

# Joint Committee

## Annual Statement of Accounts

### 2021/22



The **Swansea Bay City Deal** is an alliance of four Regional Local Authorities, supported by four co-opt regional partners governed by a legally constituted Joint Committee.

# C contents

Chair's Statement	4
Narrative Report	5
Organisation Overview and External Environment	9
Summary of Financial Performance	15
Annual Review	18
Statement of Responsibilities	19
Certificate of the Chief Finance Officer	20
Audit Report – Audit Wales	21
Accounting Policies	25
Financial Statements	30
Comprehensive Income and Expenditure Statement (CIES)	31
Movement in Reserves Statement	32
Balance Sheet	33
Cashflow Statement	34
Notes to the Accounts	35
Annual Governance Statement	46
Glossary of Terms	71

## Swansea Bay City Deal

The Swansea Bay City Deal is a £1.2 billion investment in 9 major projects across the Swansea Bay City Region – which is made up of Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea.

The City Deal is being funded, subject to the approval of project business cases, by the UK Government, the Welsh Government, the public sector and the private sector.

Over the next 11 years, the City Deal will boost the regional economy by £1.8 billion and generate over 9,000 new, high-quality jobs.

City Deal projects are based on key themes of Economic Acceleration, Life Science and Well-being, Energy, and Smart Manufacturing. Each project will be supported by world class digital infrastructure and a Skills and Talent initiative that will give local people a pathway to access the jobs that will be created.

The Swansea Bay City Deal is being led by the four regional local authorities – Carmarthenshire County Council, City and County of Swansea Council, Neath Port Talbot County Borough Council and Pembrokeshire County Council - together with the Abertawe Bro Morgannwg and Hywel Dda University Health Boards, Swansea University, the University of Wales Trinity Saint David. The UK and Welsh Governments are funding bodies supporting the City Deal Grant.

# Chair's Statement

"It is my pleasure to introduce the Swansea Bay City Deal financial statement for 2021/2022.

Progress over the last 12 months has been fantastic and we now see ourselves in a unique position where all nine of our projects and programmes have been approved by the Welsh Government and the UK Government, moving us from the planning stage into full delivery.

Yr Egin, led by the University of Wales Trinity Saint David in Carmarthen has achieved another full year of anchoring S4C and small businesses in the creative sector; March saw the opening of the iconic Swansea Arena and is already attracting world class acts in comedy and music in addition to being as fantastic exhibition centre.

Buildings have also been constructed and renovated in the last 12 months; The Technology Centre in Baglan for our Supporting Innovation and Low Carbon Growth programme and the Hangar Annexes in Pembroke Dock Marine. Our three regional projects; Digital Infrastructure, Skills and Talent and Homes as Power Stations are also taking shape, as well as our Life Sciences Projects, Pentre Awel and Campuses with exciting things planned for the next 12 months.

The achievements to date demonstrate the real progress we are making in the region, which will play a fundamental role in boosting our economic recovery and our vision of transforming and regenerating South West Wales into a region of excellence for businesses and residents. Worth over £1.8 billion to the regional economy, the City Deal will improve people's lives in both rural and urban areas by raising aspirations, creating over 9,000 well-paid jobs, improving services and boosting skills. The last 12 months have proven that we are well on the way to achieving this."



*Councillor Rob Stewart*

*Chair of Swansea Bay City Region Deal Joint Committee*

*Leader of City and County of Swansea Council*

# Narrative Report

The Swansea Bay City Region is an important driver for the Welsh and UK economy. An area with a significant coastal footprint, with rural idyllic landscape, complimented with diverse urban centres, the region offers opportunities far and wide reaching.

The Portfolio offers regional partners new ways of working and resource to unlock significant potential, to stimulate economic growth and increase added value in the region.

Taking a regional collaborative approach enables the Authorities to plan and deliver services more effectively, through strategic land use planning, strategic transport and economic development.

The City Deal is expected to boost the region estimating;

- Funding and investment of £1.2 billion for interventions to stimulate economic growth.
- Pan-region investment, ensuring all localities and citizens can benefit.
- Over 9,000 additional gross direct jobs.
- A contribution to regional Gross Value Added of over £1.8 billion.

The aim of the Swansea Bay City Deal is to create an outward-looking City Region with the innovation, capacity and infrastructure to inform and advance solutions to major regional challenges.

Within the United Kingdom City Deals have been adopted by Governments to give local areas specific powers and freedoms to help regions in supporting economic growth, job creation and to stimulate investment in local projects.

During March 2017 the then Prime Minister Theresa May visited the City of Swansea to meet with region Council Leaders to formally sign-off the Swansea Bay City Region Deal, bringing the current portfolio into fruition.

The award of City Deal funding was based on local demand-led elements labelled under four key themes, each adopted to provide the region with value added growth and economic stimulation. The portfolio comprises of nine projects each designed around four key themes of Internet of Economic Acceleration, Life Science and Well-being, Energy, and Smart Manufacturing.

On establishment of the Swansea Bay City Region Deal, a shadow Joint Committee was formed consisting of all four regional participating Authorities, with support from four co-opt portfolio partners (Swansea University, University of Wales Trinity St David, Swansea Bay Local Health Board and Hywel Dda Local Health Board) to oversee delivery of all eleven projects within the established portfolio.

On approval by all four participating Authorities the Joint Committee was formalised by the investiture of the Joint Committee Agreement (JCA) on 29th August 2018. The JCA constitutes governance arrangements, embedding a structured framework of control through outlining accountability and responsibility, thus allowing Authorities to discharge their functions appropriately to successfully deliver projects under the City Deal Portfolio.

## OUR VISION

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Based on the Swansea Bay City Region Economic Regeneration Strategy 2013-2030, the Swansea Bay City Deal sets out an integrated, transformational approach to delivering the scale and nature of investment needed to support plans for growth in the Region.

The strategic vision is to create a super smart innovation region which will inform and advance solutions to some of the most pressing challenges of modern times in the areas of economic acceleration, smart manufacturing, energy, life sciences and well-being.

The City Deal provides a once in a generation opportunity to further consolidate the region's role in technological innovation through the creation of interconnected testbeds and living laboratories, designed not only for proof of concept but also for proof of business.

Using the transformational powers of next generation digital technologies, and supported by a portfolio of tailored skills development, the City Deal will accelerate the region's innovation, technological and commercialisation capabilities to support the establishment and growth of local innovation businesses, while also acting as a catalyst to attract further inward investment.

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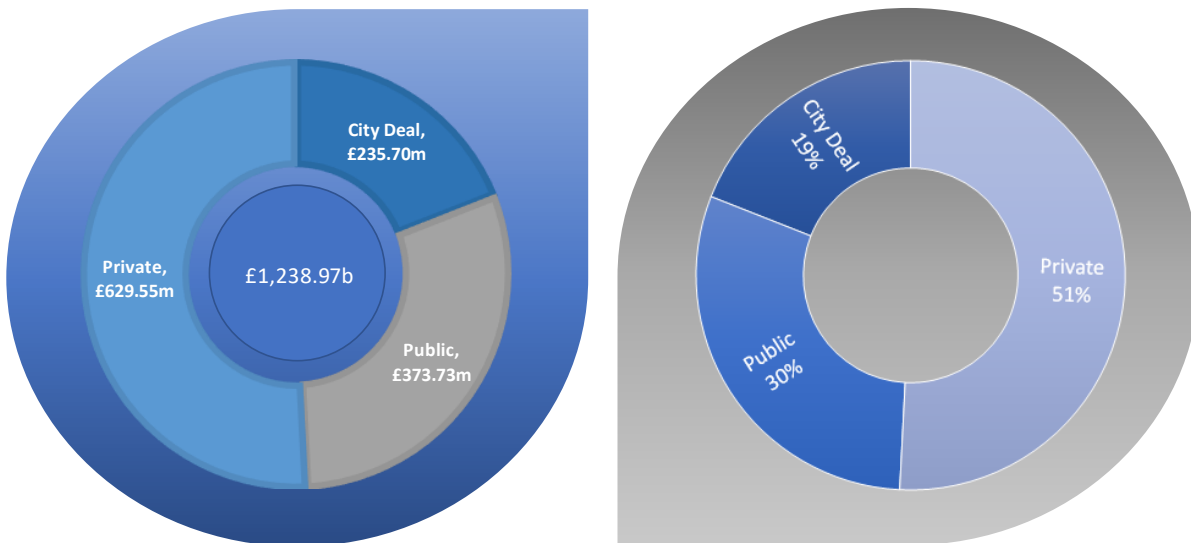
## Swansea Bay City Region Deal Investment

The City Deal program is fabricated through three forms of funding components, constituting in £1.2 billion of investment within the South Wales region.

The total investment package is made up of £235.70 million (19%) UK and Welsh Government funding, £373.73 million (30%) other public sector investment, and £629.55 million (51%) from the private sector. This totalling £1,238.97 billion.

The Heads of Terms set out the commitment by both Welsh and Central Government to support the City Deal with an investment totalling £241 million. The balance of this investment in being considered by the Joint Committee.

## Funding Apportionment



## Swansea Bay City Region Deal Grant Funding Profile

It is the aim of the Swansea Bay City Region Deal that all projects will be delivered by 2028/29 in order to maximise the full benefits realisation of the operational schemes during the lifetime of City Deal funding, which is to be released in the form of a capital grant to the Region from both the UK and the Welsh Governments over a 15-year period. On 2<sup>nd</sup> March 2021 the UK Government announced that it would be cutting its grant payment profile term from fifteen to ten years, front loading its financial commitment to 2027/28.

The Portfolio will disperse funding to the regional Project Authority Leads to support the projects on which the grant was awarded. Funding will only be released by the Accountable Body on behalf of the Joint Committee on the successful approval of business cases by both UK and Welsh Government.

With the funding being released to the portfolio over a fifteen-year period an inherent temporary funding gap is recognised. Each Lead Authority is responsible for managing the cashflows in respect of the projects in which they hold responsibility for delivery, and subsequently are accountable for managing inherent risks and the funding gaps recognised. Each Authority shall be responsible for borrowing to provide funding or securing funding for projects in its own area.

## Swansea Bay City Region Deal Investment Breakdown

The Swansea Bay City Region Deal partnership, through the 'Internet Coast' publication and subsequent discussions with the Welsh and UK Governments, has developed a clear strategy which has been underpinned with identified interventions to deliver widespread and sustainable economic growth across the region. These interventions, subject to the submission and approval of detailed business cases for the now nine identified projects by the Welsh and UK governments, and the agreement of necessary governance arrangement and delivery models.

The overall estimated investment position is demonstrated at £1.239 billion over the fifteen-year life of the portfolio. The revised budget comprised of a total investment of £1.241 billion. Currently the City Deal is presenting underinvestment against the revised budget of £2m. Details of significant variances are outlined below:

Swansea Arena is currently demonstrating an underinvestment of £6 million against budget due to the reappropriation of costs across the whole Copr Bay site. This in total demonstrated a movement of £16m in comparison to last period due to the site becoming active and a full site review of apportionment rates to better reflect accounting estimates being undertaken. Work on final costs is being undertaken and will be reported on in Quarter1/2 in line with the amended programme being agreed with the contractor.

Campuses has reported additional investment against budget (£5 million) to include the project management team costs and associated interest cost for delivering the project.

### Portfolio Investment Breakdown

Investment Component	Revised Budget Total (£m)	Quarter 4 Portfolio Forecasted Total (£m)	Variance (£m)	Variance
City Deal	235.70	235.70	0.00	0.00%
Public	380.66	373.73	- 6.94	-1.82%
Private	625.04	629.55	4.51	0.72%
<b>Grand Total</b>	<b>1,241.40</b>	<b>1,238.97</b>	<b>- 2.43</b>	<b>-0.20%</b>

Funding elements are subject to change as the portfolio evolves and matures. On the successful approval of business cases the Accountable Body will release Government grant funding to projects up to the maximum of the agreed allocated value. Grant values are subject to change, however this will be supported by a full business case and approval by the Joint Committee and both UK and Welsh Governments, as outlined within the Joint Committee Agreement.

# Organisational Overview and External Environment

The Joint Committee is composed of the four Regional Local Authority Leaders, supported by the four Authority Chief Executive Officers and four non-voting co-opt partners. Internal Audit and External Audit (Audit Wales) report independently to the Joint Committee. Chaired by Councillor Rob Stewart, Leader of the City and County of Swansea Council, the Joint Committee whilst not itself a legal entity, rather a joint arrangement under a joint committee agreement, holds responsibility and accountability for the delivery of the Swansea Bay City Region Deal Portfolio.

To oversee delivery of the portfolio, the Joint Committee is supported by an Economic Strategy Board (ESB) (comprising of private sector advisers), Portfolio Board (comprising of the four regional authority Chief Executive Officers and co-opt partners), and an oversight board in the form of a Joint Scrutiny Committee. The Joint Committee has ultimate responsibility and accountability for decisions taken in relation to the Swansea Bay City Region Deal. The role of the Portfolio Board is to ensure that all schemes are developed in accordance with the agreed process, analysing the financial viability, deliverability and risk of each City Deal project proposal. This detailed analysis will then be reported to the ESB and Joint Committee.

To ensure successful delivery the portfolio has embedded core administration functions conforming to statutory and regulatory requirements, with a constructive governance framework entrenching transparency, integrity, objectivity, accountability and responsibility.

**The financial structure of the portfolio has been split in to two distinct delivery areas the Joint Committee including administration and statutory functions, and the Portfolio Investment Fund.**

## Joint Committee

The Joint Committee has ultimate responsibility and accountability for decisions taken and the delivery of the City Deal Portfolio. There is recognition by both the UK and Welsh Governments of a requirement for revenue funding to support the Joint Committee's activities, including the administration and statutory functions. This was also acknowledged by all partners and subsequently an agreement was concluded to support these central functions with an amalgamation of funding consisting of partner contributions (£50k per partner) and applying a top slice to Government grants of 1.5%.



## Portfolio Investment Fund

The Portfolio Investment Fund is overseen and upheld by the Accountable Body who administer the receipt and distribution of City Deal grant on behalf of the Joint Committee. The Accountable Body is accountable to the Joint Committee and manages the City Deal grant and investment pool in line with Carmarthenshire County Council's approved Treasury Management Strategy.

The Joint Committee distributes Government grants on a programme/project basis to Project Lead Authorities. An annual grant award is receipted from Welsh Government on behalf of both Governments and then distributed on actual expenditure in arrears ensuring clear financial governance is pursued. The total investment package is an anticipated £1.2 billion, with grant totalling £241m relating to the Portfolio Investment Fund (UK Government £115.6m and Welsh Government £125.4m). Any portfolio cash balances are invested to ensure effective optimisation of resources until approval is confirmed to initiate the release of funds from the Portfolio. Joint Committee have formally agreed it will afford Lead Authorities to borrow from any such balances that reside in the portfolio, this is done at a set rate on a 12-month term, as cashflow determines.

## Government Grant 'Top Slice'

The Joint Committee has approved the 'Top Slice' of Government grants on an annual basis up to a value of 1.5%. This allocation will be earmarked to finance the Joint Committee, central administration and statutory functions required to support the delivery of the Portfolio.

