



Joint Committee

Annual Audited Statement of Accounts

2019/20



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.

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Swansea Bay City Deal

The Swansea Bay City Deal is a £1.3bn investment in 11 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 15 years, the City Deal will boost the regional economy by £1.8bn and generate almost 10,000 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 Council, Swansea Council, Neath Port Talbot Council and Pembrokeshire Council - together with the Abertawe Bro Morgannwg and Hywel Dda University Health Boards, Swansea University, the University of Wales Trinity Saint David, and private sector partners.

Chair's Statement

"The Swansea Bay City Deal is an unprecedented programme of investment in the Swansea Bay City Region, which will benefit residents and businesses in all our communities.

Its importance can't be overstated, which is why the region's Local Authorities, Health Boards and Universities are working so closely in partnership with the UK Government and Welsh Government to deliver a portfolio of innovative, transformational projects.

Focusing on key sectors including life sciences and well-being, digital, zero carbon energy and the creative industries, these projects will build on the region's strengths, while creating thousands of high-value jobs and turbocharging our regional economy.

The City Deal will also complement other planned regional projects, while acting as a catalyst for further investment and economic growth.

The on-going economic impact of COVID-19 has served to heighten the City Deal's importance, with acceleration of the investment programme's delivery set to play a critical role at the heart of our regional recovery.

By supporting existing businesses and enabling local residents to access high-value jobs being generated, the City Deal will create more resilient, economically buoyant rural and urban communities. This will help raise the City Region's profile across the world as place to live, work and invest."

*"SUPPORTING EXISTING
BUSINESSES AND ENABLING
LOCAL RESIDENTS TO
ACCESS HIGH-VALUE JOBS"*



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 centers, the region offers opportunities far and wide reaching.

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

Taking a regional collaborative approach, 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 £1.3 billion for interventions to stimulate economic growth.
- Over £600 of private sector investment.
- Pan-region investment, ensuring all localities and citizens can benefit.
- Over 9,000 additional gross direct jobs.
- A contribution to regional GVA 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 programme 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 programme comprises of eleven 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 programme partners (Swansea University, University of Wales Trinity St David, Swansea Bay Local Health Board and Hywel Dda Local Heath Board) to oversee delivery of all eleven projects within the established programme.

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 Programme.



OUR VISION

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.

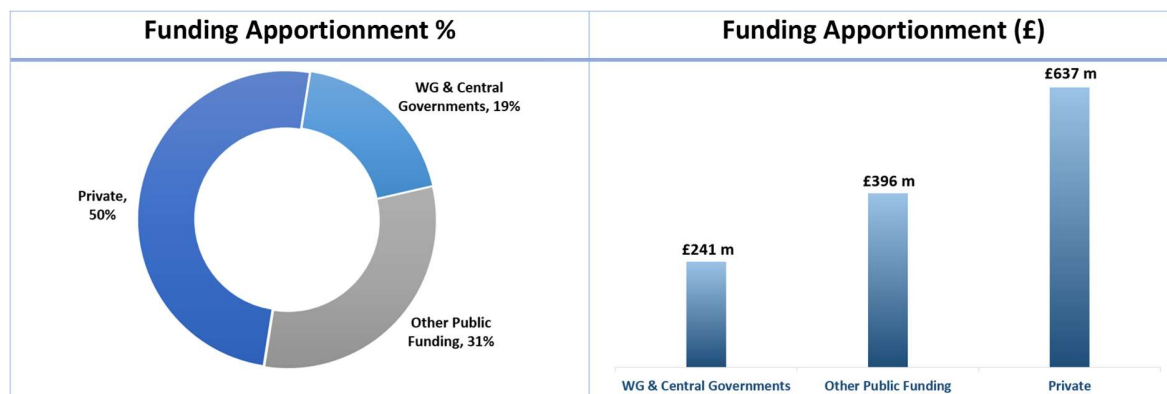
Using the transformational powers of next generation digital technologies, and supported by a programme of tailored skills development, the City Deal will accelerate the region's innovation, technological and commercialisation capabilities to support the establishment and growth of local innovation businesses,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

