;
e) Mechanisms are in place to monitor and measure the realisation of project benefits;
f) Previous audit recommendations have been addressed by management.

18. The audit work referred to above is now complete and the report was issued in April 2023. This concluded that "based on the work undertaken and the samples tested during the audit it is considered that the overall assurance rating is **effective with opportunity for improvement."**

19. The report has been finalised with the Director and a management action plan agreed, aimed at addressing those areas with an opportunity for improvement. The Internal Audit Action Plan 2021/22 has been agreed by the Director and progress against the actions are reported to the Joint Committee as part of the Quarterly Performance Report.

External Audit (Audit Wales)

20. 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 CCR Joint Committee.

21. An Annual Audit Plan was prepared and agreed with the Joint Committee, with 2022/23 also representing the sixth year of external audit work. In addition to financial audit work, audit staff from Audit Wales regularly liaise with City Deal officers on key developments, for example, progress against the CJC Transition Plan.

<u>2022 Audit Plan – Assurance & Risk Assessment of Cardiff Capital Region City Deal</u>

Commenced: March 2023 (Brief Agreed)
Fieldwork: Ongoing

For the 2022-23 audit year, Audit Wales is carrying out, on an ongoing basis, a high-level risk assessment of some key corporate arrangements. It is not envisaged that this work will result in an external output, but where necessary Audit Wales will feed back any emerging findings to the Director. In November

2022, as part of work undertaken for their 2021-22 audit, Audit Wales wrote to the Director setting out their findings on their Investment Framework review. Overall, Audit Wales were assured that the investments they looked at were considered in line with the Investment Framework and that CCRCD has put in place arrangements to monitor progress of its investments. They identified some areas for improvement which were:

a) ensuring that the minutes of Investment Framework meetings are clear about what recommendation has been made.
b) ensuring that minutes of meetings record whether a declaration of interest means that the individual withdraws from discussions of that item, and if they do not withdraw from discussions, that it is set out why in the minutes.
c) ensuring Investment Panel reports to Cabinet fully reflect the Investment Panel recommendations.

22. This work is currently being progressed and the findings will be reported to Joint Committee as soon as these have been finalised and agreed with the CCR Director.

Assurance Summary

23. 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.

24. Building on the comments included in the 2021/22 AGS, the City Deal Director has provided the following statement in respect of the conclusions reached from the 2022/23 AGS assessment and how this platform will be used to inform the governance and assurance related work, planned for 2023/24 and beyond:

"As 2023/24 will see the transition of the CCR into the SEWCJC, governance arrangements will need to be considered to ensure that these have been clearly thought out and clearly articulated in the new Corporate Entity's Constitution, with clear Terms of Reference for each element. Alongside this, a clear delegations policy will need to be put in place for the SEWCJC to operate and make decisions effectively, with the appropriate levels of scrutiny and challenge in place and operating effectively.

With all of that in mind, and as part of the Corporate & Governance Workstream of the Transition Plan, a workshop was convened with a wide range of stakeholders, including the Chair of the Regional Economic Growth Partnership and Investment Panel, the Interim Monitoring Officer, the CCR Director (and Interim CEO of the SEWCJC), the Chief Operating Officer, the Head of Finance and other SLT members. This work started the review of the organisation's governance that will continue into the transition year (2023/24) and will form key recommendations for Joint Committee to consider and approve.

Alongside the review of governance, 2022/23 saw the early-stage implementation of the statutory requirements for the SEWCJC, these are a Joint Oversight and Scrutiny Committee, a Standards Committee and an Audit & Governance Committee. Further plans have been drawn up and presented to the Cabinet on the next stage of evolution for each of these areas during the transition year (2023/24) and beyond."

Summary of Findings

25. As a result of undertaking the assessment process outlined above, it has been concluded that STRONG assurance can be provided against 14 statements, with 5 statements being rated as STRONG/MODERATE and 1 statement (Statement 16), being assessed at MODERATE.

26. Furthermore, there were no 'significant governance issues identified' in respect of the 20 good practice assurance statements in 2021/22.

27. A summary of the ratings in respect of the 20 good practice assurance statements is provided in Table 1 below.

Table 1 - Summary of 2022/23 Assurance Ratings

No	Assurance Statement	Rating	Change from 2021/22
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.	STRONG	No change
2.	We ensure: Compliance with relevant laws and regulations; • Compliance with internal policies and procedures; that expenditure is lawful.	STRONG/ MODERATE	No change
3.	We are committed to openness and acting in the public interest	STRONG	No change
4.	We have established clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.	STRONG	No change
5.	We have developed and communicated a vision, which specifies intended outcomes for citizens and service users, which is used as a basis for planning.	STRONG	No change
6.	We have translated the vision into courses of action for our function, its partnerships and collaborations.	STRONG	No change
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	STRONG	No change
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	STRONG	No change
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.	STRONG	No change
10.	Our financial management arrangements conform to all relevant legislative and best practice requirements.	STRONG/ MODERATE	No change
11.	We have effective arrangements in place to discharge the monitoring officer function.	STRONG	No change
12.	We have effective arrangements in place to discharge the head of paid service function.	STRONG	No change
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.	STRONG/ MODERATE	No change