## Retention of National Non-Domestic Rates

Welsh Government have agreed in principle (as per below) that 50% of the additional net yield generated through City Deal developments can be retained by the region to support revenue costs associated with the portfolio. This has been acknowledged by the Lead Authorities within the Joint Committee Agreement (JCA - 29th April 2018).

Welsh Government (Cabinet Secretary for Finance, 11th April 2018)

*'I intend to initiate arrangements to allow the region to retain 50% of the additional net yield in Non-Domestic rates generated by the 9 projects which are to be delivered by the Deal'*

The Joint Committee formally agreed (JC-10<sup>th</sup> February 2022) the distribution basis of the allocated retention. Officers are working with Welsh Government to establish a robust process for the drawdown of the retention of rates.

## Gateway Reviews

The Welsh Government Assurance Process (consistent with the OGC Gateway) is the responsibility of the Integrated Assurance Hub (IAH) and authorised to deliver assurance under accredited license from the Infrastructure and Projects Authority (IPA), which is part of the UK's Cabinet Office. This process is designed to provide independent guidance to Senior Responsible Owners (SROs), portfolio and project teams and to the departments who commission their work, on how best to ensure that their portfolios and projects are successful.

As part of the assurance arrangements for the SBCD Portfolio, an independent Gateway 0 Review was undertaken in July 2021.

The Review was undertaken by an independent, external team in accordance with the Welsh Government Integrated Assurance Hub Guidelines. Seventeen 'conversations' were held with stakeholders between 19th -21st July together with a workshop session with the four local authority Leaders.

The SBCD Portfolio received an Amber-Green Delivery Confidence Assessment (DCA) rating. The summary finding of the Review were:

- Swansea Bay City Deal Portfolio has made significant progress in the past 12 months.
- The establishment of a professional, well-resourced Portfolio Management Office has been key to the progress, as has the dedication and commitment of the SROs in evolving the governance arrangements.
- It is also evident that the leadership of the individual programmes and projects has been key to successful delivery in these regards.
- There is strong stakeholder support and optimism across all sectors and a commitment from the Joint Committee to spending wisely now that the funding has come on stream from UKG/WG.

The Review Team made four prioritised recommendations to the Portfolio SROs to ensure that the portfolio is positioned for effective management and delivery. There were also a number of advisory comments made to further support the delivery of Portfolio.

## Current Economic Climate

This financial year has seen a period of significant political and economic uncertainty at a national level. The most significant factor affecting the Joint Committee was the ongoing COVID-19 pandemic.

Partners and Governments are fully committed to the City Deal recognising it as an important driver in the economic recovery of the region and country. Despite the unprecedented challenges, the City Deal's continued progress should reassure regional businesses and residents that partners remain focused on delivering the City Deal as soon as possible. The remaining programme/project business cases were approved during the year, with the portfolio now in full delivery.

The Joint Committee has conducted an assessment of the risks and issues affecting the delivery of the portfolio and will address and manage the matters identified that could significantly impact the delivery or scope of the Swansea Bay City Deal Portfolio. The Joint Committee will continue to monitor these impacts, risks, and issues.

The financial statements are required to reflect the conditions applying at the end of the financial year.

The City Deal's financial standing has been maintained at a prudent level, with internal audit presenting an assurance rating of 'Substantial'; There are none or few weaknesses in the adequacy and/or effectiveness of the governance, internal control, risk management and financial management arrangements, and they would either be unlikely to occur, or their impact is not likely to affect the achievement of the SBCD objectives. green rating

European funding has been secured within three City Deal programmes and is formally committed until 2023.

Current reserves are ring-fenced for specific purposes to meet current and future commitments in the delivery of the City Deal.

## Operational Model

## Business Case Model

The need to get the best possible value from spending public money will always remain a constant for the Joint Committee and its partners. To this end, all City Deal business cases must be developed using the HM Treasury and Welsh Government's Five Case Model - an approach which is both scalable and proportionate. It is recognised as best practice and is the Treasury's standard methodology.

The business case, both as a product and a process, provides decision-makers, stakeholders and the public with a management tool for evidence-based, transparent decision-making and a framework for the delivery, management and performance monitoring of the resultant scheme.

Each business case in support of a SBCD project must evidence:

- Strategic Case - the intervention is supported by a compelling case for change that provides a holistic fit with other parts of the organisation and public sector
- Economic Case - the intervention represents best public value (to the UK as a whole)
- Commercial Case - the proposed project is attractive to the marketplace, can be procured and is commercially viable
- Financial Case - the proposed spend is affordable
- Management Case - what is required from all parties is achievable

As set out in the Joint Committee Agreement, the Project Business Case shall include a Resolution of the Project Authority Lead and all Councils in whose area the project shall take place will approve the submission of the Project Business case.

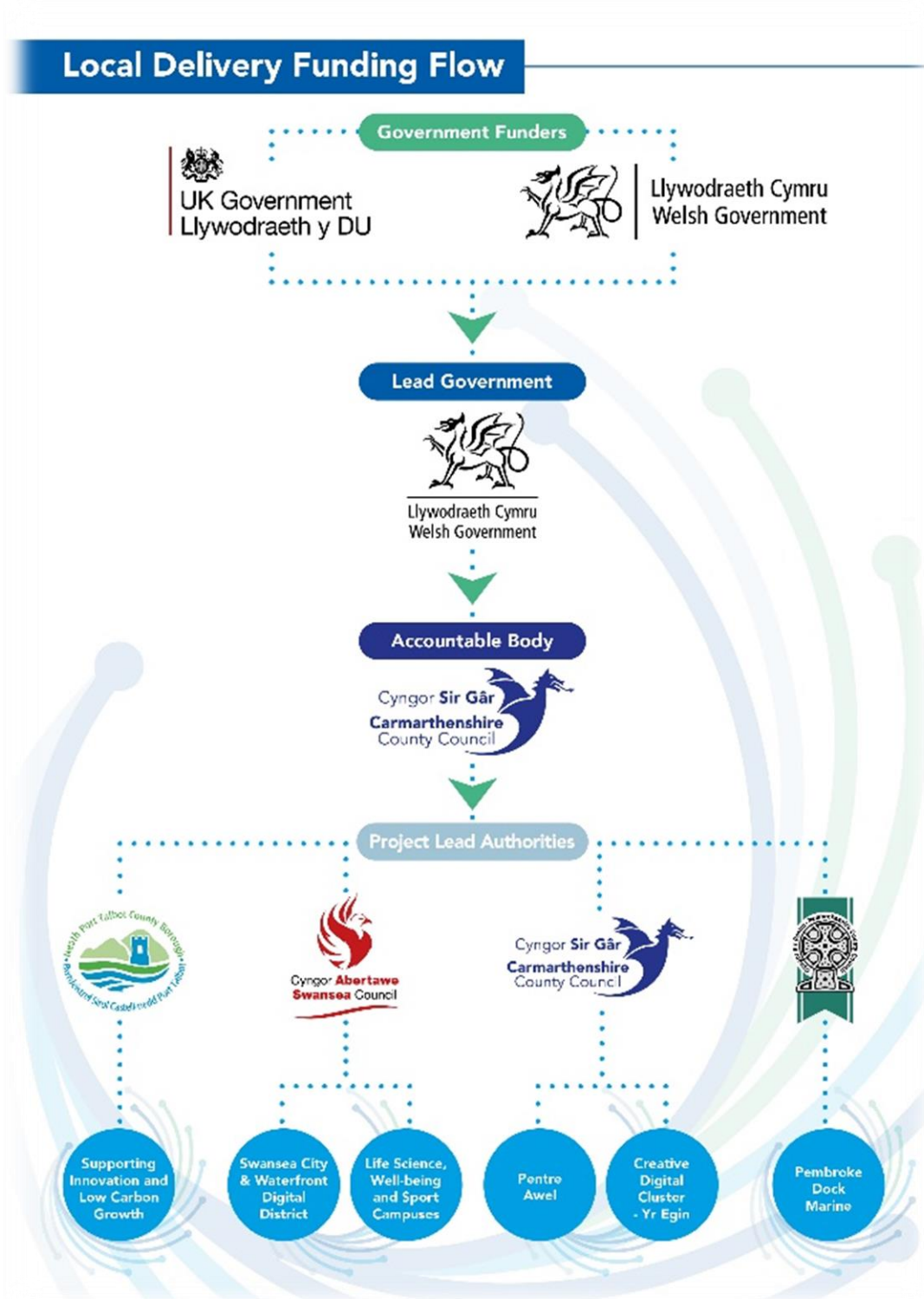
The Portfolio Management Office has day to day responsibility for managing the assessment process for projects.

To assist a speedier assessment process, the UK Government and Welsh Government have agreed an informal iterative review process for assessing draft versions of business cases in order to assist Project Leads in the production of complete full business cases which are appropriate for 5 case formal review process.

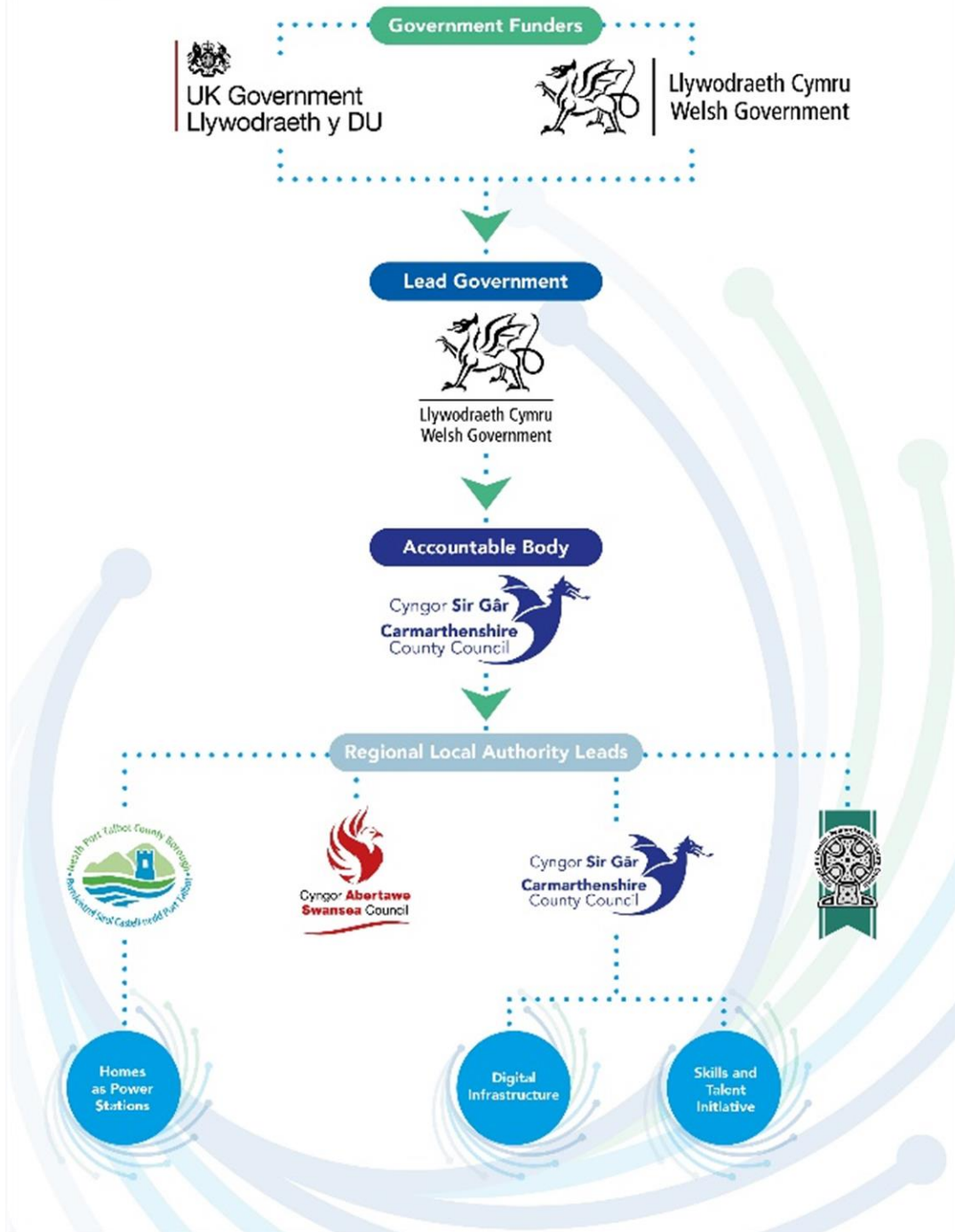
On completion of the final draft business case and following approval from the respective Regional/Project Authority Lead(s), full business cases for each of the City Deal projects will undergo assessment by the Portfolio Management Office before being considered by the respective City Deal governance structures. After approval by the Joint Committee the project business case will be forwarded to the UK Government and Welsh Government for approval to release City Deal Government project funding to the Accountable Body.

## City Deal Flow of Finances

The release of funds from the Accountable Body will follow one of two funding routes. This is determined on a Programme/project basis depending on whether funding is being released to a regional project or a Local Authority lead project. The flow of funding is demonstrated below:



## Regional Delivery Funding Flow



# Summary of Financial Performance

## Joint Committee Annual Year-End Outturn Position 2021/22

The year-end outturn position compared with the predetermined set annual budget is demonstrated below for both the Joint Committee and Portfolio Investment Fund (PIF). An extract of the Joint Committee's reserve is also summarised.

## Joint Committee Budget and Out-Turn Position 2021/22

<u>Actual</u> <u>2020/21 (£)</u>	<u>Description</u>	<u>Budget</u> <u>2021/22 (£)</u>	<u>Actual</u> <u>2021/22 (£)</u>	<u>Variance</u> <u>2022/22 (£)</u>
	<u>Gross Expenditure</u>			
75,630	Joint Committee	129,749	82,067	47,682
185,908	Accountable Body	79,244	88,045	(8,801)
21,332	Joint Scrutiny Committee	28,757	21,332	7,425
375,495	Portfolio Management Office	749,180	556,705	192,475
14,850	City Deal Assurance Grant	-	-	-
<b>673,215</b>	<b>Total Expenditure</b>	<b>986,930</b>	<b>748,149</b>	<b>238,781</b>
	<u>Income</u>			
(400,000)	Partner Contributions	(400,000)	(400,000)	-
(168,050)	Top Slice' of Government Grants	(723,000)	(314,119)	(408,881)
(32,464)	Investment Income	-	(39,575)	39,575
(14,850)	WG Government Revenue Grants	-	-	-
<b>(615,364)</b>	<b>Total Income</b>	<b>(1,123,000)</b>	<b>(753,694)</b>	<b>(369,306)</b>
<b>57,851</b>	<b>Net Annual Total - (Surplus)/Deficit</b>	<b>(136,070)</b>	<b>(5,545)</b>	<b>(130,525)</b>

Portfolio Investment Fund Out-Turn Position 2021/22

<u>Actual 2020/21</u> <u>(£)</u>	<u>Description</u>	<u>Budget</u> <u>2021/22(£)</u>	<u>Actual</u> <u>2021/22 (£)</u>	<u>Variance</u> <u>2021/22 (£)</u>
	<u>Gross Expenditure</u>			
11,203,320	Project Lead Authorities	23,086,000	13,538,281	(9,547,719)
<b>11,203,320</b>	<b>Total Expenditure</b>	<b>23,086,000</b>	<b>13,538,281</b>	<b>(9,547,719)</b>
	<u>Income</u>			
(36,000,000)	Government Grant Income	(23,086,000)	(23,086,000)	-
<b>(36,000,000)</b>	<b>Total Income</b>	<b>(23,086,000)</b>	<b>(23,086,000)</b>	<b>-</b>
<b>(24,796,680)</b>	<b>Net Annual Total - (Surplus)/Deficit</b>	<b>-</b>	<b>(9,547,719)</b>	<b>(9,547,719)</b>

Summary of Reserves (Extract from Balance Sheet) 2021/22

<u>31st March 2021</u> <u>(£)</u>	<u>Description</u>	<u>31st March 2022</u> <u>(£)</u>
214,816	Usable Reserves - Revenue	220,361
42,796,680	Capital Grants Unapplied	52,344,399
	- Unusable Reserves	-
<b>43,011,496</b>	<b>Total Reserves</b>	<b>52,564,760</b>

## Supporting Information

### Operational Summary

The operation costs demonstrate a surplus of £6k which will be transferred into a ring-fenced reserve to be utilised in future years. Costs exceed prior year due to the Portfolio moving into delivery phase and the Portfolio Management Office establishing itself.