Swansea Bay City Region Deal Investment

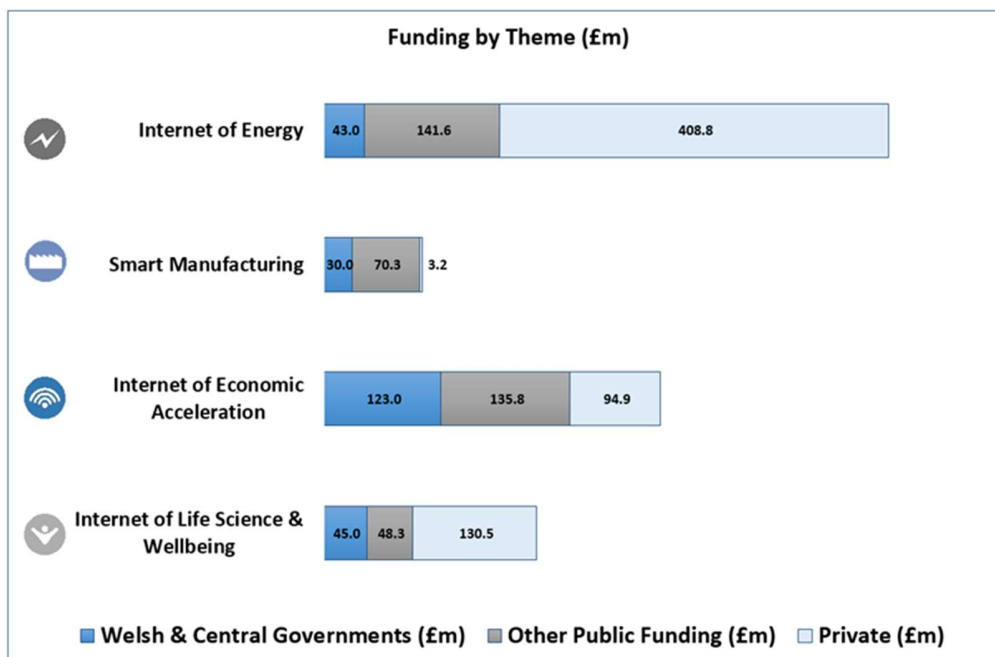
The City Deal program is fabricated through three forms of funding components, constituting in £1.3 billion of investment within the South Wales region.

The total investment package is made up of £241 million UK and Welsh Government funding, £396 million other public sector investment, and £637 million from the private sector.

The Heads of Terms set out the commitment by both Welsh and Central Government to support the City Deal with an investment totalling £241m. On the approval of successful business cases, funding will be released by Welsh Government on behalf of both Governments to the Accountable Body.



Investment is categorised under four demand lead themes each designed to stimulate economic growth and increase GVA in the region, investment in these areas are demonstrated below;

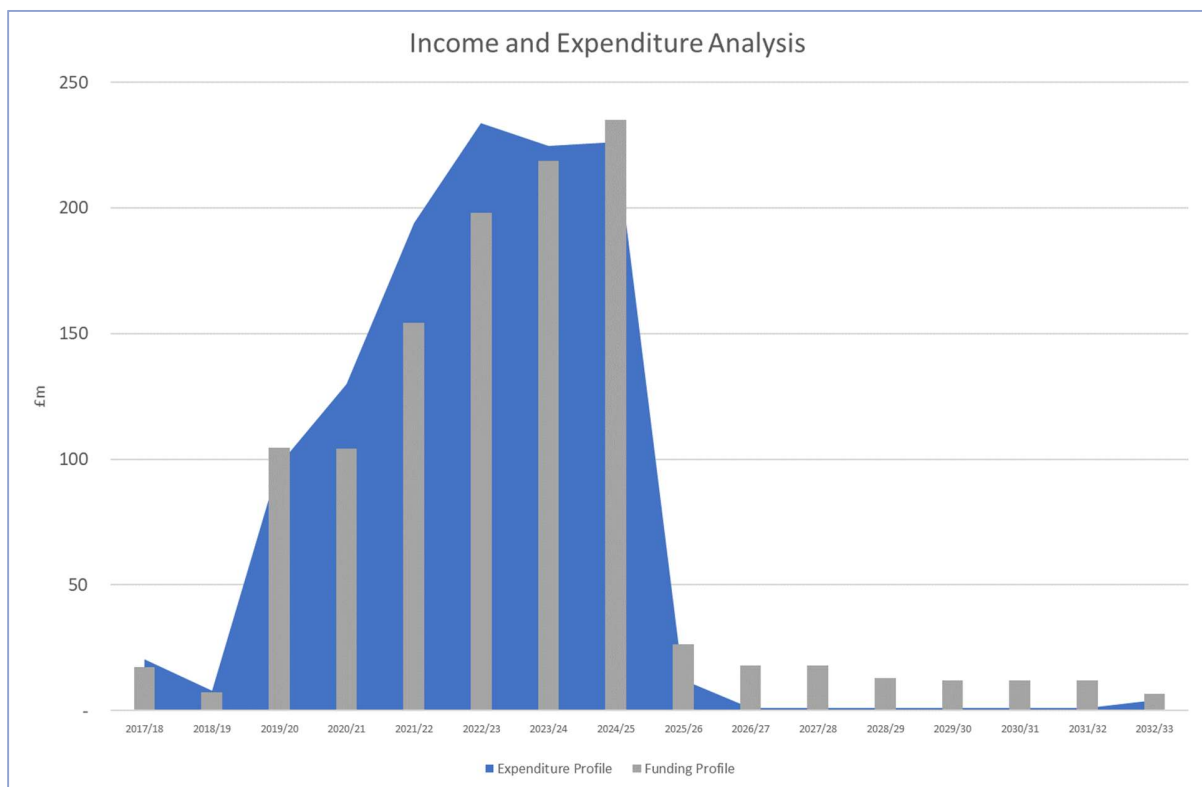


Swansea Bay City Region Deal Grant Funding Profile

It is the aim of the Swansea Bay City Region Deal that all projects will be delivered in seven a year period in order to maximise the full benefits realisation of the operational schemes during the lifetime of City Deal funding, which is to be released to the Region from both the UK and Welsh the Governments over a 15-year period.