14.	We have mechanisms to review the effectiveness of our framework for identifying and managing risks and performance and for demonstrating clear accountability.	STRONG/ MODERATE	No change
15.	We ensure effective counter fraud and anti-corruption arrangements are developed and maintained.	STRONG	No change
16.	We have an effective scrutiny function in place.	MODERATE	**Previously Green/Amber**
17.	Our internal audit assurance arrangements conform to Public Sector Internal Audit Standards and relevant best practice.	STRONG	No change
18.	We have arrangements in place for the delivery of the core functions of an audit committee.	STRONG	No change
19.	We provide timely support, information and responses to external auditors and properly consider audit findings and recommendations	STRONG/ MODERATE	**Previously Green**
20.	We incorporate good governance arrangements in our partnerships and other joint working arrangements	STRONG	No change

Conclusions & Next Steps

28. The summary of declarations of interest for 2022/23 is attached at Appendix 2a.

29. Full details of compliance with each statement, systems of internal control, rating and further actions needed are fully set out within Appendix 2b.

30. The AGS Action Plan is attached at Appendix 2c. This sets out the details of actions identified as a result of this annual review that will be progressed during 2023/24. Progress will be provided to Cabinet as part of the regular quarterly performance reporting arrangements.

31. For the 14 areas assessed as continuing to be STRONG, these will be subject to ongoing review by officers to ensure that the high standards of assurance continue to apply as the CCR evolves and matures.

32. For the four areas assessed as continuing to be STRONG/MODERATE, these will be monitored and actions identified as part of the preparations to transition to the SEWCJC.

33. For the two areas where the assessment has reduced in 2022/23, detailed actions have been identified and are set out in the action plan.

34. 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**

AGS: Appendix 2a
Register of Interests 2022/23: Summary

	Group	Group Membership	Group Completed	% Completed
1	Regional Cabinet	10	10	100.0%
2	Investment Panel	10	10	100.0%
3	REGP	15	15	100.0%
4	RTA	10	10	100.0%
5	RBC	12	12	100.0%
6	Programme Board / CEXs	10	10	100.0%
7	City Deal Office	36	36	100.0%
8	CSC Foundry	10	10	100.0%
9	Challenge Fund / Strategic & Advisory	16	16	100.0%
10	Strategic Sites & Premises Advisory Board	8	8	100.0%
11	SEW Corporate Joint Committee	12	12	100.0%
	Total	149	149	100.0%

DRAFT Annual Governance Statement: 2022/23 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.** 2021/22 Rating GREEN **2022/23 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 are 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 2022/23*** *The established process continues in place for members Code of Conduct; with members being governed by their own Authority's Code of Conduct, but with the agreed MO protocol in place to ensure that there is consistency of interpretation.* *In relation to compliance rates for declarations of conflicts of interest. Overall – across different committees, structures and layers of governance, CCR achieved a 100% return rate in 2022/23.* *Staff are also required to complete a Code of Conduct declaration on an annual basis. This too has achieved a full return rate and is stored on file and reviewed every year.*	Note 1: Appropriate codes of conduct to be in place to support any staff transferring to / directly employed by the new SEWCJC. To be included in the transition plan.

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions / Notes
				Annual declaration forms are also signed by external members of the core CCR advisory groups and partnerships. A confidentiality declaration is also signed by members of the Investment Panel. *As the CCRCD evolves into a new corporate entity, a full review of such policies and measures will be undertaken with a view to the CJC establishing its own policies and procedures. Whilst this will largely represent a 'lift and shift' of current procedures across to CCR, it will also provide an opportunity for extra enhancements to be made.* *In this regard, arrangements have also been put in place for the convening of a Standards Committee – as required under the CJC 2021 Regulations. Cardiff Council's Standards Committee will provide this function on an interim basis and with the support of the SEW CJC Monitoring Officer and will meet – as required – by the end of August 2023.*	
2	**We ensure:** • **Compliance with relevant laws and regulations;** • **Compliance with internal policies and procedures;** • **that expenditure is lawful.** 2021/22 Rating GREEN/AMBER **2022/23 Rating** **GREEN/AMBER**			*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 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.* *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.*	Action 1: This area to be monitored and actions identified as part of the preparations to transition to the SEWCJC and included in the transition plan.

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				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. *In 2021/22 a Head of Governance, Communications and Policy was recruited bringing improvements to back-office structures and processes that suit CCR's phase of evolution.* *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.* ***Update 2022/23*** *The established processes continue as previously described, with the Joint Committee working in line with the JWA, Assurance Framework and following the processes of the Accountable Body who acts on its behalf. A legal officer (this is usually the Deputy Monitoring Officer of Cardiff Council) and a s151 Officer representative is present at all decision meetings of Regional Cabinet to ensure that decisions are lawful and within budget.* *Legal and financial implications are provided to members on each decision report.* *To further strengthen the governance arrangements, a new role Corporate Governance Manager to lead on governance matters was established in during 2022/23.* *CCRCD currently secures legal governance support from the Accountable Body via a Deputy Monitoring Officer function. Arrangements were also put in place for 22/23 via the Interim Executive Leadership report, to ensure an acting CEO, Monitoring Officer and s151 Officer were in place for the transition year into the new Corporate Joint Committee.* *This all ensures a balance of three main important considerations:* *1) Continuing to comply with and adhere to the terms and provisions of the current Joint Working Agreement (JWA).* *2) Complying and adhering to the terms and provisions of the interim Standing Orders for the minimalistic operations of the Corporate Joint Committee (CJC).*	