### Salary and Pension Liabilities

The Joint Committee is not itself a separate legal entity and as such cannot enter into contracts for the provision of goods and services. Officers directly employed to support the Joint Committee are contractually employed through Carmarthenshire County Council. It is the responsibility of the employing Authority to remunerate officers and commit to current and future pension liabilities that may arise from these arrangements. During the year the portfolio management office was expanded to eight staff members to support the activities of the portfolio.

The Joint Committee reimburse all costs in respect of salary and on-costs, including all employer related pension costs and account for this within its Income and Expenditure account. No liability is recognised within the statements of the Joint Committee in respect of future pension liabilities.

### Investment Activities

Portfolio balances are invested in line with Carmarthenshire County Council's approved Treasury Management Strategy. Interest is calculated on an average rate and ring fenced to the City Deal portfolio. Throughout the year balances have been invested through approved institutions in short-term financial instruments in adherence to the protocols set out within the applied Treasury Management Strategy.

On the 11<sup>th</sup> June 2020, the Joint Committee approved the distribution of income generated from investments back to programmed/projects based on an allocation outlined within the original SBCD Heads of Terms.

### General Reserves

#### Usable Reserves

A General Fund Usable Reserve has been established due to income through partner contributions, interest on investments and 'Top slice of Government Grants' exceeding actual spend to date. The reserve currently resides at £220k and will support operations in future years.

#### Capital Grants Unapplied Reserve

The Capital Grants Unapplied Reserve comprises of portfolio balances created through the receipt of City Deal Government grant exceeding funding released to Project Authority Leads. Funding is only released to Project Authority Leads based on spend in arrears and upon approval of business cases and engagement in funding agreements. Payments and commitments to projects with a total of £13.5m were transacted during the year.

The SBCD received the grant award offer letter for financial year 2021/22 totalling £23.09 million on the 30th March 2022, with subsequent acceptance and grant receipt during April 2022.



# Annual Review

“The Swansea Bay City Deal achieved a significant milestone in December 2021, when all nine of its transformational projects and programmes were approved by the UK Government and Welsh Government. This means that the whole portfolio, estimated to attract £1.3 billion of investment by 2033, is now in full delivery and will provide opportunities for many regional businesses and residents.

As the portfolio progresses with its procurement, build, funding distribution and operations, the nine projects and programmes will identify many opportunities to secure private sector and other public sector funding and utilise the City Deal funds to catalyse the region to attract further investment opportunities and partnerships.

The 3,500 capacity Swansea Arena was launched in March 2022 and is open for business with several sell out shows and tours already taking place. The Bay Technology Centre in Port Talbot completed its build in 2022 and is currently signing up tenants. Yr Egin continues to operate with 18 partners located on site which includes their anchor partner, S4C, contributing a staggering £18.2m of local economic impact per year. Contractors have been appointed to begin construction on several sites, including the multi-million-pound Pentre Awel project in Llanelli, the high profile 71/72 Kingsway office development in Swansea, and the historic hangar refurbishments at the Port of Milford Haven.

All lead deliverers and Local Authority Leads are engaging well with the Portfolio Management Office and the requirements from Government sponsors to ensure robust governance and reporting is in place to support the successful delivery of the anticipated outputs, outcomes and impact of the Swansea Bay City Deal. The Portfolio assurance process was undertaken in July 2021 and received a Green/Amber status with key recommendations being on track for implementation. The 2021 Regional Audit also reflected positively on the governance and reporting arrangements with all recommendations nearing successful completion.

The Portfolio Management Office is now embedded and several appointments have been made to enhance the project and programme teams within the lead delivery organisations, including Homes as Power Stations, Pembroke Dock Marine, Skills and Talent, Digital Infrastructure, Pentre Awel, Campses, Swansea City & Waterfront Digital District and Supporting Innovation and Low Carbon Growth.

Our efforts and success over the past twelve months will set us up for further advancements across the region and ultimately transform the City Region’s economic prosperity and aspirations, while also retaining young talent in the region through the generation of high-value jobs and opportunities in sectors including life sciences and well-being, energy, digital, creative and smart manufacturing.”



*Dr Jonathan Burnes*

*Portfolio Director*

*Swansea Bay City Deal*

# Statement of Responsibilities

## *for the Statement of Accounts*

### The Joint Committee Responsibilities

The Joint Committee is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of these affairs. In this Authority, that officer is the Director of Corporate Services.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

### Joint Committee Approval

Approval of Statement of Accounts post audit.

Signed: **R.Stewart**

Dated: **27/07/2022**

*Councillor* **Rob Stewart**

Chair of Swansea Bay City Region Deal Joint Committee

Leader of City and County of Swansea Council



# Certificate of the Chief Finance Officer

## The Director of Corporate Services Responsibilities

The Portfolio Section 151 Officer (Director of Corporate Services) is responsible for the preparation of the Joint Committee's Statement of Accounts, in accordance with proper accounting practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code) 2021/22.

In preparing this Statement of Accounts, the Director of Corporate Services has:

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code;
- Kept proper and timely accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities;

## Certification of Accounts

I certify that the Statement of Accounts on pages 27 to 31 demonstrates a true and fair view of the financial position of Swansea Bay City Region Deal at 31st March 2022 and its income and expenditure for the year ended 31st March 2022.

Signed: **C.Moore**

Dated: **28/07/2022**

**Chris Moore** *FCCA*

Director of Corporate Services

Swansea Bay City Region Deal Section 151 Officer

Carmarthenshire County Council



# Audit Report

## The independent auditor's report of the Auditor General for Wales to the members of Swansea Bay City Deal Joint Committee

### Opinion on financial statements

I have audited the financial statements of:

- Swansea Bay City Deal Joint Committee for the year ended 31 March 2022 under the Public Audit (Wales) Act 2004.

Swansea Bay City Deal's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes, including a summary of significant accounting policies.

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

In my opinion the financial statements:

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

### Basis of opinion

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

## Conclusions relating to going concern

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

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

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

## Other Information

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

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

I have nothing to report in this regard.

## Report on other requirements

### Opinion on other matters

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

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

## Matters on which I report by exception

In the light of the knowledge and understanding of the Joint Committee and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Annual Governance Statement.

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

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

## Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on pages 19 and 20, the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

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

## Auditor's responsibilities for the audit of the financial statements

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

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

My procedures included the following:

- Enquiring of management, the Joint Committee's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Joint Committee's policies and procedures concerned with:
- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

- o Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the posting of unusual journals; and
- o Obtaining an understanding of the Joint Committee’s framework of authority as well as other legal and regulatory frameworks that the Joint Committee operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Joint Committee.

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

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

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

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

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

### Certificate of completion of audit

I certify that I have completed the audit of the accounts of Swansea Bay City Deal Joint Committee in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales’ Code of Audit Practice.

Adrian Crompton

24 Cathedral Road

Auditor General for Wales

Cardiff

29 July 2022

CF11 9LJ

**The maintenance and integrity of Swansea Bay City Deal’s website is the responsibility of the Accountable Body; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.**

# A

# ccounting Policies

The Statement of Accounts summarises the transactions of the Swansea Bay City Region Deal for the 2021/22 financial year and its position at the year ended 31 March 2022.

Carmarthenshire County Council as the Accountable Body is required to prepare annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and the Service Reporting Code of Practice 2021/22, supported by International Financial Reporting Standards (IFRS).

## Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Assets constructed or held as part of a project delivered within the portfolio will be disclosed and held on the Balance Sheet within the Project Lead Authority responsible for the delivery of such project.

Assets constructed or held as part of a regional project within the portfolio will be proportioned accordingly or reside within the balance sheet of the Project Authority Lead in which constituency such asset resides.

**The Joint Committee will hold no such physical asset as categorised above within its legal remit.**

## Related Party Disclosures

Related parties denote the possibility that the SBCD financial position and profit or loss may have been affected or influenced by the existence of related parties, inhibiting the SBCD Joint Committee to operate and conduct its duties independently.

A related party is a person or an entity that is related to the reporting entity:

- A person or a close member of that person's family is related to a reporting entity if that person has control, joint control, or significant influence over the entity or is a member of its key management personnel.
- An entity is related to a reporting entity if, among other circumstances, it is a parent, subsidiary, fellow subsidiary, associate, or joint venture of the reporting entity, or it is controlled, jointly controlled, or significantly influenced or managed by a person who is a related party.

Disclosure:

**For the financial year 2021/22 all related party transactions are identified under the Notes to the Accounts, schedule 9. Related Party Disclosures.**



## Accruals Basis (Concept)

Financial Statements are prepared under the Accruals Concept of accounting which requires that income and expense must be recognised in the accounting periods to which they relate rather than on a cash basis. An exception to this general rule is the cash flow statement whose main purpose is to present the cash flow effects of transaction during an accounting period.

### **The Joint Committee applied the Accruals concept throughout the preparation of the Financial Statements and Accounts.**

Under the Accruals basis of accounting, the Joint Committee recognized income in the accounting period in which it was earned. Income received was recognised within accounting period in which it arose, rather than in the subsequent period in which it will be received. Expenses, in contradiction, were recorded in the accounting period in which they incurred. Therefore, accrued expenditure was recognized in the accounting period in which it occurred, rather than period in which it was paid.

## Revenue Income

It has been recognised by the Joint Committee and by both Governments that an element of revenue funding is required to support the central services employed to deliver the City Deal Portfolio. Revenue income to support the portfolio has been agreed as an amalgamation of partner contributions (£50k per partner) and “Top Slice” of Government grants (1.5%). Any surpluses are transferred to a ring-fenced reserve.

## Cash and Cash Equivalents

Cash Equivalents are investments that are readily convertible to known amounts of cash with no change in value. Cash is withdrawn and deposited depending on a deficit or surplus of cash on the day. All call accounts are classified for this purpose. Cash Equivalents also includes fixed term investments that mature within three months or less from the date of acquisition.

### **The Joint Committee does not operate its own independent bank account, all cash related transactions are managed through Carmarthenshire County Council as the Accountable Body.**

Carmarthenshire manage the Joint Committee’s cash balances and short-term Investments in line with their own approved Treasury Management Strategy.

The Treasury Management Strategy allows Carmarthenshire to successfully manage the Joint Committee’s funds independently from its own resources and ring-fence any reserves for future utilisation by the Committee. Arrangements consist of short-term investments through approved financial institutions to maximise the return on cash balances, whilst managing the cash requirement of approved projects within the portfolio.

## Government Grants

The Government grant was awarded to fund expenditure incurred and future spend in the delivery of the approved projects within the portfolio. The terms and conditions of the grant award were not accepted by 31<sup>st</sup> March 2022, and as such, transactions in respect of the grant award have been included based on the below judgments and methodology in line with **The Code of Practice on Local Authority Accounting in the UK, Section C; Government and Non-Government Grants**.

Government grants are recognised within the statements of the Portfolio when there is reasonable assurance that:

- the Portfolio (projects) will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Repayment of funding attached to the grant award will be initiated as a last resort on the occurrence of a notification event, and subsequent failed remedy (Welsh Government, Award of Funding - Terms and Conditions). As such, the Terms and Conditions are interpreted to be that of a **restrictive** nature, under **The Code of Practice on Local Authority Accounting in the UK** (Restriction - Paragraph 2.3.2.14; a return of funding obligation does not arise until such time as it is expected that a condition based on the occurrence (or otherwise) of a specified future event will be breached).

The afore mentioned accounting principle has concluded in the below treatment of government grants;

The receipt of grant is included within the balance sheet as Cash and Cash Equivalent, with a Capital Grants Unapplied Reserve created.

Funding Agreements demonstrating the legal framework between the Accountable Body and Lead Authorities embedding the terms and conditions, obligations and target outputs attached to the funding, were approved by the Joint Committee.

## Events After the Reporting Period

Events occurring between the end of the reporting period and the date when the financial statements are authorised for issue are required to be accounted for in accordance with International Accounting Standard 10.

**No events have been recognised as occurring after the reporting period.**

## Reserves

**All reserves are considered usable reserves as they are available for future use in the delivery of the portfolio.** There are two forms of reserve held within the City Deal:

### Usable Reserves

This reserve is created through partner contributions, interest and the “Top Slice of Government Grants” exceeding operational expenditure. A prior year reserve was carried forward and is included within the Movement in Reserves Statement.

### Capital Grants Unapplied Reserve

Reserves are created through the value of capital grant receipted exceeding the allowable release of funding to Project Lead Authorities in line with project delivery. Relevant grant is released and matched with eligible expenditure, with any balance residing in this reserve. This reserve is held within the accounts of the Accountable Body but ring-fenced to the Swansea Bay City Region Deal.

### Financial Instruments

It is recognised that throughout the lifecycle of the City Deal Portfolio, cash balances will arise through cashflow movements as and when projects become live and actual expenditure is incurred.

Portfolio balances are invested in line with Carmarthenshire County Council's Treasury Management Policy to optimise the return on cash surpluses. Interest is calculated on an average rate and ring fenced to the City Deal portfolio. Throughout the year balances have been invested through approved institutions in short-term financial instruments in adherence to the protocols set out within the applied Treasury Policy. Within the Treasury strategy, investments are only employed with Counterparties whose risk appetite is very low.

Carmarthenshire County Council conducts its treasury management activities in accordance with the Prudential Code of Practice first developed for public services in 2002 by the Chartered Institute of Public Finance and Accountancy (CIPFA). This Code was last revised in 2017. The Council also carries out its treasury management activities in accordance with the CIPFA Treasury Management Code of Practice 2017.

### Going Concern

The Swansea Bay City Deal Joint Committee Statement of Accounts have been prepared on a going concern basis. There has been no indication that the Swansea Bay City Deal cannot operate in its current form or fail to deliver its objectives outlined within the original Heads of Terms. Five projects have currently been approved by both UK and Welsh Government and three grant awards have been receipted and in line with the agreed profile.

### Value Added Tax

VAT payable has been excluded from expenditure with exception where it is not recoverable from HMRC. The VAT on income receivable has been omitted from the statements.