The City Deal grant encompasses £241 million of capital grant awarded over a fifteen-year period. The Programme will disperse funding to the regional Project Authority Lead's 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 programme 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 responsibly 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 eleven identified projects by the Welsh and UK governments, and the agreement of necessary governance arrangement and delivery model, form this City Deal and will represent a 15-year, £1.3 billion commitment to the region.

Breakdown of Programme Investment

(Based on Original HoT Baseline Figures)

<u>Project</u>	<u>WG & Central Government Funding (£)</u>	<u>Other Public Funding (£)</u>	<u>Private Funding (£)</u>	<u>Total (£)</u>
City and County of Swansea				
Swansea District & Waterfront Digital District	50.00	94.30	23.90	168.20
Life Science & Well Being Campus	15.00	20.00	10.00	45.00
Sub Total	65.00	114.30	33.90	213.20
Neath Port Talbot County Borough Council				
Centre of Excellence next generation (CENGs)	23.00	5.50	27.00	55.50
Factory of the Future	10.00	10.30	3.20	23.50
Steel Science Innovation Centre	20.00	60.00	-	80.00
Sub Total	53.00	75.80	30.20	159.00
Carmarthenshire County Council				
Yr Egin	5.00	16.30	3.00	24.30
Life Science and Well being Village	40.00	32.00	127.50	199.50
Sub Total	45.00	48.30	130.50	223.80
Pembrokeshire County Council				
Pembroke Dock Marine	28.00	22.40	25.90	76.30
Sub Total	28.00	22.40	25.90	76.30
Regional Projects				
Homes as PowerStation's*	15.00	119.20	382.90	517.10
Skills and talent initiative**	10.00	16.00	4.00	30.00
Digital infrastructure**	25.00	-	30.00	55.00
Sub Total	50.00	135.20	416.90	602.10
TOTAL	241.00	396.00	637.40	1,274.40

*Lead Authority - Neath Port Talbot County Borough Council

**Lead Authority - Carmarthenshire County Council

Whilst these figures are the original financial forecast on which the City Deal funding structure was formed and agreed, funding elements are subject to change as the programme evolves. 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 management agreement, holding responsibility and accountability for the delivery of the Swansea Bay City Region Deal Programme.

To oversee delivery of the programme, the Joint Committee is supported by an Economic Strategy Board (comprising of private sector advisers), Programme 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 Programme 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 programme 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 programme has been split in to two distinct delivery areas under the management of the Joint Committee; the Joint Committee including administration and statutory functions, and the Programme Investment Fund.

Joint Committee

The Joint Committee has ultimate responsibility and accountability for decisions taken and the delivery of the City Deal Programme. There was recognition by the Joint Committee and UK and Welsh Governments there is a requirement for revenue funding to support the Joint Committee's activities, including the administration and statutory functions. This was 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%.

Programme Investment Fund Portfolio

The Programme 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, however, manages the investment pool in line with Carmarthenshire County Councils Treasury Management Strategy.

The Joint Committee distributes Government grants on a project by project basis to Project Lead Authorities. An annual grant award is received 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 totals £1.3 billion, with grant totalling £241m relating to the Programme Investment Fund (UK Government £125.4 and Welsh Government £115.6). Any programme balances are invested to ensure effective optimization of resources until approval is confirmed to initiate the release of funds from the Programme. Joint Committee have formally agreed it will afford Lead Authorities to borrow from any such balances that reside in the programme, this is done at a set rate on 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 Programme. This is referred to as 'Top Slice of Government Grants'.

Retention of National Non-Domestic Rates

Welsh Government have agreed in principle (as per below) 50% of the additional net yield generated through City Deal developments can be retained by the region to support revenue costs associated with the programme. 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 11 projects which are to be delivered by the Deal'

Upon formal approval by Welsh government, the Joint Committee will formally agree the distribution basis of the allocated retention.

Assurance Grant

During the financial year the Joint Committee obtained a one-off revenue grant of £100k to support assurance work undertaken by the Programme and projects. The purpose of the grant was to contribute to the costs of the;

- Undertaking of peer reviews
- Developing an Integrated Assurance and Approval Framework for the City Deal in conjunction with the Wales Assurance Hub, addressing recommendation 3 of the ACTICA Review.
- Undertaking a Stock take of the City Deal
- Providing additional support for the Economic Strategy Board

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), programme and project teams and to the departments who commission their work, on how best to ensure that their programmes and projects are successful.

The OGC Gateway Process will examine the programme and projects at key decision points in their lifecycle and looks ahead to provide assurance that they can progress successfully to the next stage. The OGC Gateway Process is regarded as best practice in central civil government throughout the UK, and applicable to a wide range of programmes and projects. This process is designed to provide independent guidance to Senior Responsible Owners (SROs), programme and project teams and to the departments who commission their work, on how best to ensure that their programmes and projects are successful.