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	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions / Notes
				3) The process of lifting and shifting the required parts of the current JWA, into a new and updated set of Standing Orders that correlate with the statutory and legal requirements of CJC legislation and provide CCR with a robust and integrated operating base. *As such in 2022/23, the work that has been undertaken has straddled a number of considerations and continues to be the case up until the point at which 'lift and shift' is enacted. The complexity has been managed however, by having interim separate operating structures for the CCRCD and its oversight boards, advisory boards and Regional Cabinet – and the CJC (which also includes the Brecon Beacons National Park). This is also the case for all financial planning, operations and accounting with a Small Bodies Return submitted to the Auditor General for all CJC expenditure in 22/23 along with a full Consolidated Statement of accounts for CCRCD.* **it is acknowledged however, that the CCRCD accounts (which will soon become integrated as part of the CJC accounts) are growing ever more complex. This was in evidence in the audit procedures for 2022/23. Going forward, an action plan has been put in place and agreed with Audit Wales along with securing pre-audit advice from an independent specialist organisation regarding accounting treatment.*	
3	**We are committed to openness and acting in the public interest**. 2021/22 Rating GREEN **2022/23 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.* *The CCRCD website was overhauled and comprehensively re-purposed in 2021/22 ensuring a much more user-friendly and accessible experience, with open access to public meetings, all*	Action 2: As part of the preparations for the new SEWCJC a participation strategy will be developed which will include engagement with the public to ensure openness and transparency.

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	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions / Notes
				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.* *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).* • *Through effective Communication and Engagements with key stakeholders (see Statement 4);'* • *Through its established 'Joint Scrutiny Arrangements' (see Statement 16).* ***Update 2022/23*** *Coming out of covid, CCR continues to hold the majority of its meetings remotely. The public are able to watch these meetings live and afterwards on the CCR website. CCR follows Local Government legislation as well as standing orders set out in the JWA in relation to the conduct of its public meetings, as well as the publication requirements associated with such. Advice in this regard is provided by legal colleagues from the Accountable Body.* *Scrutiny arrangements continue via the JOSC hosted by RCT (see Statement 16).* *It should also be noted that annual meetings are always held in public – as was the case for both the CCRCD and CJC in 2022/23. Gradually, some committees and groups are beginning to meet in person – with study tours and site visits being undertaken in 2022/23. However, for the majority of business committees, it remains the most efficient means to proceed with virtual meetings. This is particularly the case with CCRCD where there are two main factors to consider in this relate to 1) the increasing number and volume of committees, advisory panels and sub-groups and 2) the time considerations for external advisors, panel members and business representatives.*	

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	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions / Notes
				In relation to the CJC, development continues in line with the transition plan and process. CJC Board will consider future scrutiny arrangements to align with those currently in operation via RCT. This is likely to be undertaken and new arrangements put in place via CJC Board in July 2023.	
4	**We have established clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.** 2021/22 Rating GREEN **2022/23 Rating** **GREEN**			*CCR has maintained a comprehensive programme of communication with all stakeholders throughout 2022/23 and, post-pandemic, this has included face to face sessions, interviews and product launches to diverse public audiences. This emphasis on accountability has also included the launch of CCR's first Annual Report, covering 2021/22.* *Performance and activity updates for UKG and WG have been subject to continual improvement throughout 2022/23 and are discussed at scheduled quarterly updates.* *Forward planning continued to improve including weekly content management meetings within the Marketing & Communications team, resulting in increased ability to give visibility to upcoming milestones so that we maximise communications / PR opportunities for all concerned.* *In addition, CCR has 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. By way of example, in 2022 the City Deal team launched its Climate Coalition, the first in Wales – their Climate Coalition Workshop in September 2022 was well received and reached an audience of business leaders, climate activists and the general public via an online event.* *We included in this response internal stakeholders, i.e., our own team of growing and dedicated colleagues within the wider CCR organisation. Post pandemic in 2021-2022 the CCR City Deal team took on significant numbers of new employees covering Skills and Talent, Graduate starters, Marketing and Communications and Clusters. This necessitated on-boarding and communication of corporate objectives – and so, a series of regular town hall meetings was established with attendance compulsory. These included City Hall in Cardiff, Merthyr Tydfil and Torfaen. The latter two included invitations from the Leaders of both Local Authorities to attend and update their CCR colleagues on social development initiatives in their localities.* *2022 also saw the launch of CCR's business engagement programme, called Unleash with its own website* Unleash2023 - Unleashing Ambition & Good Growth *aimed squarely at the Region's SME market. The first Unleash conference took place in April 2023 and so is out of scope for this AGS but the engagement with the Region's vital wealth-creating business community started in 2022. The Unleash programme also saw a major dialogue taking place between the*	N/A