## Provisions, Contingent Assets and Liabilities

### Provisions

A provision is a liability of uncertain timing or amount. The liability may be a legal obligation or a constructive obligation. A constructive obligation arises from the entity's actions, through which it has indicated to others that it will accept certain responsibilities, and as a result has created an expectation that it will discharge those responsibilities.

The Joint Committee will recognise a provision if it is probable that an outflow of cash or other economic resource will be required to settle the provision. If an outflow is not probable, the item is treated as a contingent liability. When payments are made, they are charged to the provision account held within the balance sheet and are credited back to the service category if no longer required. All provisions are reviewed at the end of the financial year.

### Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the entity. Contingent liabilities also include obligations that are not recognised because their amount cannot be measured reliably or because settlement is not probable.

Contingent liabilities do not include provisions for which it is certain that the entity has a present obligation that is more likely than not to lead to an outflow of cash or other economic resources, even though the amount or timing is uncertain.

A contingent liability is not recognised in the Statement of Financial position. However, unless the possibility of an outflow of economic resources is remote, a contingent liability is disclosed in the notes of the Statement of Accounts.

### Contingent assets

Contingent assets are possible assets whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events that are not wholly within the control of the entity. Contingent assets are not recognised, but they are disclosed when it is more likely than not that an inflow of benefits will occur. However, when the inflow of benefits is virtually certain an asset is recognised in the statement of financial position, because that asset is no longer considered to be contingent.

## Judgements and Key Assumptions

There were no further critical judgments made in the preparation of the financial statements other than those outlined within the specific accounting policies adopted and the estimations used in the compilation of the statement of accounts.

No information key assumptions concerning the future, and other key sources of estimation uncertainty were disclosed at the end of the reporting period.

# F inancial Statements

## Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of the delivery of portfolio outputs in accordance with generally accepted accounting practices, rather than the amount to be funded from the award of grant. The reconciliation to the grant position is shown in the Movement in Reserves Statement.

## Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Joint Committee, analysed into usable reserves. The Provision of Services line shows a surplus of £9,553,264 with operational expenditure of £748,149 being the true economic cost of providing the Joint Committee's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

## The Balance Sheet

This shows the assets and liabilities of the Joint Committee as at 31 March 2022.

## The Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Joint Committee during the reporting period.

## Notes to the Financial Statements

These are the notes that accompany the financial statements and provide further information to support the stated accounts.

# Comprehensive Income and Expenditure Statement

The below statement demonstrates all income and expenditure, received and incurred by the Joint Committee throughout the financial year. The statement represents the accounting cost of service provision during the financial year 2021/22, aligned with United Kingdom Generally Accepted Accounting Practices.

Actuals 2020/21 (£)	Description	Actuals 2021/22 (£)	Notes
<b><u>Cost of Service</u></b>			
366,284	Employee Expenditure	463,060	1
21,577	Premises Related Expenditure	21,577	2
-	Transport Related Expenditure	76	3
199,291	Supplies & Services	183,416	4
87,998	Support Services	80,020	5
<b>675,150</b>	<b>Total Operating Expenditure</b>	<b>748,149</b>	
<b><u>Income</u></b>			
(400,000)	Partner Contributions	(400,000)	6
(168,050)	Top Slice' of Government Grants	(314,119)	6
(14,850)	Other: Government Grant	-	6
<b>(582,900)</b>	<b>Total Operating Income</b>	<b>(714,119)</b>	
<b>92,250</b>	<b>Net Cost of Service - (Surplus) / Deficit</b>	<b>34,030</b>	
<b><u>Financing and Investment Activities</u></b>			
(34,398)	Investment Interest Income	(39,575)	14
<b>(34,398)</b>	<b>Net Financing and Investment Activities</b>	<b>(39,575)</b>	
<b><u>Taxation and Non-Specific Grant Income and Expenditure</u></b>			
(36,000,000)	Capital Grants and Contributions Received	(23,086,000)	15
11,203,320	Capital Grants and Contributions Applied	13,538,281	15
<b>(24,796,680)</b>	<b>Net Taxation and Non-Specific Grant Income</b>	<b>(9,547,719)</b>	
<b>(24,738,828)</b>	<b>Total (Surplus) / Deficit on Service Provision</b>	<b>(9,553,264)</b>	
<b><u>Other Comprehensive Income and Expenditure</u></b>			
-	Other Income and Expenditure	-	
-	<b>Net Other Comprehensive Income and Expenditure</b>	-	
<b>(24,738,828)</b>	<b>Total (Surplus)/Defecit on Comprehensive Income and Expenditure</b>	<b>(9,553,264)</b>	

# Movement in Reserves Statement

The statement below demonstrates the Swansea Bay City Deal reserve position as at 31st March 2022.

Description	General Fund Balance (£)	General Fund Earmarked Reserves (£)	Capital Grants Unapplied (£)	Total Usable Reserves (£)	Unusable Reserves (£)	Total Reserves (£)
<b>Balance Brought Forward (as at 1st April 2020)</b>	<b>272,668</b>	-	<b>18,000,000</b>	<b>18,272,668</b>	-	<b>18,272,668</b>
<b><u>Movements in Reserve during Financial year 2020/21:</u></b>						
Provision of Services - Surplus / (Deficit)	24,738,828	-	-	<b>24,738,828</b>	-	<b>24,738,828</b>
Adjustments Between Accounting Basis and Funding Basis Under Regulations - Surplus / (Deficit)	(24,796,680)	-	24,796,680	-	-	-
<b>Total In-Year Reserve Movement</b>	<b>(57,852)</b>	-	<b>24,796,680</b>	<b>24,738,828</b>	-	<b>24,738,828</b>
<b>Balance Carried Forward (as at 31<sup>st</sup> March 2021)</b>	<b>214,816</b>	-	<b>42,796,680</b>	<b>43,011,496</b>	-	<b>43,011,496</b>
<b><u>Movements in Reserve during Financial year 2021/22:</u></b>						
Provision of Services - Surplus / (Deficit)	9,553,264	-	-	<b>9,553,264</b>	-	<b>9,553,264</b>
Adjustments Between Accounting Basis and Funding Basis Under Regulations - Surplus / (Deficit)	(9,547,719)	-	9,547,719	-	-	-
<b>Total In-Year Reserve Movement</b>	<b>5,545</b>	-	<b>9,547,719</b>	<b>9,553,264</b>	-	<b>9,553,264</b>
<b>Balance Carried Forward (as at 31<sup>st</sup> March 2022)</b>	<b>220,361</b>	-	<b>52,344,399</b>	<b>52,564,760</b>	-	<b>52,564,760</b>

# Balance Sheet

The below statement demonstrates the assets held and the committed obligations and liabilities of the Joint Committee, together with its current reserve balance, as at the 31<sup>st</sup> March 2022.

<u>31st March 2021</u> (£)	<u>Description</u>	<u>31st March 2022</u> (£)	<u>Notes</u>
<b><u>Non-Current Assets</u></b>			
	- Long Term Debtors Capital	-	
	<b>- Total Long Term Assets</b>	-	
<b><u>Current Assets</u></b>			
50,000	Short Term Debtors	23,157,874	<b>9</b>
43,091,790	Cash and Cash Equivalents	34,862,577	<b>10</b>
<b>43,141,790</b>	<b>Total Current Assets</b>	<b>58,020,451</b>	
<b><u>Current Liabilities</u></b>			
(130,294)	Short Term Creditors	(5,455,691)	<b>12</b>
<b>(130,294)</b>	<b>Total Current Liabilities</b>	<b>(5,455,691)</b>	
<b><u>Long Term Liabilities</u></b>			
	- Long Term Creditor	-	
	<b>- Total Long Term Liabilities</b>	-	
<b>43,011,496</b>	<b>Total Net Assets</b>	<b>52,564,760</b>	
<b><u>Total Reserves</u></b>			
214,816	Usable Reserves - Revenue	220,361	<b>13</b>
42,796,680	Capital Grants Unapplied	52,344,399	<b>15</b>
	- Unusable Reserves	-	
<b>43,011,496</b>	<b>Total Reserves</b>	<b>52,564,760</b>	



# Cashflow Statement

The statement below demonstrates how cash and cash equivalents are generated and applied to the portfolio by the Joint Committee. These are presented through classifying cashflows as ascending from either operating, investing or financing activities, during the Financial Year.

<u>Actuals 2020/21</u> <u>(£)</u>	<u>Description</u>	<u>Actuals 2021/22</u> <u>(£)</u>	<u>Notes</u>
(24,738,828)	Net (surplus)/Deficit on the provision of services	(9,553,264)	
24,693,394	Adjust net surplus or deficit on the provision of services for non-cash movements	27,369,771	17
<b>(45,434)</b>	<b>Net Cashflows from operating activities</b>	<b>17,816,507</b>	
(24,831,078)	Investing Activities	(9,587,294)	17
	- Financing Activities	-	17
<b>(24,876,512)</b>	<b>Net increase) / Decrease in cash and cash equivalents</b>	<b>8,229,213</b>	
(18,215,278)	Cash and cash equivalents at the beginning of the reporting period	(43,091,790)	
<b>(43,091,790)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>(34,862,577)</b>	

# Notes to the Accounts

## 1. Employee and Related Expenditure

<u>Actuals 2020/21</u> (£)	<u>Description</u>	<u>Actuals 2021/22</u> (£)
366,284	Employee and Related Expenditure	461,840
	- Training Of Staff	1,220
<b>366,284</b>	<b>Total Employee and Related Expenditure</b>	<b>463,060</b>

Direct employees supporting the activities of the Joint committee are contractually employed by Carmarthenshire County Council, with additional support being provided by Carmarthenshire on a recharge methodology.

In adherence with the International Accounting Standard; IAS 19- Employee Benefits, the employing body is required to provide disclosure of information concerning the income and expenditure of its pension scheme and any related assets and liabilities.

As the Joint Committee is not by right a separate a legal entity, it cannot enter into employee contracts of employment. The Joint Committee therefore does not directly employ officers, as such, related statutory disclosures do not apply, as employee remuneration costs will be disclosed within the Financial Statements of each employing organisation.

### Employee Voluntary Remuneration Disclosures

Under the Accounts and Audit (Wales) Regulations 2014 it is a requirement to disclose the number of employees in receipt of remuneration exceeding £60,000 per annum. Further disclosure is required under the afore mentioned regulation in respect of senior officers employed within the portfolio.

Details of officer remuneration have been made on voluntary basis, as per the reasoning outlined above. Disclosures of officers who fall within the Officer Emoluments criteria are demonstrated below:

### Number of Senior Employees (Exceeding £60,000)

Remuneration Bandings	Number of Employees	
	2020/21	2021/22
£95,000 to £99,999	0	1
£90,000 to £94,999	1	0

### Senior Officer Disclosures

<u>Total Remuneration</u> <u>2020/21 (£)</u>	<u>Senior Employee</u> <u>Position Title</u>	<u>Salary, Fees and</u> <u>Allowances (£)</u>	<u>Employers</u> <u>Pension</u> <u>Contribution (£)</u>	<u>Total</u> <u>Remuneration</u> <u>2021/22 (£)</u>
109,349	Programme Director	96,884	17,439	114,323

### 2. Premises Related Expenditure

The total premises costs incurred for the year is demonstrated below;

<u>Actuals 2020/21</u> <u>(£)</u>	<u>Description</u>	<u>Actuals 2021/22</u> <u>(£)</u>
14,889	Rents & Room Hire	14,889
-	Premises Maintenance	-
6,688	National Non Domestic Rates	6,688
<b>21,577</b>	<b>Total Premises Related Expenditure</b>	<b>21,577</b>

### 3. Transport Related Expenditure

The total transport related costs incurred for the year is demonstrated below:

<u>Actuals 2020/21</u> <u>(£)</u>	<u>Description</u>	<u>Actuals 2021/22</u> <u>(£)</u>
-	Public Transport - Staff	-
-	Staff Travelling Expenses	76
-	<b>Total Transport Related Expenditure</b>	<b>76</b>

#### 4. Supplies and Services

The total supplies and services costs incurred for the year is demonstrated below:

<u>Actuals 2020/21</u> <u>(£)</u>	<u>Description</u>	<u>Actuals 2021/22</u> <u>(£)</u>
123,804	Professional Fees	123,320
269	Admin, Office & Operational Consumables	43
2,444	Translation/Interpret Services	3,317
-	Subsistence & Meetings Expenses	10
5,912	Promotions, Marketing & Advertising	17,151
66,862	Projects & Activities Expenditure	39,575
<b>199,291</b>	<b>Total Supplies and Services</b>	<b>183,416</b>

#### 5. Support Services

The total support services expenditure incurred for the year is demonstrated below:

<u>Actuals 2020/21</u> <u>(£)</u>	<u>Description</u>	<u>Actuals 2021/22</u> <u>(£)</u>
59,503	Recharges - Employee costs (in-direct)	55,329
28,365	Central Recharges	24,607
130	Photocopying Recharge	84
<b>87,998</b>	<b>Total Support Services</b>	<b>80,020</b>

## 6. Income

The total receipted income during the year is demonstrated below:

<u>Actuals 2020/21</u> (£)	<u>Description</u>	<u>Actuals 2021/22</u> (£)
(400,000)	Income - other Authorities & Bodies	(400,000)
(168,050)	'Top Slice' of Government Grants	(314,119)
(14,850)	Welsh Government Revenue Grants	-
<b>(582,900)</b>	<b>Total Income</b>	<b>(714,119)</b>

### Partnership Income

Within the Joint Committee Agreement there is acknowledgment that all partners will contribute £50,000 per annum to support the central and administrative functions of the portfolio. This applies to all eight partners (including co-opt members).

### Welsh Government Revenue Grant Income

To support the City Deal with work undertaken on assurance and business case peer reviews, Welsh Government awarded the Portfolio with a one-off revenue grant totalling £100k to be utilised in 2019/20. The terms of the grant award dictated the claiming of associated eligible spend in arrears. Welsh Government extended any underspend of this grant to 31<sup>st</sup> July 2020 to support continued assurance commitments, no further grant was awarded after this period.

### 'Top Slice of Government Grants'

The income in respect of the 'Top slice' has been drawn down against grant paid and committed throughout the year. The top slice is agreed at 1.5% of the grant value as outlined within the Joint Committee Agreement.

## 7. Related Party Disclosures

Under *International Accounting Standard 24 – Related Party Disclosures* the Joint Committee is required to disclose material transactions between partners, bodies, individuals or related parties, that could potentially influence the decisions of the Joint Committee or be influenced by the Joint Committee.

Any transactions between parties outlined above will require disclosure to allow the users of these Financial statements to assess the extent to which the Joint Committee independence could potentially been impaired or influenced another party's ability to transact with the Joint Committee.