To support this process the Joint Committee will deliver an Integrated Assurance and Approval Plan (IAAP), a Monitoring and Evaluation Plan and a Programme Business Case. The Joint Committee will work collaboratively with Welsh Assurance Hub to develop these assurance and monitoring plans over the coming months. Currently an IAAP has been developed and implemented, Further work is being undertaken on the remaining plans and the Joint Committee have instigated gateway reviews on relevant projects to provide Governments with assurance on delivery.

Current Economic Climate

The financial year has seen a period of significant political and economic uncertainty at a national level. The most significant factors affecting the Joint Committee were the ongoing COVID-19 crisis and uncertainty over the impact of the UK's withdrawal from the European Union (Brexit).

Partners and Governments are still fully committed to the City Deal recognising it as an important driver in the economic recovery of the region and country. Despite the unprecedented challenge of COVID-19, 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.

At present the full extent of the impact of the COVID-19 crisis is unknown. Beyond the 2019/20 financial year the Joint Committee has commenced an assessment of the risks and issues affecting the delivery of the programme with mitigating actions provided. The review will outline and address any matters that could significantly impact the delivery or scope of the Swansea Bay City Deal Programme.

The accounting 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. The first phase of funding has been received, and the UK and Welsh governments continue to be fully committed to meeting the full grant award, despite the current financial pressures the economy is now facing.

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

Management and 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 programme. 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 programme. However, this is not an independent entity, rather a collaborative leadership group consisting of the four regional Local Authorities, underpinned by a Joint Agreement.

Management structure

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

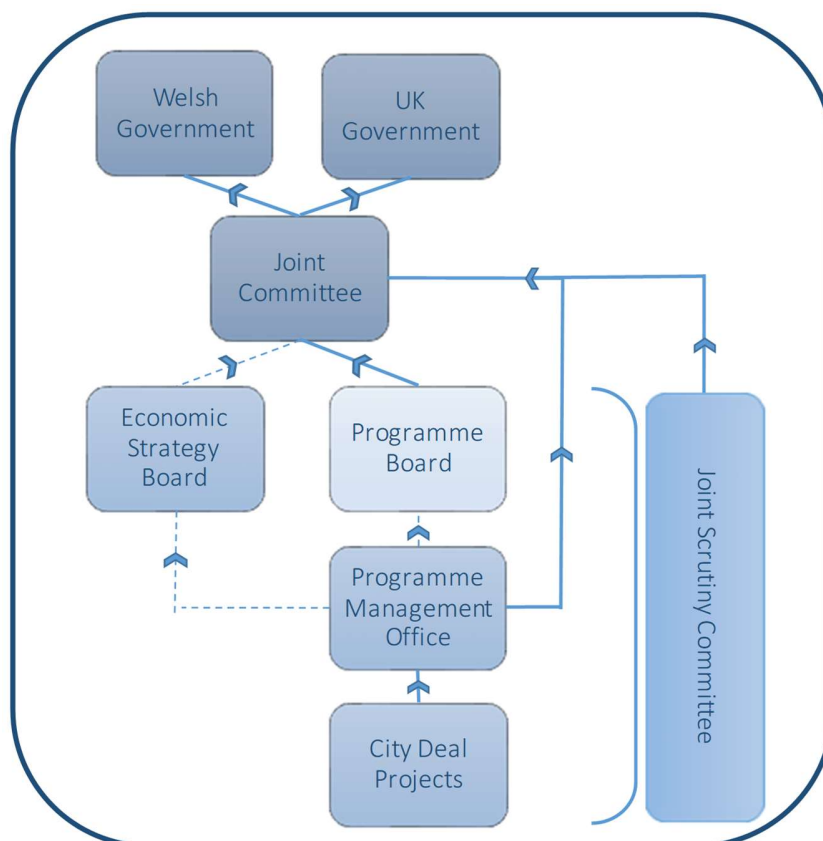
Programme Management Office – Dr Jonathan Burnes, Programme Director

Senior Responsible Owner – Wendy Walters, Chief Executive of Carmarthenshire County Council (appointed 11th June 2020)

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

Monitoring Officer – Tracey Meredith, City and County of Swansea

Governance Structure (JCA Governance Flow)



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 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 that they approve the submission of the Project Business case.