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				political leadership of CCR (Regional Cabinet) and the business community via the Unleash website. *CCR published its first Annual Report with published accounts covering the financial year 2021-2022 – this was published in English and Welsh online and also printed with a limited run as a tilt-and-turn publication. This exercise in accountability will be an annual event and can be seen here: www.cardiffcapitalregion.wales/wp-content/uploads/2022/11/ccr-annual-report-english-2021-2022.pdf* *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 here: www.cardiffcapitalregion.wales/wp-content/uploads/2023/05/ccr-newsletter-spring-2023.pdf*	
5	**We have developed and communicated a vision, which specifies intended outcomes for citizens and service users, which is used as a basis for planning.** 2021/22 Rating GREEN **2022/23 Rating** **GREEN**			*5 year Joint Working Agreement (JWA) Business Plan agreed by Regional Cabinet and adopted by all 10 Councils in March 2018 and sets vision, aims & objectives.* *Retain first part – reword.* *The approval of the Annual Business Plan translates the 5yr JWA Business Plan into a 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.* *This plan has now been taken over by the Regional Economic and Industrial Plan described below.* ***Update 2022/23*** . *Our overall mission and values have informed our Regional Economic and Industrial Plan and Local Evaluation Framework. Activities each year are set out in an Annual Business Plan.* *Regional Economic and Industrial Plan* *Following on from 2021/22's publication of CCR's new vision mission and values statement, 2022 saw the development and launch of the new Regional Economic and Industrial Plan (REIP), the five-year plan with the aim and ambition to deliver a wider economic and social remit for South East Wales up to 2028. This document delivers a strengthened investment strategy and framework for monitoring and evaluating the realisation of benefits that will accrue following further interventions.*	N/A

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				The REIP is ambitious and aims to demonstrate CCR's vision for delivering a Region that is: • *More competitive, enabling businesses within our priority clusters to achieve higher levels of productivity:* • *More connected, with investment in cutting-edge digital and physical infrastructure plus growing our green economy.* • *More resilient, maximising good growth by taking direct steps to reduce inequality.* *The REIP has been extensively promoted and is on the CCR website for all to see, and it can be viewed here: www.cardiffcapitalregion.wales/wp-content/uploads/2023/04/ccr-reip-2023.pdf* *Local Evaluation Framework* *A Local Evaluation Framework has been developed in this year as well in preparation for the second Gateway Review which commences summer 2023- this forms a key component of the internal Resilience heading, building an effective, efficient delivery capability (see Statement 8).* *Annual Business Plan* *CCR published its latest Annual Business Plan in January 2023 which constituted Year 3 of the five-year strategic business plan and this plan combines activity for the Corporate Joint Committee in 2023/24 to present one integrated plan for CCR moving forward.* *It is important to note that the process for business planning, REIP development and the preparation of the Local Evaluation Framework, has drawn extensively on key CCR stakeholders – namely, the Regional Economic Growth Partnership, Business Council, Programme Board, universities (via work to establish region-wide civic agreements) and drawing on wider external business and private sector input. The key frameworks will continue to provide vision, mission and key tasks for CCR as it moves forward and develops one single integrated platform for regional public investment.*	
6	**We have translated the vision into courses of action for our function, its partnerships and collaborations.**			*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:*	N/A

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	2021/22 Rating GREEN **2022/23 Rating** **GREEN**			• *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.* ***Update 2022/23*** *In 2022/23 CCR has continued to evolve the form and content of the quarterly update and planning information provided to our partner and stakeholder groups (see Statements 7 & 8).* *In addition, a communications forum has been set-up with the UKG and WG teams to ensure that communication opportunities are maximised and present a coherent, integrated front to our stakeholders, communities and the wider public.* *Bi annual sessions with the Minister for the Economy to facilitate a regular dialogue between the Regional Cabinet and WG have continued throughout 2022/23 and provide an important platform for collaboration on progress and the future pipeline of projects being considered.* *The CCR office also attends meetings of the Oversight Board for City and Growth Deals in Wales. These meetings hold CCR to account for its business plan delivery – as informed by the REIP – but at this stage cover the operations of City Deal only. This will change post lift and shift into the CJC. Regular performance updates are also taken through CCR's key committees and advisory panels ahead of consideration by Regional Cabinet.* *In addition, the planning and delivery process has been informed by ongoing research in relation to competitiveness and productivity with specific 'deep dives' commissioned (for example: Northern Valleys) in order to ensure objectives, remain appropriate and in line with insights and*	

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	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions / Notes
				intelligence. This, along with above will be further reinforced by the Local Evaluation Framework which highlights the 'theories of change', measures and evaluation tools by which the Gateway review process will examine CCR's progress.	
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.** 2021/22 Rating GREEN **2022/23 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 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').* *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.*	Note 2: To ensure optimal performance, it is widely acknowledged as best practice to conduct an annual continuous improvement review of the **IIF Process Catalogue**. This action becomes even more essential as CCRCD transition to a new corporate joint committee.

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				The 'bedding down' of the Joint Scrutiny function will introduce a further mechanism of decision-making review and challenge (see Statement 16). ***Update 2022/23*** *A strengthened & enhanced IIF Process Catalogue & Operating Manual was issued and presented to all CCRCD colleagues in Q1 22/23. The enhanced processes have provided additional flexibility especially how CCRCD is able to produce proportionate business cases which has allowed CCRCD to maintain a healthy and productive pipeline throughout 2022/23. The weekly investment pipeline meetings were consistently held during Q1 and Q2. However, starting from Q3, the frequency was reduced to every two weeks. This adjustment was implemented in response to process improvements made in Q1, reflecting and stable pipeline.* *Every Investment Pipeline meeting is accompanied by the production of minutes which provide an overview of Investment discussions, the minutes reflect how CCRCD applies a robust decision-making framework which allows Investment to progress to Partnership and Regional Cabinet meetings.* *The enhanced process for appraising new expressions of interest (EOI) promotes transparency within CCRCD, and records CCRCD internal perspectives and recommendations regarding how CCRCD should proceed with a new EOIs. The improved appraisals highlight what advice / clarity we need to seek from external advisors.* *Further business case development training was held in 22/23 and along with the above enhancements, demonstrate a robust process that is further informed by 'lessons learnt' exercises.* *In 22/23 sub-committees with delegations via Regional Cabinet continue to meet and operate effectively and help to ensure core business is done. Examples of these include the Challenge Fund Boards and the Strategic Premises Fund Board where the CCR Director's delegations are exercised in co-operation with the committees convened.* *As a result of the process of 'lift and shift' to the CJC, a report was taken to Regional Cabinet in December 2022 to seek approval to formally continue the arrangements for REGP beyond the current 5-year tenure. Whilst this only affected certain members, it provided an extension to allow for continuity in the period of CJC transition and to ensure the views and experiences of current members could contribute to the future governance and partnership structures.*	