Welsh and UK Governments could influence the Joint Committees decision making abilities or operational delivery, through grant terms and conditions or legislation and regulation. Details of grant receipts are outlined in note 6. **Government Grants.**

### Related Party Transactions

Actuals 2021/22							
Related Party	Revenue	Revenue	Total	Capital	Capital	Total Capital	Total (£)
	Income (£)	Expenditure (£)	Revenue (£)	Receipts (£)	Expenditure (£)	(£)	
PEMBROKESHIRE COUNTY COUNCIL	(50,000)	51,119	1,119	-	1,790,181	1,790,181	1,791,300
HYWEL DDA UNIVERSITY HEALTH BOARD	(50,000)	-	(50,000)	-	-	-	(50,000)
SWANSEA UNIVERSITY	(50,000)	-	(50,000)	-	-	-	(50,000)
CITY & COUNTY OF SWANSEA	(50,000)	84,718	34,718	-	4,789,627	4,789,627	4,824,345
SWANSEA UNIVERSITY HEALTHBOARD	(50,000)	-	(50,000)	-	-	-	(50,000)
NEATH PORT TALBOT CBC	(50,000)	69,973	19,973	-	1,947	1,947	21,920
UNIVERSITY OF WALES TRINITY SAINT DAVID	(50,000)	-	(50,000)	-	-	-	(50,000)
CARMARTHENSHIRE COUNTY COUNCIL	(753,694)	748,149	(5,545)	(23,086,000)	13,538,281	(9,547,719)	(9,553,264)

Actuals 2020/21							
Related Party	Revenue	Revenue	Total	Capital	Capital	Total Capital	Total (£)
	Income (£)	Expenditure (£)	Revenue (£)	Receipts (£)	Expenditure (£)	(£)	
PEMBROKESHIRE COUNTY COUNCIL	(50,000)	27,768	(22,232)	-	-	-	(22,232)
HYWEL DDA UNIVERSITY HEALTH BOARD	(50,000)	-	(50,000)	-	-	-	(50,000)
SWANSEA UNIVERSITY	(50,000)	-	(50,000)	-	-	-	(50,000)
CITY & COUNTY OF SWANSEA	(50,000)	73,168	23,168	-	11,035,270	11,035,270	11,058,438
SWANSEA UNIVERSITY HEALTHBOARD	(50,000)	-	(50,000)	-	-	-	(50,000)
NEATH PORT TALBOT CBC	(50,000)	40,197	(9,803)	-	-	-	(9,803)
UNIVERSITY OF WALES TRINITY SAINT DAVID	(50,000)	-	(50,000)	-	-	-	(50,000)
CARMARTHENSHIRE COUNTY COUNCIL	(617,298)	675,150	57,852	(36,000,000)	11,203,320	(24,796,680)	(24,738,828)

### Balance Sheet Disclosures

Actuals 2020/21			Description	Actuals 2021/22		
Debtors (£)	Creditors (£)	Balance (£)		Debtors (£)	Creditors (£)	Balance (£)
50,000	(101,458)	(51,458)	Partner Local Authorities	71,874	(5,428,911)	(5,357,037)
-	-	-	Central Government Bodies	23,086,000	(4,950)	23,081,050
<b>50,000</b>	<b>(101,458)</b>	<b>(51,458)</b>	<b>Total</b>	<b>23,157,874</b>	<b>(5,433,861)</b>	<b>17,724,013</b>

*Carmarthenshire County Council (as the Accountable Body) Disclosures*

<u>Actuals</u> <u>2020/21 (£)</u>	<u>Description</u>	<u>Actuals</u> <u>2021/22 (£)</u>
675,150	Expenditure	748,149
(617,298)	Income	(753,694)
<b>57,852</b>	<b>Net Cost of Service - (Surplus) / Deficit</b>	<b>(5,545)</b>
43,141,789	Assets	58,020,451
(130,294)	Liabilities	(5,444,786)
<b>43,011,496</b>	<b>Total Net Assets</b>	<b>52,575,665</b>
<b>43,011,496</b>	<b>Total Reserves</b>	<b>52,575,665</b>

8. External Audit Fees

This financial year marks the first year in which a full set of financial statements are required by regulation. The following charge is the cost payable to Audit Wales for external audit services provided to the Swansea Bay City Region Deal:

<u>Actuals 2020/21</u> <u>(£)</u>	<u>Description</u>	<u>Actuals 2021/22</u> <u>(£)</u>
10,925	Audit Fees - Audit of Accounts	11,330
6,860	Audit Fees - Performance Audit Work	10,500
<b>17,785</b>	<b>Total External Audit Fees</b>	<b>21,830</b>
The statement of accounts 2020/21 presented an estimated audit fee of £17,785, the actual fee charged of £10,925 has been demonstrated within the Audit fee note for this period. An estimate has been demonstrated for 2021/22 as per the audit plan approved.		

9. Debtors

The total outstanding debtor balances as at 31<sup>st</sup> March 2022 are demonstrated below:

<u>31st March 2021 (£)</u>	<u>Description</u>	<u>31st March 2022 (£)</u>
50,000	Income - other Authorities & Bodies	71,874
-	Government Grant Income	23,086,000
<b>50,000</b>	<b>Total Debtor Balance</b>	<b>23,157,874</b>

## 10. Cash and Cash Equivalents

The Joint Committee itself does not operate or control its own individual bank account to facilitate the delivery of the Portfolio. Carmarthenshire County Council in its role as the Accountable Body administer all cash and cash equivalent transactions on behalf of the Joint Committee.

Portfolio balances are invested in line with Carmarthenshire County Council's Treasury Management Policy to optimise the return on cash surpluses. Interest yielded is recognised in the Comprehensive Income and Expenditure Statement and accounted for within Carmarthenshire Council's Statement of Accounts.

All monies demonstrated within the Cash and Cash equivalents are retained within the accounts of Carmarthenshire County Council as the accountable body, ring-fenced to the Swansea Bay City Deal Joint Committee and available for immediate use.

<u>31st March 2021 (£)</u>	<u>Description</u>	<u>31st March 2022 (£)</u>
18,215,278	Balance B/F	43,091,790
24,876,512	Cash and Cash Equivalents In Year Movements	(8,229,213)
<b>43,091,790</b>	<b>Total Cash and Cash Equivalents</b>	<b>34,862,577</b>

## 11. Financial Instruments

Financial instruments held by the Joint Committee consist of the cash and cash equivalents as stated in schedule 10. **Cash and Cash Equivalents.**

It is recognised that throughout the lifecycle of the City Deal Portfolio, cash balances will arise through cashflow movements as and when projects become live and actual expenditure is incurred.

Portfolio balances are invested in line with Carmarthenshire County Council's Treasury Management Policy to optimise the return on cash surpluses. Interest is calculated on an average rate and ring fenced to the City Deal portfolio. Throughout the year balances have been invested through approved institutions in short-term financial instruments in adherence to the protocols set out within the applied Treasury strategy. Within the Treasury strategy, investments are only employed with Counterparties whose risk appetite is very low.

Carmarthenshire Council carries out its treasury management activities in accordance with the Prudential Code of Practice first developed for public services in 2002 by the Chartered Institute of Public Finance and Accountancy (CIPFA). This Code was last revised in 2017. The Council also carries out its treasury management activities in accordance with the CIPFA Treasury Management Code of Practice 2017.

All cash and cash equivalents are demonstrated within these financial statement's representative of their fair value, which equates to their carrying value, in accordance with the requirements of **IFRS 9 Financial Instruments.**

<u>31st March 2021</u>	<u>Description</u>	<u>31st March 2022</u>
<u>(£)</u>		<u>(£)</u>
Fair Value		Fair Value
18,215,278	Balance B/F	43,091,790
24,876,512	Cash and Cash Equivalents In Year Movements	(8,229,213)
<b>43,091,790</b>	<b>Total Financial Instruments</b>	<b>34,862,577</b>



## 12. Creditors

The total outstanding creditor balances as at 31<sup>st</sup> March 2022 are demonstrated below:

<u>31st March 2021</u> (£)	<u>Description</u>	<u>31st March 2022</u> (£)
-	Central Government Bodies	4,950
101,458	Local Authorities	5,428,911
28,836	Other: Short Term Creditors	21,830
<b>130,294</b>	<b>Total Creditors Balance</b>	<b>5,455,691</b>

## 13. Usable Reserves

Usable reserves in respect of the Swansea Bay City Region Deal Portfolio are demonstrated below:

<u>31st March 2021</u> (£)	<u>Description</u>	<u>31st March 2022</u> (£)
272,668	Balance B/F	214,816
(57,852)	Usable Reserves In Year Movements	5,545
<b>214,816</b>	<b>Total Usable Reserves</b>	<b>220,361</b>

## 14. Interest

Carmarthenshire County Council upholds responsibility as the Accountable Body for managing investments of cash balances held by the Joint Committee. Portfolio balances are invested in line with Carmarthenshire County Council's treasury policy. Interest is calculated on an average rate and ring fenced to the Swansea Bay City Region Deal Portfolio.

Investment activities consist of short-term investments through approved institutions to optimise returns, whilst maintaining and managing cash requirements of approved projects within the Portfolio.

<u>31st March 2021</u> (£)	<u>Description</u>	<u>31st March 2022</u> (£)
(34,398)	Interest Income	(39,575)
<b>(34,398)</b>	<b>Total Interest Balance</b>	<b>(39,575)</b>

The current year balance includes a prior year over accrual in respect of unallocated grant. The current year actual interest income yielded is £38,105.

### 15. Capital Grants Unapplied Reserve

This reserve is in sole respect of the capital grant received by the portfolio from the Welsh and UK Governments.

<u>31st March 2021</u> (£)	<u>Description</u>	<u>31st March 2022</u> (£)
18,000,000	Balance B/F	42,796,680
36,000,000	Capital Grants Unapplied	23,086,000
(11,203,320)	Capital Grants Applied	(13,538,281)
<b>42,796,680</b>	<b>Total Capital Grants Unapplied</b>	<b>52,344,399</b>

### 16. Grant Income – Capital

Capital grant income received is demonstrated below;

<u>31st March 2021</u> (£)	<u>Description</u>	<u>31st March 2022</u> (£)
(18,000,000)	Balance B/F	(54,000,000)
(36,000,000)	Government Grant Income	(23,086,000)
<b>(54,000,000)</b>	<b>Total Government Grant Income</b>	<b>(77,086,000)</b>

## 17. Notes in Respect of the Cashflow Statement

### Operating Activities

This statement outlines the cash generated through the activities of the Joint Committee, including the Portfolio Investment Fund.

<u>Actuals 2020/21</u> (£)	<u>Description</u>	<u>Actuals 2021/22</u> (£)
(102,284)	Creditors - (Increase) / Decrease	(5,325,397)
(35,400)	Debtors - Increase / (Decrease)	23,107,874
36,000,000	Capital grants and contributions recognised in CIES	23,086,000
(11,203,320)	Capital Grants and Contributions Applied in CEIS	(13,538,281)
34,398	Interest Received	39,575
<b>24,693,394</b>	<b>Net Cashflow from Operating Activities</b>	<b>27,369,771</b>

### Investing Activities

This component of the cashflow statement demonstrates changes in assets and investments. Effectively, it documents the cash spend or the drawdown of cash from investments.

<u>Actuals 2020/21</u> (£)	<u>Description</u>	<u>Actuals 2021/22</u> (£)
(24,796,680)	Short-Term Investments	(9,547,719)
(34,398)	Interest Received	(39,575)
<b>(24,831,078)</b>	<b>Net Cashflow from Investing Activities</b>	<b>(9,587,294)</b>

### Financing Activities

This component relates to finance-driven changes and activities to the Joint Committee.

<u>Actuals 2020/21</u> (£)	<u>Description</u>	<u>Actuals 2021/22</u> (£)
-	- Government Grants Received - Revenue	-
-	- Government Grants Received - Capital	-
	<b>- Net Cashflow from Financing Activities</b>	<b>-</b>

## 18. Expenditure and Funding Analysis

The Expenditure and Funding Analysis breakdown was omitted from the financial statements due to the transactions being of minimal value and as such immaterial in the presentation of the accounts.

## 19. Contingent Liabilities

During the financial year 2020/21 it was agreed to extend the budget for the Portfolio Management Office to five operational years to 2024/25. Within the budget there was a provision for redundancy in respect of the eight posts employed by Carmarthenshire directly attributable to the City Deal.

All employees are permanently contracted to Carmarthenshire County Council and at present the probability of redundancy preceding the budgeted operational term is considered remote due to the delay in the commencement of programmes / projects. An estimated redundancy valuation has been used within the management accounts to support the management of reserves. Due to the subjectivity of redundancy calculations, this figure cannot be accurately defined.

# Annual Governance Statement

## Scope of Responsibility

The Swansea Bay City Region Joint Committee is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It must also ensure that public money is safeguarded and properly accounted for and used economically, efficiently and effectively and to secure continuous improvement and delivery in this regard.

The Joint Committee is responsible for putting in place appropriate arrangements for the Governance of its affairs and facilitating the effective exercise of its functions including having appropriate arrangements for the management of risk and portfolio delivery.

The Joint Committee details how it deals with all aspects of Governance through its Joint Committee Agreement which defines the standards, roles and responsibilities of the Chair, its Members, Committees and its Officers. The Joint Committee Agreement includes a Scheme of Delegation outlining the decision-making process taking into account the relevant legislation.

## The Governance Framework

The Governance Framework comprises of the systems, processes, cultures and values by which the Joint Committee is directed and controlled and also the way it accounts to, engages with and leads the Region and Community. It enables the Committee to monitor the achievement of its strategic objectives and to consider whether those objectives are/have led to the delivery of appropriate, relevant, value for money projects.

The system of internal control is a significant part of that framework and is designed to manage risk to an appropriate level. It aims to identify and prioritise the risks to the achievement of the Committee's policies, aims and objectives. It evaluates the likelihood and impact of identified risks being realised and to manage individual risks appropriately.

This Statement explains how the Joint Committee has complied with the various elements of the Governance Framework.

The Joint Committee has adopted and implemented a code of Corporate Governance based on the Framework 'Delivering Good Governance in Local Government' published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives and Senior Managers (SOLACE).

## The Governance Environment

The Governance framework comprises of 7 fundamental principles implemented to endorse high standards of confidence and trust in the governance and operation of the Portfolio, whilst upholding a commitment to ongoing improvement on a continuing basis through a process of evaluation and review.

The CIPFA/SOLACE Governance Framework sets out 7 fundamental principles of Corporate Governance. The 'CIPFA Seven' are:

1. Integrity and Values - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
2. Openness and engagement - Ensuring openness and comprehensive stakeholder engagement.
3. Making a difference - Defining outcomes in terms of sustainable economic, social, and environmental benefits.
4. Making sure we achieve what we set out to do - Determining the interventions necessary to optimise the achievement of the intended outcomes.
5. Valuing our people; engaging, leading and supporting - Developing capacity and the capability of leadership and individuals.
6. Managing risks, performance and finance - Managing risks and performance through robust internal control and strong public financial management.
7. Good transparency and accountability - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

## Integrity and Values

- The behaviour and expectations of Officers/Members are set out in the Swansea Bay City Region Joint Committee Agreement. The Agreement sets out the procedure for meetings, highlights conflicts of interest and includes Rules of Conduct of Co-opted Members of the Joint Committee and the Economic Strategy Board.
- The Joint Committee Agreement sets out requirements for members and officers to disclose gifts and hospitality annually.
- The Joint Committee Agreement provides that Members must at all times act in accordance with the Member Code of Conduct of their respective authorities. The Code of Conduct will apply when they are acting in their capacity as Joint Committee Member.
- Declarations of interest is a standing item of the agenda for both Portfolio Board and Joint Committee.
- All members of the Joint Committee, Programme Board, Economic Strategy Board, as well as Statutory Officers and direct SBCD portfolio employees, are required to complete a declaration of interest form on a six month basis, including within, third party interests and related party disclosures.
- Compliance with policies and rules set out in the Joint Committee Agreement.
- Reports to both Portfolio Board and Joint Committee have legal/finance clearance prior to publication.
- Comprehensive scrutiny function.
- Comprehensive audit scrutiny.
- The Monitoring Officer ensures compliance with statute and reports on any maladministration.
- External challenge from auditors.