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

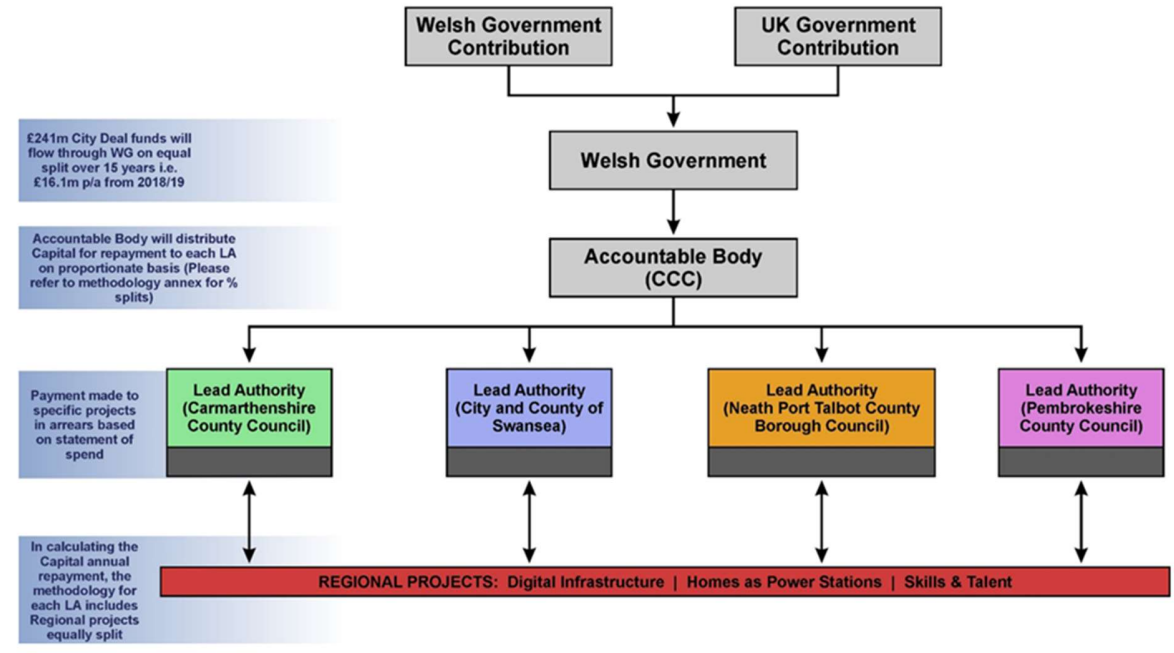
To assist a speedier assessment process, the UK Government and Welsh Government have agreed an informal iterative review process for assessing draft versions of business cases in order to assist Project Leads in the production of complete full business cases which are appropriate for 5 case formal review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

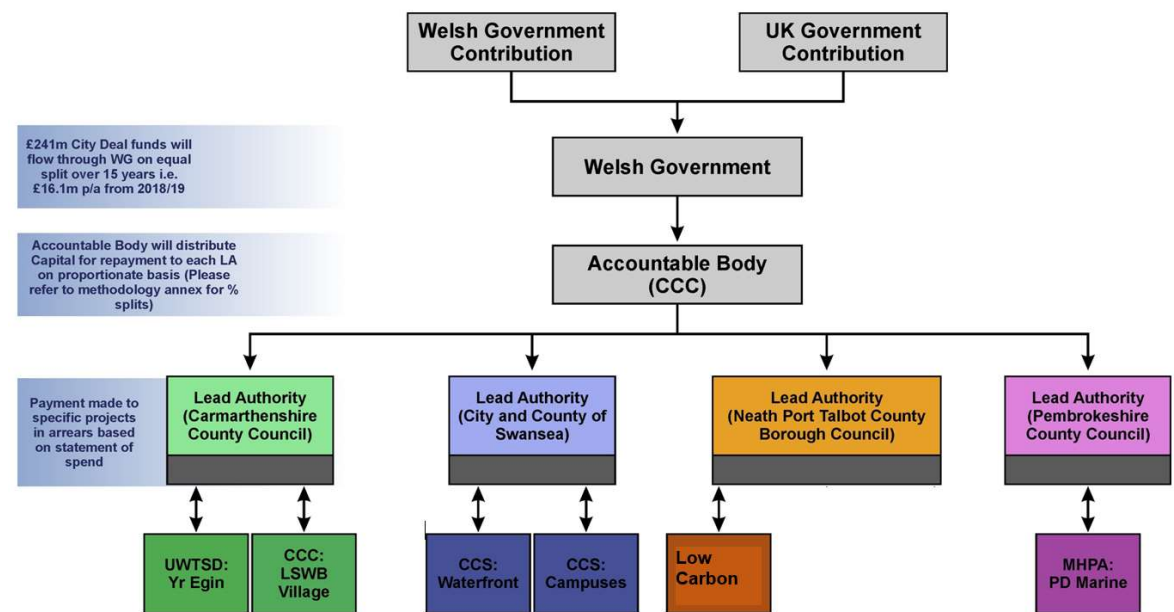
City Deal Flow of Finances

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

Regional Projects



Local Authority Projects



Summary of Financial Performance

Joint Committee Annual Year-End Outturn Position 2019/20

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

The Joint Committee was formalised at the end of August 2018 (29th August 2018) requiring only transactions incurred beyond this period to be reported and audited.

The prior year financial accounts (2018/19) demonstrated a short-period of accounts (seven months - 1st September 2018 to 31st March 2019) and was presented and audited through the use of an annual return due to the low level of turnover.

For minor Joint Committees with income and expenditure below £2.5 million, proper practices are set out in the One Voice Wales/Society of Local Council Clerks publication 'Governance and accountability for local councils in Wales – A Practitioners' Guide' (the Practitioners' Guide). The Practitioners' Guide requires that they prepare their accounts in the form of an annual return.