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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.** 2021/22 Rating GREEN **2022/23 Rating** **GREEN**			*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 recently revised Regional Industrial & Economic Plan (2023-28) 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, and this is also an area of focus for the transition to the Corporate Joint Committee (CJC).* *For example, as the number of projects approved under the IIF increases, and as new projects are created under the auspices of the CJC, there will need to be an increasing 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. Likewise, project evaluation will be routinely embedded, both through the Gateway Review process for City Deal and as a function of the CJC.* ***Update 2022/23*** *In 2022-23, there has been significant forward movement in this area, in part due to the revision of the Local Evaluation Framework (LEF), which is a core requirement of the Gateway Review process. A new National Evaluation Framework (NEF) has been developed for the second*	N/A

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				Gateway Review cycle and the enhancements to the NEF will better demonstrate impact of the City Deal. There are four thematic areas: • *Transport* • *People* • *Infrastructure* • *Enterprise & Innovation* *CCR is in the process of developing a revised Local Evaluation Framework (LEF). The draft LEF was agreed at Regional Cabinet in March 2023, and this will be submitted to DLUHC in Summer 23. This sets the agreed methods for evaluation, timescales & detailed monitoring requirements. It sets the frame of context for CCR and determines how we will measure against outputs, outcomes and impacts. The LEF also determines reporting approach for DLUHC, UKG and WG – helping to manage funder expectations while ensuring CCR is robustly assessing performance.* *There has been a significant enhancement of project monitoring as a result, with an updated Theory of Change for each project and an expanded range of meaningful indicators against outputs, outcomes and impacts (see Statement 7).* *The LEF will be implemented throughout 2023-24, in advance of the Mid Term Review of February 2024. Likewise, the LEF will be used as the basis for enhanced an enhanced Monitoring & Evaluation function on transition to the CJC.*	
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.** 2021/22 Rating 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.* ***Update 2022/23*** *The political leadership of CCR continue to provide clear and insightful portfolio direction. Delivery and oversight of our development opportunities across multiple activities are carried out by the Leaders and coverage includes Governance, Assurance, Resources, Regional Transport, Research and Innovation, Strategic Assets and Data-driven Economy & Skills among others.* *Partnerships continue to be an area of strength with the Gateway Review acknowledging this in May 2021. Post pandemic, the Regional Business Council has been refreshed and in 2022*	N/A

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	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions / Notes
	2022/23 Rating **GREEN**			*made a valuable contribution to the City Deal team's commercial activities, including the conception, production and oversight of CCR's first business conference, called Unleash 2023.* *Further reviews will be likely in 2023/24 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, which in turn is leading to a deep and thorough reviews and challenges of all partnerships and boards including the manner in which the CCR interacts with the outside world. This will help to consolidate the complex picture of committees and groups and boards currently in place and provide a more joined-up and effective means of future operation.* *This is all further supported by the roles of the Regional Cabinet and other politicians exercising local leadership roles in relation to the following:* • *Regional cabinet portfolio leads – designated at every AGM.* • *Regional cabinet leads on the board of REGP* • *Regional cabinet leads on the board of RTA* • *Regional cabinet leads on board of Strategic Premises Fund and Challenge Fund* • *Political representatives on boards of RTA, CS Foundry Ltd, CCR Energy Ltd*	
10	**Our financial management arrangements conform to all relevant legislative and best practice requirements.** 2021/22 Rating GREEN/AMBER **2022/23 Rating** **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*	Note 3: Detailed budget monitoring and forecasting to continue 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. Draft 23/24 SLAs to be signed. Action 3:

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				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 minimum risk to HMT / WG grant funding. 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 (on selected Business Cases) will seek to mitigate the funding risks outline above.* *Mandatory training e.g., VAT training is undertaken for all staff who have an SAP user role which is connected with either ordering goods / services or making payments or raising bills.* ***Update 2022/23*** *The statement of accounts for CCRCD for 2021/22 were produced, audited and published. Technical accounting issues and resource demands on both the Accountable Body and Audit Wales resulted in a delay in finalisation of the audit and publication until after statutory deadlines with the audit report signed on 31 March 2023.* *The CCRCD draft accounts for 2022/23 are planned to be prepared and submitted to Audit Wales for external audit review by the end of July 2023 and as agreed with Audit Wales.* *The CCRCD Annual Business Plan financial model was updated with detailed projections of expenditure. Delays in project expenditure compared to that originally assumed when setting the budget for 2022/23 and future monitoring reports will need to track projections made for 2023/24, 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.*	This area to be monitored and actions identified as part of the preparations to transition to the SEWCJC and included in the transition plan.