## Openness and Engagement

- The Joint Committee ensures an open culture evidenced by open meetings and publication of agendas, minutes and webcasts where appropriate.
- There is enough opportunity for public questions at Joint Committee.
- Portfolio and project risks are published.
- There is appropriate consultation and engagement supporting the decision-making process including annual budget consultation, engagement with Governments, Economic Strategy Board regional advisers and key stakeholders.
- The scrutiny function invites stakeholder participation and contribution.
- The Portfolio's Marketing and Media function promotes the work of the Portfolio and supports proactive engagement with members of the public, helping them to access information on project delivery wherever and whenever it is convenient to them.

### Making a difference

- The portfolio has a clear vision set out within its heads of terms.
- The portfolio deliverables will make a step change in the economic prosperity of the Swansea Bay Region.
- The Portfolio Management Office presents quarterly the Implementation Plan and has developed an Integrated Assurance Action Plan, Monitoring and Evaluation Plan and a Portfolio Business Plan.
- The Accountable Body provides regular Financial monitoring updates.
- Portfolio risk management policy ensures consistent application of risk registers and terminology and audit scrutiny.
- Improved communications and regional working across all 8 primary stakeholders.

### Making sure we achieve what we set out to do

- Establishment of a regional Portfolio Management Office to oversee the governance, assurance and portfolio progression.
- Appointment of a Senior Responsible Officer for the Swansea Bay City Deal Portfolio to work with the Portfolio Director and Joint Committee.
- There is regular public and stakeholder engagement at project level.
- The Portfolio takes a sustainable view, with Lead Authorities each having their own independent social and environmental policies and plans, including;
  - *Medium term financial plan*
  - *Corporate Plan*
  - *Annual reports*
- Projects are supported by detailed business cases with clear deliverables and are managed locally.
- There is an annual budget setting process in place. There is regular financial monitoring updates and engagement in respect of financial matters with members.
- The portfolio has a detailed risk management procedure.



## Valuing our people; engaging, leading and supporting

- The Joint Committee ensures that members and officers have the right skills, knowledge and mind set to operate efficiently and effectively to achieve its intended outcomes by:
  - *Providing a comprehensive induction portfolio*
  - *Annual performance review*
  - *Providing job related training*
- The Joint Committee encompasses a robust governance structure including private sector advisors.
- Effective shared leadership and understanding of roles and objectives is supported by:
  - *Clear and defined leadership roles.*
  - *Appraisal of Portfolio Director role and remuneration.*
  - *Regular committee and board meetings.*
  - *The JCS sets out clearly defined roles and responsibilities of members, officers and advisers.*

## Managing risks, performance and finance

- Decision making supported by;
  - *Risk register*
  - *Issue log*
  - *Progress update log*
- Regular financial monitoring updates by the Section 151 officer.
- Monthly review of all risk logs and registers
- There are regular individual project updates, given by respective Lead Authority leaders/chief executives.
- Internal audit provides an independent and objective assurance on the effectiveness of internal control, risk management and governance.
- The portfolio has approved and embedded anti-fraud and corruption policy (JC – 11/10/2021).
- The Internal Audit plan is approved by Joint Committee
- The External Audit plan is approved by Joint Committee.
- Financial Management is integrated through all levels of planning and control by;
  - *Specific corporate risk around financial control within the risk register.*
  - *Financial implications are included within all decision-making reports.*

## Good Transparency and Accountability

- Joint Committee Agreement demonstrates clear accountability of project delivery leads.
- Project outputs and outcomes linked to grant funding.
- Government progress updates.
- Reports are published on the City Deal website and are available in the Welsh language.
- Where possible exempt reports are split so the main report can be heard in public with confidential information being a separate exempt report.
- The Joint Committee have adopted the Code of Corporate Governance based on CIPFA framework.
- Implementation of Audit Wales and Internal Audit recommended actions monitored by Joint Committee.
- Peer review and inspection from regulatory bodies, including Gateway Assurance Processes.

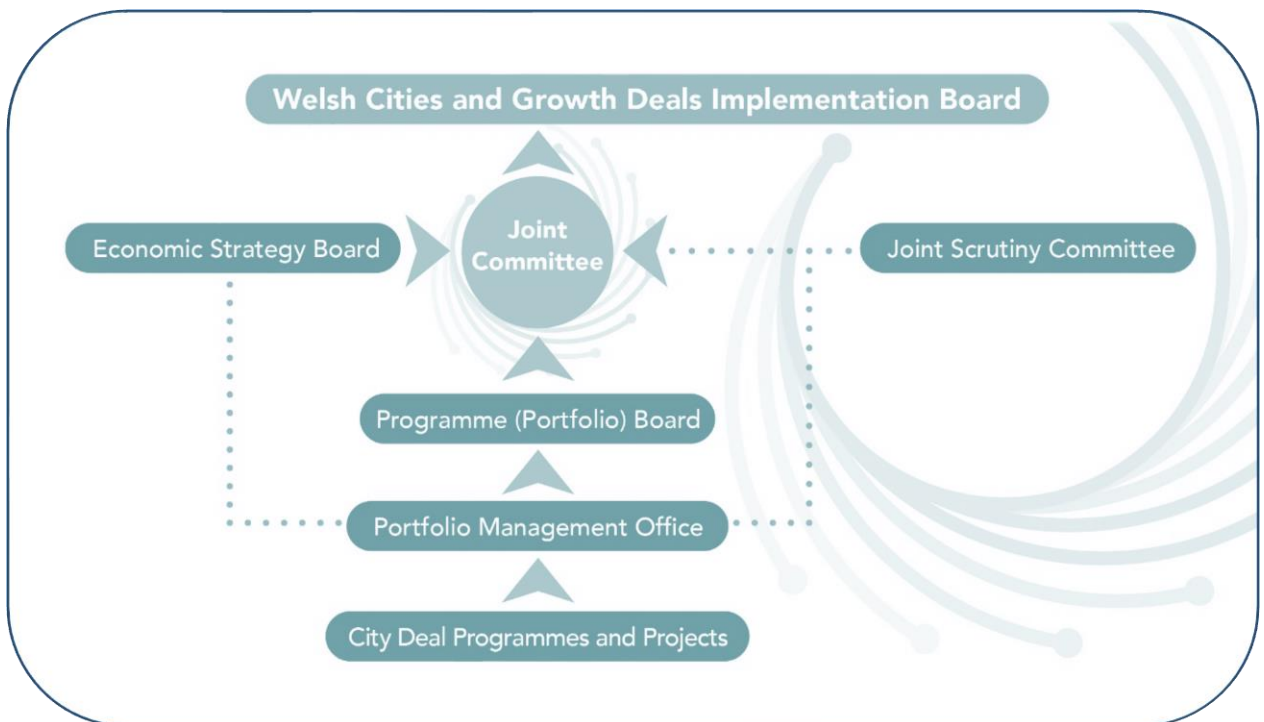
## Embracing good governance in the Public Sector



## Governance Structure

The Governance Structure details the hierarchy of committees and boards adopted to successfully manage, control, and deliver the Swansea Bay City Region Deal portfolio. The formal Governance Structure adopted by the City Deal for project implementation is demonstrated below. The Joint Committee upholds ultimate responsibility and accountability for decisions taken in the City Deal portfolio. However, this is not an independent entity, rather a collaborative leadership group consisting of the four regional Local Authorities, underpinned by a Joint Committee Agreement.

### Swansea Bay City Deal Governance Structure



## Swansea Bay City Deal Accountable Officers

**Chair of the Joint Committee** - Councillor Rob Stewart, Leader of City and County of Swansea Council

**Senior Responsible Owner** – Wendy Walters, Chief Executive of Carmarthenshire County Council

**Section 151 Officer** – Chris Moore, Director of Corporate Services, Carmarthenshire County Council.

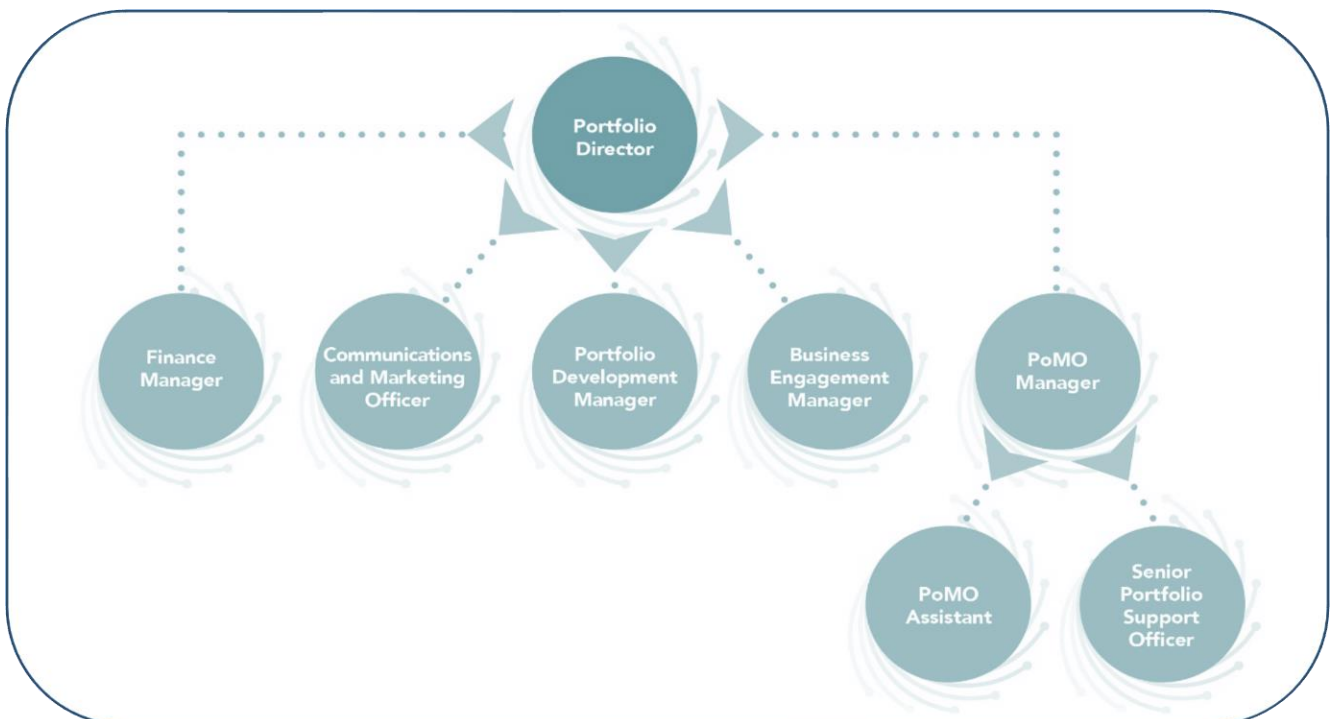
**Monitoring Officer** – Tracey Meredith, Chief Legal Officer and Monitoring Officer, City and County of Swansea Council

**Portfolio Management Office** – Dr Jonathan Burnes, Portfolio Director

## Portfolio Management Office

The PoMO is tasked with the responsibility for the day-to-day management of matters relating to the Swansea Bay City Deal. One post is vacant as at year end (PoMO Assistant). The PoMO staffing structure is outlined below:

### Portfolio Management Office Staffing Structure\*



\*The Finance Manager is responsible to the Portfolio Section 151 Officer.

## Internal Sources of Assurance

### Governance Structure

#### Joint Committee

The Joint Committee comprises of the four Local Authority Leaders of Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea councils.

The Joint Committee will be chaired by a Local Authority Leader, and it has been agreed by the four Councils that the Leader of Swansea Council will take on this responsibility. The Chair of the Joint Committee will be elected for a two-year term in the first instance, reviewed annually thereafter.

The Joint Committee has ultimate responsibility and accountability for decisions taken in relation to the Swansea Bay City Deal, in line with the visions and interests of all participating parties and the Swansea Bay City Deal document signed on 20th March 2017.

Since the signing of the Heads of Terms document, in order to maintain momentum, the Joint Committee operated in shadow form. The first formal meeting of this committee took place on 29<sup>th</sup> August 2018 when each of the four Local Authorities signed the Joint Committee Agreement, the legal document which sets out how the Councils will work together.

The Head of Paid Service, Monitoring Officer and Section 151 officer of each of the Councils shall be entitled to attend meetings of the Joint Committee as an adviser and shall not have a vote.

The Leaders have agreed to co-opt to the Joint Committee the Chair of the Economic Strategy Board, and one representative each from the University of Wales Trinity Saint David, Swansea University, Hywel Dda University Health Board and Swansea Bay University Health Board. Voting rights will be reserved to the four Local Authority Leaders.

The Joint Committee meets currently on a monthly basis and as set out in the Joint Committee Agreement; its function includes:

- Identifying and implementing appropriate governance structures for the implementation of any projects within the Swansea Bay City Deal portfolio. This shall include the formation of bodies corporate and any other structures which the Councils can lawfully establish or participate in.
- Agreeing and planning the overall strategy for and delivery of the portfolio for the Swansea Bay City Deal.
- Performance management of the Swansea Bay City Deal portfolio.
- Strategic communications
- Monitoring of the impact of the Swansea Bay City Deal portfolio and reporting on this to the Councils.
- Authorising the Accountable Body to commission external support and to oversee the delivery and management of project expenditure.
- Progressing a regional approach for the Swansea Bay City Region for the discharge of strategic functions. These functions may include land use planning, transport planning and economic development.
- Approval and adoption of the Implementation Plan.
- Approval of any extension agreed by the Councils to the deadline for approval of the Implementation Plan.
- Agreeing the terms and conditions of Government Funding.
- Overseeing the proportion of each Council's responsibility for borrowing to provide funding for regional projects.
- Reviewing performance of the Chair of the Economic Strategy Board on an annual basis.
- Agreeing the Annual Costs Budget.

Following the process as set out in the Joint Committee Agreement, the Joint Committee shall consider the project business case and the recommendations of the Portfolio Board and the Economic Strategy Board and shall decide whether or not to approve the project for submission to the UK Government and Welsh Government for approval by the UK Government and Welsh Government for the release of government funding for the project.

### COVID-19 Impact

Some governance arrangements within the Swansea Bay City Deal have required adaption as a consequence of the current COVID-19 pandemic. The main significant change as a result of the pandemic was in respect of the undertaking of committees and boards, with these conducted and facilitated on a remote basis.

The overall delivery of the portfolio is still on target to be achieved and additional monitoring has been undertaken within the year in the form of a COVID-19 impact assessment. Risks and issues identified within this assessment have been included within the portfolio risk register with actions to manage and/or mitigate.

## Economic Strategy Board

Reporting to the Joint Committee, the Economic Strategy Board will represent the wider community, including the private sector.

The Economic Strategy Board will act as the voice of business and will provide strategic direction for the Swansea Bay City Deal, through advice to the Joint Committee on matters relating to the Swansea Bay City Region. It will have a role in advising the Joint Committee on opportunities to strengthen the City Deal's impact.