Joint Committee Budget and Out-Turn Position 2019/20

<u>Actual 2018/19</u> <u>(7 Months) (£)</u>	<u>Description</u>	<u>Budget</u> <u>2019/20 (£)</u>	<u>Actual</u> <u>2019/20 (£)</u>	<u>Variance</u> <u>2019/20 (£)</u>
	<u>Gross Expenditure</u>			
9,645	Joint Committee	25,000	3,469	(21,531)
235,971	Programme Management Office	706,764	203,041	(503,723)
71,773	Accountable Body	124,569	53,157	(71,412)
0	City Deal Assurance Grant	0	10,400	10,400
317,389	Total Expenditure	856,333	270,067	(586,266)
	<u>Income</u>			
(233,333)	Partner Contributions	(400,000)	(400,000)	0
0	'Top Slice' of Government Grants	(723,000)	0	723,000
(54,575)	WG Government Grants	0	(10,400)	(10,400)
(287,908)	Total Income	(1,123,000)	(410,400)	712,600
29,481	Net Annual Total - (Surplus)/Deficit	(266,667)	(140,333)	126,334

Programme Investment Fund Out-Turn Position 2019/20

<u>Actual 2018/19</u> <u>(7 Months) (£)</u>	<u>Description</u>	<u>Budget</u> <u>2019/20 (£)</u>	<u>Actual</u> <u>2019/20 (£)</u>	<u>Variance</u> <u>2019/20 (£)</u>
	<u>Gross Expenditure</u>			
0	Project Lead Authorities	0	0	0
0	Joint Committee & Support Services (Top Slice)	0	0	0
0	Total Expenditure	0	0	0
	<u>Income</u>			
0	Government Grant Income	0	(18,000,000)	(18,000,000)
0	Investment Income	0	(32,464)	(32,464)
0	Total Income	0	(18,032,464)	(18,032,464)
	0 Net Annual Total - (Surplus)/Deficit	0	(18,032,464)	(18,032,464)

Summary of Reserves (Extract from Balance Sheet) 2019/20

<u>31st March 2019</u> <u>(7 Months) (£)</u>	<u>Description</u>	<u>31st March 2020</u> <u>(£)</u>
99,871	Usable Reserves - Revenue	272,668
0	Capital Grants Unapplied	18,000,000
0	Unusable Reserves	0
99,871	Total Reserves	18,272,668

Supporting Information

Operational Costs

Within the submission of the previous interim annual budget (JC – 30th July 2019), estimated indirect costs in respect of the administration functions employed by the City Deal were removed under the agreement by the four Local Authority partners. It was accepted that these estimated costs would be absorbed by authorities on the basis of the function in which they are responsible for providing.

On review of the budget by Officers, the Chair of the Joint Committee and Joint Scrutiny Committee (28th October 2019), it was highlighted that there is significant inequity in the disbursement between Authorities in respect of these estimated costs for the provision of key support functions.

A remodelled budget has re-included these costs from the financial year **2020/21**, funded by the Programme's central budget. This reintroduction of costs to the City Deal budget removes the requirement of each Local Authority to financially support their area of service provision and will be afforded through the City Deal partner contributions (£50k per partner) and the 1.5% top slice of Government grants.

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. At present there are only four direct employees supporting the activities of the programme, with further support provided by employees of Carmarthenshire County Council and recharged to the Programme.

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

Programme balances are invested in line with Carmarthenshire County Council's Treasury Management Policy. Interest is calculated on an average rate and ring fenced to the City Deal programme. 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.

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 Programme Management Office has not been fully operational, and as such has been running at reduced cost to the Programme. Due to no payments being released from the PIF no 'Top Slice of Government Grants' was drawn down.

A prior year reserve of £99,871 was carried forward in respect of the Joint Committee, this is solely in respect of previous years partner contributions exceeding previous years operational costs.

Capital Grants Unapplied Reserve

The Capital Grants Unapplied Reserve comprises of programme 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. At present no funding has been released due to the delay in approval of Funding Agreements as a result of the COVID-19 crisis. This is the first financial year in which grant has been receipted, the balance currently resides at £18m.

Annual Review

The City Deal Heads of Terms detail the aims and objectives of the programme under the leadership of the Joint Committee. The total investment package secured will support the region through the creation of more than 9,000 additional, high-value jobs, while increasing Gross Value Added (GVA) by £1.8 billion in coming years.

Progress has been accelerated through 2019/20. This includes the start of development for several projects, which will combine with others to transform the region's economic landscape.

Joint Committee has ensured governance, process, responsibility and accountability are at the core of project delivery.

Other important milestones have also been achieved within the year, which demonstrates commitment to delivery as soon as possible for the benefit of regional residents and businesses.

These milestones include the UK Government and Welsh Government releasing the first phase of City Deal funding – worth £18 million – based on the approval of two City Deal projects – the Swansea City and Waterfront Digital District, and Canolfan S4C Yr Egin.

Considerable progress in meeting the recommendations of reviews into the City Deal has also been made. This includes the appointment of a new City Deal Programme Director, and the continued development of an Integrated Approval and Assurance Plan (IAAP) for the City Deal programme.