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	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions / Notes
				An unqualified audit opinion was issued with no uncorrected misstatements, but which included two recommendations. Further detail is set out in Assurance Statement 19 below. *Finance and Accountancy SLAs have been updated for 2023/24 detailing activities and the level of resource required to support the activities of CCRCD effectively. Budget monitoring is now being led by the City Deal Finance Team with the support of the Accountable Body. There is a need for an ongoing full assessment of financial resource requirements in line with the CJC transition whereby there will no longer be an Accountable Body provision.* *The 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 the 2020/21 (shadow year) outlining the extent to which the Joint Committees financial management arrangements comply with the FM Code. A more detailed review of key successes, weaknesses and actions identified is also underway for 2022/23.* *Work continues in respect of review and advice with regard to any VAT matters for CCRCD activities. In addition, the financial management workstream set up in 2021/22 continues to review the enactment of the CJC legislation and developments in this regard are part of the regular updates reported to the CJC Board.*	
11	**We have effective arrangements in place to discharge the monitoring officer function.** 2021/22 Rating GREEN **2022/23 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 2022/23*** *The Accountable Body provides a lawyer to carry out the monitoring officer function to the CCR (this is usually the Deputy Monitoring Officer of the Accountable Body, who is also the Interim Monitoring Officer of the SEWCJC. The Accountable Body has arrangements in place to ensure that a senior lawyer will attend all relevant meetings and be on hand to discharge the Monitoring Officer function at all times. An additional senior role has been created to assist with the additional workload involved in the transition plan.*	N/A

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions / Notes
12	**We have effective arrangements in place to discharge the head of paid service function.** 2021/22 Rating GREEN **2022/23 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 2022/23*** *There is no head of paid service for the CCR. However, a Head of Paid service is required for the CJC, and an interim CEO was appointed in 22/23 along with other required members of the Executive Team – interim s151 Officer and interim Monitoring Officer. It is anticipated that these arrangements will be firmed in up 23/24 with further legal advice relating to the TUPE transfer regulations.*	N/A
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.** 2021/22 Rating GREEN/AMBER **2022/23 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 2022/23*** *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 committee to assist the*	Action 4: This area to be monitored and actions identified as part of the preparations to transition to the SEWCJC and activities included in the transition plan.

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	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions / Notes
				members to gain the initial knowledge and experience they need to be effective in their new role. *In 2023, this will be considered again in the light of the lift and shift evolution to the CJC. Given the CJC brings with it new and additional legislative requirements, and likely a new committee style and partnership structure, there will need to be a review and re-set of new arrangements, along with required training – all as part of the transition plan.*	
14	**We have mechanisms to review the effectiveness of our framework for identifying and managing risks and performance and for demonstrating clear accountability.** 2021/22 Rating GREEN/AMBER **2022/23 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. The Enterprise Risk Management Policy was subsequently endorsed by Regional Cabinet in November 2021.* *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.*	Note 4: CCRCD will revisit the AON Consulting recommendations relating to risk management, the aim is to ensure any improvements are manageable and sustainable for project managers and risk owners. Action 5: This area to be monitored and actions identified as part of the preparations to transition to the SEWCJC.

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	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.* • *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.* ***Update 2022/23*** *Work continues to monitor and mature processes and procedures to enhance quarterly reporting (performance and risk monitoring) to key stakeholders including UKG and WG.* *CCRCD Senior Leadership Team (SLT) meet monthly to review overall performance of investments. SLT discuss quarterly financial performance, risk, key milestones, and benefits performance. Where necessary SLT will conduct an investment deep dive, where an investment is deemed off track and subject to the outcome of those deep dives, escalates risks to Programme Board and Cabinet as deemed appropriate.* *In order to prepare for CCRCD second gateway which runs to the end of the 2024/25 fiscal year. CCRCD has procured the services of Senior Economist who has extensive expertise including Scotland's City deals. Utilising the expertise of a Senior Economist has allowed CCRCD to yield more detail and depth regarding theories of change and associated Outcomes & Outputs of investments.*	
15	**We ensure effective counter fraud and anti-corruption arrangements are**			*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 fifth City Deal Internal Audit was completed by April 2023, offering an audit opinion of 'Effective with opportunity for improvement' and five recommendations. The audit objectives covered the governance arrangements for decision making and performance and risk*	Note 5: Work underway to develop internal audit plan for 2023.

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	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions / Notes
	developed and maintained. 2021/22 Rating GREEN **2022/23 Rating** **GREEN**			*management, oversight and assurance, payroll controls, commissioning and procurement, income and debt management, benefit realisation and the delivery of previous recommendations.* *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 2022/23*** *Internal audit work in respect of 2022/23 is due to be scheduled shortly. 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.* *The next Internal Audit engagement will commence during quarter two of 2023/24, for which the objectives will be agreed with management. The findings and any associated recommendations will be reported for management consideration in the financial year 2023/24.*	
16	**We have an effective scrutiny function in place.** 2021/22 Rating GREEN/AMBER **2022/23 Rating** **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*	Area for Development 2023/24 Action 6: Provide training to the Committee to ensure all new Members of the JOSC are informed of the scrutiny process. Action 7:

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	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions / Notes
				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 2022/23*** *The new JOSC Membership received a comprehensive induction of the CCRCD at their first meeting, designed to support the Committee in formulating their Work Programme for the year ahead. During the year, 4 formal meetings were convened with members also meeting at Aberthaw Power Station, which had recently been purchased by the CCRCD, providing this mechanism for Members to meet outside of formal meetings is paying dividend to the body being scrutinised.* *The JOSC has also seen increased attendance, with all meetings taking place with the required quorum due to the mechanism of a deputy member being able to contribute to all meetings, providing continuity should the primary Member not be able to attend.* *All meetings of the JOSC are published on the Council's website providing openness and transparency to the public.* •	Identify further opportunities for the JOSC to undertake Pre-decision scrutiny. Action 8: Provide the JOSC with information to scrutinise the progress of the CJCs. Action 9: Invite Members of the Cabinet to attend meetings of the JOSC.