The Chair will be accountable to the Joint Committee. The Economic Strategy Board will not have any formal decision-making powers and it will reach agreement by consensus.

The Economic Strategy Board will meet with the following frequency or as and when required:

- Quarterly in advance of any Joint Committee meeting.
- When necessary to deal with business as agreed by the Chair of the Economic Strategy Board.
- The Portfolio Management Office will arrange for minutes of the proceedings of each meeting to be taken, approved and recorded. Key activities of the Economic Strategy Board include.
- Submit strategic objectives for the Swansea Bay City Region.
- Assess the individual Project Business Cases against the strategic aims and objectives of the Swansea Bay City Deal and make a recommendation to the Joint Committee on whether or not the Project Business Case should proceed.
- Consider implications of a proposed withdrawal or change of Project Authority Lead and any proposal for a new project and provide recommendations to the Joint Committee on whether the new project proposed should replace the project to be withdrawn and if not the process for selecting new projects or reallocation of funding.
- Monitor progress with regard to the delivery of the Swansea Bay City Deal.

The Chair of the Economic Strategy Board has been appointed following an open competition exercise. The process of appointing other members of the Economic Strategy Board has taken place through an open recruitment and nomination process, membership being drawn from across the wider private and public sectors. The Economic Strategy Board membership was agreed through a vote at the first formal meeting of the Joint Committee on 29<sup>th</sup> August 2018. Members are expected to adhere to the conditions of membership as outlined in schedule 13 of the Joint Committee Agreement.

## Portfolio Board

The Portfolio Board is accountable to the Joint Committee and consists of the Head of Paid Service of each of the four Councils, or another officer nominated by the Head of Paid Service. The Portfolio Board Chair shall be reviewed annually.

The Portfolio Board may co-opt additional representatives to the Board. Co-opted members may include representatives of Swansea University, University of Wales Trinity St David, Hywel Dda University Health Board and Swansea Bay University Health Board.

It has been unanimously agreed by the Councils that the Chief Executive of Carmarthenshire County Council will chair the Portfolio Board meetings.

Portfolio Board was formally established by the Joint Committee at its first meeting.

The Portfolio Board has four distinct roles:

- Preparing recommendations on the Swansea Bay City Deal portfolio:
  - *Ensuring that all schemes are developed in accordance with the agreed package, analysing the financial viability, deliverability and risk of each City Deal project proposal.*
  - *Overseeing production of business case.*
- Advising on the strategic direction of the Economic Strategy Board.
- Overseeing performance and delivery of the delivery of projects, reviewing progress against agreed milestones, focusing on delivery and financial risks and identifying any necessary remedial action.
- Working on a regional basis to improve public services especially in the areas of economic development, transport, planning and strategic land use, housing and regeneration.

Meetings of the Portfolio Board take place on a monthly basis before the Joint Committee meeting and before all quarterly meetings of the Economic Strategy Board.

## Portfolio Management Office

Reporting directly to the Accountable Officer and the Joint Committee, the Portfolio Management Office plays a pivotal coordinating and supporting role and it is responsible for the day-to-day management of matters relating to the Joint Committee and the Swansea Bay City Deal.

Key activities of the Portfolio Management Office include:

- Strategic liaison with UK Government and Welsh Governments and policy advisors.
- Governance support for all aspects of the City Deal governance structure, the SBCD Joint Committee, Portfolio Board and Economic Strategy Board.
- Portfolio implementation co-ordination, monitoring and evaluation.
- Undertake research, analysis and report on findings as requested by groups within the governance structure.
- Strategic project co-ordination includes advising on and coordinating the development and submission of 5 case business models for City Deal projects.
- Liaison and engagement with government funding bodies and portfolios, and with the Universities and Health Boards.
- Responsibility for managing the identification, assessment, approval, monitoring and evaluation processes for Regional interventions and projects.
- Communications and engagement management for the Swansea Bay City Deal.
- Private sector involvement, business development and inward investment.

Utilising the Joint Committee's governance model to lead in the consideration and development of opportunities for additional capital and revenue external funding bids for additional funding sources to assist in the delivery of the regional activities which are complimentary to the SBCD.



## Accountable Body

The Councils have agreed that Carmarthenshire County Council will act as the Accountable Body responsible for discharging the Councils' Obligations in relation to the Swansea Bay City Deal in accordance with the Joint Committee Agreement.

The role of the Accountable Body is to:

- Act as the primary interface with Welsh Government, UK Government and any other funding bodies necessary to discharge the Councils' Obligations.
- Hold and release any Government Funding in relation to the Swansea Bay City Deal and only to use and release such funds as agreed in accordance with the terms of such funding and the Joint Committee Agreement.
- Comply with the Funding Conditions as set out in the JCA.
- Undertake the accounting responsibilities set out in this Agreement.
- Employ the Regional Office staff.

The Joint Committee will designate the Chief Executive of the Accountable Body as Lead Chief Executive to act as its principal adviser and as Accountable Officer to manage and oversee the work of the Accountable Body and the Portfolio Management Office team.

## Monitoring Officer

The Monitoring Officer is responsible for ensuring good governance and maintaining the highest ethical standards, ensuring the legality of arrangements as well as ensuring that the Joint Committee Agreement is adhered to. The Monitoring Officer has access to all meetings of the Joint Committee including the Economic Strategy Board and the Portfolio Board.

The Councils have agreed that the Monitoring Officer function and occupation with responsibility for discharging the Councils' Obligations in relation to the Swansea Bay City Deal in accordance with the Joint Committee Agreement, will be supported by the City and County of Swansea.

The Monitoring Officer is well placed to play a proactive role in supporting Members and Officers in both formal and informal settings to comply with the law and with the Joint Committee's own procedures. The Monitoring Officer is supported by the Democratic Services function of City and County of Swansea Council who is responsible for the formal recording and publication of the democratic decision-making process.

The Monitoring Officer works closely with the Portfolio Director and the Section 151 Officer in accordance with the provisions of the Local Government and Housing Act 1989 and will report to Joint Committee or the Portfolio Board if she considers that any proposal will give rise to unlawfulness.

## Financial Services (Section 151 Officer)

The Director of Corporate Services Carmarthenshire County Council is the responsible officer for the administration of the Joint Committees affairs under Section 151 of the Local Government Act 1972 and carries overall responsibility for the financial administration of the Swansea Bay City Region Deal.

The Chartered Institute of Public Finance and Accountancy (CIPFA) previously published a “Statement on the Role of the Chief Financial Officer in Local Government”. The Statement describes the role and responsibilities of the Chief Financial Officer (CFO) and sets out 5 Key Principles (see below) that define the core activities and behaviours that belong to the role of CFO in public service organisations and the organisational arrangements needed to support them. Carmarthenshire County Council through the appointment of the Director of Corporate Services fully complies with the Statement.

- Principle 1 - The CFO in a Local Authority is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the Authority’s strategic objectives sustainably and in the public interest.
- Principle 2 - The CFO in a Local Authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the Authority’s overall financial strategy.
- Principle 3 - The CFO in a Local Authority must lead the promotion and delivery by the whole Authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.
- Principle 4 - The CFO in a Local Authority must lead and direct a finance function that is resourced to be fit for purpose.
- Principle 5 - The CFO in a Local Authority must be professionally qualified and suitably experienced.

The Financial Services function provides support to the Joint Committee and co-ordinates and supports the budget preparation and financial monitoring process.

## Internal Audit

The review of the effectiveness of the system of Internal Control and Governance arrangements is informed by the work of the Internal Auditors on which the Joint Committee gains assurance. Internal Audit are required to undertake their work in accordance with the standards as set out in the Public Sector Internal Audit Standards (PSIAS) established in 2013 are the agreed professional standards for Internal Audit in Local Government. The principles of Internal audit are demonstrated below.

As required by the Standards, the Head of Internal Audit (Pembrokeshire County Council) prepares an annual report for consideration by the Joint Committee. The format of the Annual Report complies with the requirements of the Code of Practice.

### Internal Audit Report – Swansea Bay City Deal

The audit aims to provide assurance that the Swansea Bay City Deal has adequate governance, internal control, risk management and financial management arrangements in place, which are operating effectively and assisting it to achieve its objectives.

### Audit Scope

<u>Area</u>	<u>Description</u>
<b>Governance:</b>	<ul style="list-style-type: none"><li>• Follow Up of Previous Recommendations</li><li>• Follow Up of Gateway Review Recommendations</li><li>• Decision Making</li><li>• Assurance, Monitoring and Evaluation Arrangements</li><li>• Registers of Interests and Related Parties</li></ul>
<b>Risk Management:</b>	<ul style="list-style-type: none"><li>• Risk Management Arrangements</li></ul>
<b>Project Management &amp; Monitoring:</b>	<ul style="list-style-type: none"><li>• Project Management, Process and Monitoring</li><li>• Project Outcomes and Benefit Realisation</li></ul>
<b>Financial Management:</b>	<ul style="list-style-type: none"><li>• Budgetary Control</li><li>• Investments</li><li>• Grant Claims Process</li></ul>

The internal audit report has determined an audit assurance rating of ‘Substantial’; There are none or few weaknesses in the adequacy and/or effectiveness of the governance, internal control, risk management and financial management arrangements, and they would either be unlikely to occur or their impact is not likely to affect the achievement of the SBCD objectives. This report will be presented to the Joint Committee within the 2022/23 financial year and was subject to delay in financial year 2021/22 due to the COVID-19 crisis and local elections.

The Strategic and Annual Audit Plans are approved by Joint Committee annually and regular reports are made to the Joint Committee throughout the year on progress and any significant weaknesses identified.

In addition to the planned work, the Internal Audit Unit undertakes fraud investigation and proactive fraud detection work.

## Committees

### Joint Scrutiny Committee

The Joint Scrutiny Committee comprise of 12 members in total, three from each of the four Constituent Authorities. The Role of the Joint Scrutiny Committee is to provide advice, challenge and support to the Joint Committee. The Joint Scrutiny Committee is required to:

- Review and Scrutinise the Joint Committee's financial affairs.
- Review and assess the Joint Committees risk management, internal control and corporate governance arrangements.
- Review and assess the economy, efficiency and effectiveness with which resources have been used.
- Make reports and recommendations to the Joint Committee in relation to the points outlines above.

The purpose of the Joint Scrutiny Committee shall be:

- Performing the overview and scrutiny function for the Swansea Bay City Deal on behalf of the four constituent authorities.
- To develop a forward work Portfolio reflecting the functions as demonstrated in the Joint Committee Agreement (Cl. 2.1.1)
- To seek reassurance and consider if the city deal is operating according to the Joint Committee Agreement, its business plan, timetable and/or is being managed effectively.
- To monitor any City Deal Regional projects against its portfolio plan.
- To make any reports and recommendations to the constituent authorities, whether to their executive boards or Full Council as appropriate, in respect of any function which has been delegated to the Joint Committee pursuant to the Joint Committee Agreement.

Scrutiny of individual authorities' projects shall be a matter for the relevant Constituent authorities Scrutiny Committee.

## External Sources of Assurance

### External Audit

The Auditor General (Audit Wales) is the auditor for Carmarthenshire County Council and discharges his responsibilities under the Public Audit (Wales) Act 2004 through the external audit of the Swansea Bay City Deal Joint Committee statement of accounts.

Carmarthenshire County Council holds responsibility of the Accountable Body function on behalf of the Swansea Bay City Deal Joint Committee.

The agreed Annual Audit plan 2022 outlined the proposed audit plan and scope of the external audit to be undertaken by Audit Wales of the Swansea Bay City Deal Joint Committees Statement of Accounts. This plan was prepared and agreed by the Joint Committee and represents the third year of external audit work.

## Gateway Reviews

Office of Government Commerce (OGC) Gateway Reviews will be appropriately carried out at both a City Deal portfolio (Gate 0) and project level (Gates 1-5) to examine specific points in their lifecycles. This will assure successful progression and overall delivery, while supporting the SRO in the successful discharge of their duties.

These reviews are among a suite of assurance activities the City Deal’s Portfolio Management Office will organise, with the best course of action determined by the maturity of the portfolio or the stage of a constituent project’s development or delivery.

Other assurance activities will include project validation reviews and project assessment reviews.

To support this process the Portfolio SRO and Joint Committee will ensure the delivery of an Integrated Assurance and Approval Plan (IAAP), a Monitoring and Evaluation Plan and a Portfolio plan. The Regional Portfolio Management Office will provide visibility to the SRO and Joint Committee of the collaborative work undertaken with Welsh Assurance Hub to develop these assurances and monitoring plans over the coming months. A portfolio level IAAP has been developed and implemented. Further work is being undertaken on the remaining plans and the Joint Committee have instigated and invitation to tender for specialist support in delivering these strategic areas.

## Government Review (5 case business model)

The need to get the best possible value from spending public money will always remain a constant for the Joint Committee and its partners. To this end, all City Deal business cases must be developed using the HM Treasury and Welsh Government’s Five Case Model - an approach which is both scalable and proportionate. It is recognised as best practice and is the Treasury’s standard methodology.

The business case, both as a product and a process, provides decision-makers, stakeholders and the public with a management tool for evidence-based, transparent decision-making and a framework for the delivery, management and performance monitoring of the resultant scheme.

Each business case in support of SBCD project must evidence:

The Case	The question	What the Business Case must demonstrate	
Strategic Case	Is the proposal needed?	will it further the aims and objectives?	is there a clear case for change?
Economic Case	Is it value for money?	has a range of options been considered?	is it the best balance of cost, benefits and risk?
Commercial Case	Is it viable?	is there a supplier who can meet our needs?	can we secure a value for money deal?
Financial Case	Is it affordable?	are the costs realistic and affordable?	is the required funding available and supported?
Management Case	Is it achievable	are we capable of delivering the project?	do we have robust systems and processes in place?

- Strategic Case - the intervention is supported by a compelling case for change that provides a holistic fit with other parts of the organisation and public sector
- Economic Case - the intervention represents best public value (to the UK as a whole)
- Commercial Case - the proposed project is attractive to the marketplace, can be procured and is commercially viable
- Financial Case - the proposed spend is affordable
- Management Case - what is required from all parties is achievable

As set out in the Joint Committee Agreement, the Project Business Case shall include a Resolution of the Project Authority Lead and all Councils in whose area the project shall take place that they approve the submission of the Project Business case.

The Portfolio Management Office has day to day responsibility for managing the assessment and approval process for all City Deal projects.

To assist a speedier assessment process, the UK Government and Welsh Government have agreed an informal iterative review process for assessing business cases in order to assist Project Leads in the production of robust full business cases which are appropriate for 5 case formal review process.

On completion of the final draft business case and following approval from the respective Regional/Project Authority Lead(s), business cases for each of the City Deal projects will undergo assessment by the Portfolio Management Office before being considered by the respective City Deal governance structures. After approval by the Joint Committee the project business case will be forwarded to the UK Government and Welsh Government for approval to release City Deal Government project funding to the Accountable Body.

### Well-being of Future Generations Act (Wales) 2015

The Swansea Bay City Deal demonstrates close alignment with the Well-being of Future Generations Act (Wales) 2015, as well as the seven well-being goals for Wales, which are at the core of the investment portfolio.