Listed are all projects forming part of the City Deal programme, along with an update of their status.

Canolfan S4C Yr Egin

Phase one of the Canolfan S4C Yr Egin digital and creative cluster is already up and running at the University of Wales Trinity Saint David's Carmarthen campus, with funding due to unlock a second phase of the development.

Supporting Innovation and Low Carbon Growth

The City Deal projects originally due to be led by Neath Port Talbot Council included a Centre of Excellence in Next Generation Services (CENGs), Factory of the Future and Steel Science.

But to better meet the needs of residents and businesses, a new programme of City Deal projects was approved by Neath Port Talbot Council's Cabinet in July 2019.

The Supporting Innovation and Low Carbon Growth programme has been developed to deliver sustainable growth and job creation in the region, with a targeted focus on the Port Talbot Harborside area. The programme aims to create the right environment for innovation and new technologies, while contributing to the decarbonisation agenda of the local and regional economies.

The Supporting Innovation and Low Carbon Growth programme has been developed around four interlinked themes:

1. Swansea Bay Technology Centre
2. National Steel Innovation Centre
3. Decarbonisation
4. Industrial Futures

The portfolio of projects meets the requirements of recommendations arising from reviews into the City Deal, while also representing a first stage response to the climate change emergency declared by the Welsh Government in April 2019.

Supporting Innovation and Low Carbon Growth was approved by the City Deal's Joint Committee in January 2020 for submission to the UK Government and Welsh Government for consideration.

Swansea City and Waterfront Digital District

Construction work has now started on a 3,500-capacity digital indoor arena on a site adjacent to the LC in Swansea. Also forming part of the project is a digital village on Kingsway for tech and digitally focused businesses, with a planning application having been submitted. A box village and innovation precinct development is also planned for start-up businesses at the University of Wales Trinity Saint David SA1.

Skills and Talent

The Skills and Talent initiative, being led by the South West Wales Regional & Skills Partnership, will be a key component in ensuring that local people and businesses have the appropriate skills to benefit from each of the City Deal projects.

Business case planning work is ongoing.

Homes as Power Stations

A pan-region project, Homes as Power Stations will enable the retro-fitting of energy efficiency technology to 7,000 homes throughout the Swansea Bay City Region, with a further 3,300 new build homes also set to benefit.

The project will also enable detailed monitoring and evaluation of the energy efficiency technologies being introduced.

Homes as Power Stations will tackle fuel poverty, benefit supply chain businesses and help the region meet its climate change reduction targets.

A business case will soon be submitted to the City Deal's Joint Committee for consideration.

Pembroke Dock Marine

Approved by Joint Committee in October 2019 for submission to the UK Government and Welsh Government for decision, Pembroke Dock Marine will transform Pembrokeshire and the region into a world class centre for marine energy innovation.

The project consists of several interlinked elements. These include the Pembrokeshire Demonstration Zone for the testing of wave and floating wind energy technologies; a Marine Energy Engineering Centre of Excellence; and improvements of Pembroke Dock port infrastructure to create large construction and laydown areas for marine energy devices.

A Marine Energy Test Area (META) enabling technology developers to test devices near their base of operation also forms part of the project, with META phase one already open for business.

Life Science and Well-being Campuses

The Campuses project will further develop the region's thriving life science sector to help prevent ill-health, develop better treatments and improve patient care. Advanced research and development facilities will be created, building on the success of the Institute of Life Science at Swansea University's Medical School.

Collaboration between Swansea University and its industry and NHS partners will place the Campuses project at the forefront of new technologies to improve NHS care, while creating new life science companies and highly skilled jobs.

Projects will include a facility at Swansea University's Singleton Campus, as well as a Morriston Campus where research will be undertaken alongside world-leading clinical delivery.

Business case planning work is ongoing.

Life Science and Well-being Development

The Life Science and Well-being development incorporates a number of interrelated facilities, which include:

- A business development centre providing incubation and acceleration facilities for business start-up and research & development opportunities within life sciences
- A well-being skills centre providing facilities for education and training
- A clinical delivery and research centre delivering a range of health and well-being services and providing opportunity for education placements within the operational clinical environment
- A new, state-of-the-art sports and leisure and aquatics centre
- Assisted living spaces in a range of accommodation types, including a nursing home, residential physical rehabilitation facilities, extra care and supported living accommodation
- A hotel set along the Llanelli coastline
- A housing development that will include an element of affordable and social housing

Outline planning permission has been granted. Design and business case planning work is ongoing.

Digital Infrastructure

The pan-region Digital Infrastructure project is made up of three elements:

- The introduction of world class digital connectivity in key urban areas and economic growth zones
- Improving digital connectivity in underserved communities
- The provision of the most advanced network technology and infrastructure along the primary transport corridor of the region

Detailed business case planning work is ongoing.

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:.....

Dated: **10th September 2020**

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 Programme 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) 2019/20.

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 32 to 35 demonstrates a true and fair view of the financial position of Swansea Bay City Region Deal at 31st March 2020 and its income and expenditure for the year ended 31st March 2020.