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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.** 2021/22 Rating GREEN **2022/23 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 last completed in March 2023 through which full conformance was reported.*	N/A
18	**We have arrangements in place for the delivery of the core functions of an audit committee.** 2021/22 Rating GREEN **2022/23 Rating** **GREEN**			*Pending the plans to transition to the CJC, 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.* *In view of the transition to CJC and making proper arrangements for it to operate as a public body – a report was taken to the CJC Board in March 2023, proposing early work commences to establish a Governance and Audit sub-committee. In line with the regulations, this requires an independent chair and a mix of lay and elected members. the report set out the proposed approach to developing the Committee with a further follow-up report in autumn of 2023.*	Action 10: Development of Governance and Audit Committee will be managed through the transition plan.
19	**We provide timely support, information and responses to**			*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.*	Note 6: There were two Recommendations included within the Audit Wales Report and these

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	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions / Notes
	external auditors and properly consider audit findings and recommendations . 2021/22 Rating GREEN **2022/23 Rating** **GREEN/AMBER**			*Regular 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 2022, was considered and approved by Regional Cabinet at their meeting of the 27 June 2022. An element of the Audit Plan will cover the transition arrangements to the new Corporate Joint Committee structure.* *Update 2022/23* *An unqualified audit opinion for the 2021/22 accounts was issued with no uncorrected misstatements, but which included 2 recommendations as below:* ***Recommendation 1*** *"As the financial statements of CCRCD 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."* ***Recommendation 2*** *"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 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."* *In response, a detailed Action Plan has been developed by the Accountable Body and the City Deal Finance team for presentation to Audit Wales. This highlights a number of improvement actions that are being implemented.* *These include working closely with project leads and budget holders to inform more detailed budget monitoring and forecasting processes, the engagement of external specialist advice on interpretation and presentation of complex accounting entries and an independent review of the draft accounts. This is aimed at improvements in accuracy and technical interpretation of the increasingly complex accounting requirements of CCRCD and to facilitate the audit review.*	are being progressed via a separate agreed Action Plan

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	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions / Notes
20	**We incorporate good governance arrangements in our partnerships and other joint working arrangements.** 2021/22 Rating GREEN **2022/23 Rating** **GREEN**			*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 and other joint working arrangements, different governance structures are required, but in the main their Terms of Reference are agreed by Cabinet.* ***Update 2022/23*** *As the Joint Committee, set up and defined by the Joint Working Agreement transitions into the South East Wales Corporate Joint Committee (SEWCJC), governance will be one of the key focal points. With this in mind, 2022/23 was focussed on ensuring the current governance arrangement continue to be implemented appropriately, with clarity on roles and responsibilities as well as improving the management of partnership boards and committees. All of this work was designed to ensure that CCRCD governance and decision making was clearly understood and adhered to.* *Some of the more straightforward measures brought in through 2022/23 include the introduction of a published governance cycle, to ensure all those taking projects, reports or any other artefacts through the cycle of partnership boards, through to Cabinet have clarity on expectations of what is required and when. Other tools such as the investment tracker and pipeline forecasting have been bolstered to ensure clarity of what is in the approvals process to ensure better planning of the governance cycle.* *In the last quarter of the year, the Governance Manager left the organisation and the Head of PMO took over the management of the Business Support Team to ensure continuity of service until a new Governance Manager could be appointed (interim started Q2 2023/24). During this interim management the Head of PMO developed an Improvement Plan to ensure continuity and help the team continue to support the organisations governance throughout this period.* *As 2023/24 will see the transition of the CCRCD in to the SEWCJC, governance arrangements will need to be considered to ensure that the new corporate entity, and the governance arrangements it will require, are clearly thought out and clearly articulated in the organisations Constitution, with clear Terms of Reference for each element. Alongside this, clear delegations authority will be required in order for the SEWCJC to operate and make decisions effectively, with the appropriate level of scrutiny and challenge.* *With all of that in mind, and as part of Workstream 2 of the Transition Plan for CCRCD to the SEWCJC, a workshop was convened with a wide range of stakeholders, including the Chair of*	N/A

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	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions / Notes
				the Regional Economic Growth Partnership and Investment Panel, The Interim Monitoring Officer, The CCRCD Director (and Interim CEO of the SEWCJC), the Chief Operating Officer, the Head of Finance and other SLT members. This work started the review of the organisations governance that will continue into the transition year (2023/24). *Alongside the review of governance, 2022/23 saw the start of implementation of the statutory requirements for the SEWCJC, these are a Joint Oversight and Scrutiny Committee, a Standards Committee and an Audit & Governance Committee. In the period plans have been drawn up and presented to the Cabinet on how each of these areas will be addressed during the transition year (2023/24).*	