This is evidenced both at a portfolio business case level, as well as within business cases for the City Deal's constituent projects.

City Deal reports considered at both Portfolio Board and Joint Committee also demonstrate alignment with the legislation.

## OGC Gateway™ Review 0: Strategic assessment

The Review finds that the Swansea Bay City Deal Portfolio has made significant progress in the past 12 months.

The establishment of a professional, well-resourced Portfolio Management Office has been key to that progress, as has the dedication and commitment of the SRO in evolving the governance arrangements. It is also evident that the leadership of the individual programmes and projects has been key to successful delivery in these regards.

It should be noted that the Delivery Confidence Assessment does not imply that all programmes and projects within the portfolio discretely carry the same rating: they are subject to their own, more detailed Assurance via individual Gateway Reviews.

The Review team observes strong stakeholder support and optimism across all sectors and a commitment from the Joint Committee to spending wisely now that the funding has come on stream from UKG/WG.

The Review Team makes a small number of recommendations in the areas of:

- Stakeholder engagement and communications;
- Outcomes and Benefits;
- Evolving governance; and
- Support to constituent Programmes and Projects

The Portfolio is very well placed to progress towards success, but constant attention will be needed to ensure risks do not materialise into major issues threatening delivery.

Ref. No.	Recommendation	Urgency (C/E/R)	Target date for completion	Complete
1.	Update the stakeholder map, engagement strategy and communications plan and establish the potential to make greater use of dashboard information to convey updates to different stakeholder groups.	R - Recommended	End of November 2021	✓
2.	Confirm that the intended Outcomes and Benefits remain realistic given the impact of Covid and Brexit and the shortening of the UKG funding timeframe.	E- Essential	End of October 2021	✓
3.	Update the Terms of Reference for, and membership of, the Portfolio Board and ensure that all Members and Attendees understand their respective roles.	E- Essential	End of October 2021	In Progress
4.	Identify opportunities for the PoMO to extend its targeted support to constituent Programmes/Projects to reduce the PMO burden on those Programmes/Projects.	R - Recommended	End of October 2021	✓

## Internal review

### Project approval process and flow of funds

On completion of a final draft business case and following approval from the respective regional/project authority lead, business cases for each of the City Deal projects will undergo assessment by the Regional Portfolio Management Office before being considered by the respective City Deal governance structures. After regional approval by the Joint Committee, the project business case will undergo an external Stage Gate review before progressing to the UK Government and Welsh Government for Ministerial approval.

The flow of funds for the City Deal portfolio is set out in the financial section of this Portfolio Business Case.

### Governance Assessment Process

Each Swansea Bay City Deal project has its own governance structure and management arrangements to oversee their development and delivery, which are outlined in their individual business case.

Portfolio level governance arrangements are also in place that each project will be expected to implement and provide updates on.

These include, but are not limited to:

- Implementation plan
- Risk and issue management
- Monitoring and evaluation
- Benefits realisation
- Community Benefits
- Change control
- Dependencies and interdependencies
- Escalation and reporting structures
- Financial control and contingency management

### Integrated Assurance and Approval Plan

This plan will ensure the planning, coordination and provision of assurance activities and approval points throughout the City Deal portfolio, proportionate to levels of project cost and risk. As well as a portfolio level IAAP, constituent projects will also feed into the overall plan. The IAAP is a live document that will be kept updated and actioned throughout the lifecycle of the City Deal portfolio.



## Risk Management Arrangements

The Swansea Bay City Deal risk register logs risks both at a project and portfolio level. These include business, organisational and external risks. Each risk is updated periodically and reported to Portfolio Board where each risk details the description, owner, consequence and review update, accompanied by a scoring based on probability and impact.

Key business risks captured in a portfolio risk register include SBCD partner withdrawal, delays to project approval and funding draw down and portfolio delivery delays.

Following Portfolio Board review, the portfolio risk register and portfolio issues log, are considered by Joint Committee on a quarterly basis. These documents are also considered by Joint Scrutiny Committee at each of its meetings, which take place once every two months.

Organisational risks are captured in project specific risk registers.

The current portfolio risk register demonstrates risks of an operational, governance and financial nature with emphasis on the significant (red) risks, which are risks that will significantly impact the delivery of the portfolio. A summary of the two current significant risks are demonstrated below:

## Risk Register – Fundamental/Major Risks

Title	Owner	Risk Description	Review Update/Control Actions
Slippage in delivery of programmes / projects against key milestones	JC	Risk that City Deal doesn't achieve the outcomes intended within the timescales agree due to slippage in delivery of programme against key milestones resulting in borrowing and recuperation not accurately reflecting spend	The City Deal Finance Manager and PoMO Manager are now working with the Programme / Project Leads, to identify changes to plan and report them through the Change Control Process. Procurement Pipeline is now part of the Quarterly Monitoring process that is presented to Governance Boards. PoMO have created a Dashboard to summarise activity and risk across the Portfolio which is presented quarterly through the Governance Boards.
Private sector funding contribution/s not realised in line with business case projections	Delivery Lead	Risk that private sector funding is not realised as per portfolio business case projections that will impact on the deliverability of outputs and outcomes of the SBCD	The Portfolio is on track to realise the Private Sector funding however it is acknowledged that the timescales have slipped marginally due to macroeconomic events, Business Case development and approval process.
Increase in cost of construction	All	Risk that cost of construction may increase impacting on budgets set out in Programme / Project Businesses resulting in an overspend	PoMO presented the Construction Impact Assessment to Programme Board on 29th March 2022. 3 completed returns, 3 returned with rationales for nil responses and 3 nil responses. Continued ongoing evaluation quarterly until all procurement activity is completed, will then be reviewed accordingly. PoMO facilitated an Event on 14th February 2022 hosted by Civil Engineering Construction Association (CECA) and Constructing Excellence in Wales (CEW). All Programme / Project Leads, SRO's and other City Growth Deals in Wales were invited to attend.
Welsh Government 2021 update of Technical Advice Note (TAN) 15 development risk of flooding and coastal erosion and associated flood planning maps.	Accountable Body	Proposed updates to the TAN and maps have recategorised the vulnerability of certain developments, increased the extent of the flood maps and the ability of landowners and local authorities to potentially achieve planning permission and ultimately develop land affected by the 2021 updates.	SBCD Programme (Portfolio) Board identified there is still a potential impact associated with TAN 15. It has been agreed that the PoMO will escalate this to Joint Committee following the elections with the intention that the Local Authority Leaders will pick up the conflicting information in relation to the implementation of the proposed changes with the WLGA. The PoMO have engaged with Programmes / Projects to determine potential areas that are affected by the new maps.

## Benefits Realisation Arrangements

The Swansea Bay City Deal headline benefits are £1.8 billion boost to regional GVA and the creation of at least 9,000 high-value jobs.

The focus on the regional economy across the SBCD projects will also support regional supply chain businesses, with the City Deal's energy theme due to further accelerate the growth of the region's blue and green economies, helping meet regional, Wales and UK-wide decarbonisation targets.

As well as financial benefits, the City Deal will also lead to societal benefits. These include tackling fuel poverty, improving people's health and well-being, and creating more resilient communities and businesses.

The benefits realisation plan is made up from the constituent projects, where they are required to develop and submit a benefit's register as part of the business case submission. The approach to monitoring and evaluating the portfolio benefits features in the Portfolio's Monitoring and Evaluation Plan and are regularly reported at project and portfolio level at the Portfolio Board and Joint Committee governance groups.

Monitoring and evaluating the portfolio performance and impact will improve informed decision making and planning and risk management in order to deliver the widest possible benefits to the region and value for money. It will also create a culture of learning from doing and sharing.

The Portfolio SRO will oversee the vision, objectives and project governance arrangements, in conjunction with the Joint Committee and Portfolio Director, including the benefits realisation of the portfolio.

## Post Implementation and Evaluation Arrangements

The Swansea Bay City Deal deliverables are aligned to SMART (specific, measurable, achievable, realistic and timebound) objectives. These will aid with the post evaluation at both project and portfolio level.

The objectives will be detailed in the tools adopted in the Monitoring and Evaluation Plan at both a portfolio and individual project level. Periodic reports and evaluations will be undertaken both at key project and portfolio milestones and at the end of the implementation stage. External stage gate reviews will form part of this process, along with regional reviews and assessments.

### Action Plan of Portfolio Governance Issues

Governance Issues	Action	Target for Completion
Formal agreements should be signed with partners who have not signed up as part of the Joint Committee Agreement (i.e. Universities and Health Boards). All contributions due should then be paid or appropriate escalation/action taken. Not Complete – Swansea Bay City Deal are awaiting the signed formal agreement from one partner, who have requested further information. Confirmation was received that all partners are paid up to date.	Formal agreements should be signed with partners who have not signed up as part of the Joint Committee Agreement (i.e. Universities and Health Boards).	30 June 2022 (end of Q1 2022-23)
A procurement exercise has been undertaken to purchase project management software. Internal Audit were advised that there have been delays in concluding the procurement exercise, with an issue relating to insurance requiring resolution. Along with providing enhanced dashboard data, and formalising and providing consistency in reporting, the introduction of the software could release efficiencies within the Portfolio Management Office (and within Programmes/Projects) through reducing both duplication and the current administrative burden when consolidating Programme/Project level data to Portfolio level data.	Discussions to resolve the issue relating to the purchase of the Portfolio Management Software should be expedited, allowing efficiencies to be realised within the Portfolio Management Office.	30 June 2022 (end of Q1 2022-23)
Reliance is placed upon Project Authority Lead's to ensure the accuracy of transactions contained within the grant claim forms received from grant recipients. Testing confirmed that transaction lists are provided to the Finance Manager which supported entries contained within grant claims. It was noted that the Joint Committee Agreement states in Section 20.7 "if any Council provided with funding from the Government Funding to implement a project in the Swansea Bay City Deal it shall audit the finances and the discharge of functions relating to that project". Currently, there is no consistent process in place to allow Swansea Bay City Deal to receive such assurance from Project Authority Leads. The introduction of a process whereby internal audit review results are communicated to Swansea Bay City Deal would allow the Section 151 Officer to receive a greater level of assurance when certifying grant claim forms.	Consultation should be undertaken with Project Authority Lead's to ensure internal audit reviews are undertaken on the Headline Programmes/ Projects on a rolling basis. Swansea Bay City Deal should request that the outcome of any subsequent internal audit review is provided to the Section 151 Officer and Portfolio Management Office.	30 September 2022 (end of Q2 2022-23)

The above governance issues will be monitored and assessed as part of the internal audit work undertaken on the City Deal and through the implementation of an Annual Governance Statement.

## Certificate of Approval

### Chair of Joint Committee Approval:

Signed: R.Stewart

Date: 27<sup>th</sup> July 2022

**Councillor Rob Stewart**

Chair of Swansea Bay City Region Deal Joint Committee

Leader of City and County of Swansea Council



### Senior Responsible Owner Approval:

Signed: W.Walters

Date: 28<sup>th</sup> July 2022

**Wendy Walters**

Chair of Swansea Bay City Deal Portfolio Board

Chief Executive, Carmarthenshire County Council



# Glossary of Terms

The following section summarises explanation around the technical terminology demonstrated and included within the Financial Statements and accompanying narrative.

## General Terms

### Accrual

An accrual is a sum shown in our accounts to cover income or expenditure for the accounting period that was not paid at the date of the balance sheet.

### Audit

An audit is an independent examination of our activities.

### Audit Wales

An independent body lead by the Auditor General for Wales who is responsible for the appointment of external auditors to local authorities.

### Balance

The surplus or deficit on any account at any point in time.

### Balance Sheet

This is a statement of our assets, liabilities and other balances at the end of the financial year.

### Budget

A budget is a spending plan, usually for the following financial year.

### Capital Expenditure

Capital expenditure is spending on non-current assets such as Property, Plant and Equipment, Investment Properties and Heritage Assets. This would include the purchase or construction of new assets, together with subsequent expenditure on major maintenance or development work.

### Capital Receipt

These are the sales proceeds from the disposal of land and buildings which are restricted in their use by statute. They can only be used to fund new capital expenditure or set aside to finance historic capital expenditure.

### Creditor

A creditor is someone to whom money is owed at the end of the financial year for work done, goods received, or services rendered.

### Current Assets

These are short-term assets that are available for us to use in the following accounting year.

### Current Liabilities

These are short-term liabilities that are due for payment by us in the following accounting year.

### Debtor

A debtor is someone who owes money to us at end of the financial year.

### Depreciation

Depreciation is a method of allocating the cost of Property Plant and Equipment assets over their useful lives.

### Employer Contributions

The employer contributions are the amounts actually paid by the employer during the year. They include any amounts paid in respect of early retirement strains and any recharges in respect of compulsory added years benefits.

### Financial Year

This is the accounting period. For local authorities it starts on 1 April and finishes on 31 March in the following year.

### Gross Expenditure

The total cost of providing the council's services before taking into account income, such as fees and charges for services etc.

### IFRS\*

International Financial Reporting Standard.

### IFRIC\*

International Financial Reporting Interpretations Committee.

*\*The above two are accounting standards which provide a guideline for financial accounting.*

### Liability

A liability is an amount due and payable at some time in the future.

### National Non-Domestic Rates (NNDR)

The NNDR, or Business Rate, is the charge occupiers of business premises pay to finance part of local Authority spending. The NNDR is set by Government and is a percentage of the rateable values. The percentage is the same throughout Wales. The total collected is split among individual authorities in proportion to their adult populations.

### Net Realisable Value

The selling price of the asset reduced by the relevant costs of selling it.

### Operating Leases

A means by which capital items are bought. These are leases where risks (and rewards) of ownership of the asset remain with the owner.

### Pension Fund

The fund maintained to meet pension payments on the retirement of participants.

### Property, Plant and Equipment

These are assets with a physical substance that are held for use in the production or supply of goods and services, for rental to others (as part of a service) or for administrative purposes. Any asset included in this category is expected to be used for more than one financial year.

### Provision

Provisions are amounts set aside for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain.

### Prudential Code

The Prudential Code is a professional code of practice to support local authorities in making capital investment decisions.

### Public Works Loan Board (PWLB)

This is a Government agency that provides longer-term loans to local authorities. It charges interest rates only slightly higher than those at which the Government itself can borrow.

### Reserve

Reserves are amounts set aside that do not fall within the definition of provisions and include general reserves (or 'balances') which every Authority must maintain as a matter of prudence.

### Revenue Account

This is an account that records our day-to-day spending and income on items such as salaries and wages, running costs of services and the financing of capital expenditure.

### Securities

These are investments such as stocks, shares and bonds.

### Inventories

Inventories are raw materials purchased for day-to-day use. The value of those items not used at the end of the financial year is shown within current assets in the balance sheet.

### Subjective Analysis

An analysis of income and expenditure according to type. Such expenditure headings include employee, premises and

transport expenses. Income includes government grants and fees and charges.

### Variance

The difference between actual expenditure and budget - expressed in cash or percentage terms.





## Portfolio Management Office

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SA14 8LQ

✉ [Citydeal@Carmarthenshire.gov.uk](mailto:Citydeal@Carmarthenshire.gov.uk)

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## Accountable Body

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☎ 01267 242463



The Swansea Bay City Deal is an alliance of four Regional Local Authorities governed by a legally constituted Joint Committee.