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Prifddinas Ranbarth Caerdydd | Cardiff Capital Region

Appendix 2c

Quarter 3 Update: AGS Action Plan

Action No	Assurance Statement	Suggested Action	Update / Actions Completed	Target Date
1	Statement 2. We ensure: • Compliance with relevant laws and regulations • Compliance with internal policies and procedures • that expenditure is lawful.	This area to be monitored and actions identified as part of the preparations to transition to the SEWCJC and included in the transition plan.		31 March 2024
2	Statement 3. We are committed to openness and acting in the public interest	As part of the preparations for the new SEWCJC a participation strategy will be developed which will include engagement with the public to ensure openness and transparency.		31 March 2024
3	Statement 10. Our financial management arrangements conform to all relevant legislative and best practice requirements.	This area to be monitored and actions identified as part of the preparations to transition to the SEWCJC and included in the transition plan.		Ongoing and complete for CJC at 31 March 2024
4	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	This area to be monitored and actions identified as part of the preparations to transition to the SEWCJC and activities included in the transition plan.		1 October 2023
5	Statement 14. We have mechanisms to review the effectiveness of our framework for identifying and managing risks and performance and for demonstrating clear accountability.	This area to be monitored and actions identified as part of the preparations to transition to the SEWCJC.		Ongoing and complete for CJC at 31 March 2024
6	Statement 16. We have an effective scrutiny in place.	Provide training to the Committee to ensure all new Members of the JOSC are informed of the scrutiny process.		Ongoing and 31 March 2024 for CJC

Action No	Assurance Statement	Suggested Action	Update / Actions Completed	Target Date
7		Identify further opportunities for the JOSC to undertake Pre-decision scrutiny.		Ongoing
8		Provide the JOSC with information to scrutinise the progress of the CJCs.		Ongoing
9		Invite Members of the Cabinet to attend meetings of the JOSC.		Ongoing
10	Statement 18. We have arrangements in place for the delivery of the core functions of an audit committee.	Development of the Governance and Audit Committee will be managed through the transition plan.		In place for 31 March 2024

Future Generations Assessment Evaluation
(includes Equalities and Sustainability Impact Assessments)

Appendix 3

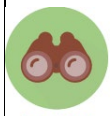
Name of the Officer completing the evaluation: Gareth Gates **Phone no:** 02920 872275 **E-mail:** gareth.gates@cardiff.gov.uk	**Please give a brief description of the aims of the proposal** To present the unaudited Joint Committee Statement of Accounts and Annual Governance Statement for 2022/23
Proposal: Joint Committee to note the unaudited Accounts	**Date Future Generations Evaluation form completed:** 9 October 2023

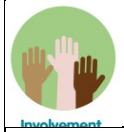
1. **Does your proposal deliver any of the well-being goals below?** Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal.

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	The report presents the unaudited Statement of Accounts. Whist this is not directly relevant – it sets out a picture of wider City Deal progress relating governance and financial accountabilities and responsibilities.	Set out in report
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	Not directly relevant, however financial support and investments will have regard to these principles and will be set out on a business case by business case basis.	
A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood	Not directly applicable, although where possible projects seek to include 'Active Travel' within their agreed scope e.g. Metro Plus, Metro Central etc.	
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	Not directly applicable.	

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	Not directly applicable.	
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	Not directly applicable.	
A more equal Wales People can fulfil their potential no matter what their background or circumstances	City Deal is about delivering as far as possible across 10 LAs and a population of 1.5m people. It is about economic gains – but importantly how this will convert tools for improving people's lives. Some of the specific interventions around skills and housing – will seek to make a more direct contribution to equity of access and equal opportunity for all.	

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	Relates to a draft final position and must be seen in the context of the wider 5 year business plan.	
Working together with other partners to deliver objectives	As above, albeit the assessment does refer to opinions and areas for improvement.	

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?
 Involvement — Involving those with an interest and seeking their views	Communications and engagement remain a feature of our work.	
Prevention — Putting resources into preventing problems occurring or getting worse	Demonstrated in the report through detailed funding allocations and investment cases.	
Integration — Considering impact on all wellbeing goals together and on other bodies	City Deal seeks to make a contribution on place and to improving the life chances of people in the region.	

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	The Report is to present the unaudited Statement of Accounts and Annual Governance Statement. There are no specific proposals which will affect any Protected Characteristics.	None.	
Disability	As above.	As above.	
Gender reassignment	As above.	As above.	
Marriage or civil partnership	As above.	As above.	

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?
Pregnancy or maternity	As above.	As above.	
Race	As above.	As above.	
Religion or Belief	As above.	As above.	
Sex	As above.	As above.	.
Sexual Orientation	As above.	As above.	
Welsh Language	As above.	As above.	

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	Not directly relevant, however building the future economy should have a profoundly positive impact on ability to safeguard the future of our residents.	None.	
Corporate Parenting	Not directly relevant, however building strength on the economy should create opportunities for all the young people entrusted in our care.	None	

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

- Annual Governance Statement
- Joint Committee Revenue Budget Monitoring Reports
- Quarterly Performance Reports
- CSC Foundry Ltd Financial Reports

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?

This report discharges the Joint Committee's statutory obligation to approve an unaudited Statement of Accounts and Annual Governance Statement for the previous Financial Year and provide a copy to its external audit body.

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:	Later in the year when the Final, Audited Accounts will be considered.