Signed: **C Moore**

Dated: **04th September 2020**

Chris Moore *FCCA*

Director of Corporate Services

Swansea Bay City Region Deal Section 151 Officer

Carmarthenshire County Council



Audit Report

Proposed Audit Report

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

Report on the audit of the financial statements

Opinion

I have audited the financial statements of:

- Swansea Bay City Deal joint committee for the year ended 31/03/20 under the Public Audit (Wales) Act 2004.

Swansea Bay City Deal joint committee'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 the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20 based on International Financial Reporting Standards (IFRSs).

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 31/03/20 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). 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

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Joint Committee's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

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 2019-20;
- 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 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:

- proper accounting records have not been kept;
- 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.

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.

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 page 23 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.

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

Anthony J Barrett

For and on behalf of the Auditor General for Wales

24 Cathedral Road

Cardiff

CF11 9LJ

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ccounting Policies

The Statement of Accounts summarises the transactions of the Swansea Bay City Region Deal for the 2019/20 financial year and its position at the year ended 31 March 2020.

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 2019/20 and the Service Reporting Code of Practice 2019/20, 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 programme 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 programme 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 2019/20 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 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 Programme. Revenue income to support the programme has been agreed as an amalgamation of partner contributions (£50k per partner) and “Top Slice” of Government grants (1.5%). **To date there has been no draw on any ‘Top Slice’ to fund the central services.** All operational expenditure has been funded by partnership contributions, with any surpluses 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 Policy](#).

The Treasury Management Policy 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 programme.

Government Grants

The Government grant was awarded to fund expenditure incurred and future spend in the delivery of the approved projects within the programme. The terms and conditions of the grant award were not fully satisfied by 31st March 2020, 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 Programme when there is reasonable assurance that:

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

The Government grant received during the year and has been recognised within the statements of the Swansea Bay City Deal. The terms and conditions attached to the Government grant award were not met fully by the 31st March 2020, due to the impact of the COVID-19 crisis. The Joint Committee expects to fully and wholly satisfy these terms and conditions early in next financial year 2020/21.

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;

Income has been recognised within the Comprehensive Income and Expenditure Statement, with the corresponding entry treated as a receipt in advance.

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 not approved by the Joint Committee due to the cancellation of all committees as a direct result of the current COVID-19 crisis. As such, no grant was dispersed to Project Lead Authorities by the Accountable Body on behalf of the Joint Committee, as at 31st March 2020.

Going Concern

The Swansea Bay City Deal Joint Committee Statement of Accounts have been prepared on a going concern basis.

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.

Reserves

All reserves are considered usable reserves as they are available for future use in the delivery of the programme.
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. Throughout the year no ‘Top Slice’ was drawn down, therefore this reserve relates to partner contributions and interest income on investments. 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. No funding has been released from the Accountable Body on behalf of the Programme, therefore, the full Government grant receipt is demonstrated.

Financial Instruments

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

Programme 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 programme. 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 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.

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.
Events after the Reporting Period.

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

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 programme 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 **£172,797** with operational expenditure of £270,067 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 2020.

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 2019/20, aligned with United Kingdom Generally Accepted Accounting Practices.

<u>Actuals 2018/19</u> (7 Months) (£)	<u>Description</u>	<u>Actuals 2019/20</u> (£)	<u>Notes</u>
<u>Cost of Service</u>			
55,710	Employee Expenditure	155,952	1
9,315	Premises Related Expenditure	21,464	2
1,146	Transport Related Expenditure	2,231	3
84,050	Supplies & Services	30,090	4
167,168	Support Services	60,330	5
317,389	Total Operating Expenditure	270,067	
<u>Income</u>			
(233,333)	Partner Contributions	(400,000)	6
0	Top Slice' of Government Grants	0	6
(54,575)	Other: Government Grant	(10,400)	6
(287,908)	Total Operating Income	(410,400)	
29,481	Net Cost of Service - (Surplus) / Deficit	(140,333)	
<u>Financing and Investment Activities</u>			
0	Investment Interest Income	(32,464)	15
0	Net Financing and Investment Activities	(32,464)	
<u>Taxation and Non-Specific Grant Income</u>			
0	Capital Grants and Contributions	(18,000,000)	16
0	Net Taxation and Non-Specific Grant Income	(18,000,000)	
29,481	Total (Surplus) / Deficit on Service Provision	(18,172,797)	
<u>Other Comprehensive Income and Expenditure</u>			
0	Other Income and Expenditure	0	
0	Net Other Comprehensive Income and Expenditure	0	
29,481	Total Comprehensive Income and Expenditure	(18,172,797)	

Movement in Reserves Statement

The below statement demonstrates the Swansea Bay City Deal reserve position as at 31st March 2020. The statement is categorized into two elements the Joint Committee and Programme Investment Fund. The Joint committee is a revenue reserve, to be utilized to support the future provision of the Committees administration, statutory and central support functions. The Programme investment fund is a capital reserve to support the delivery of the identified projects within the Programmes Heads of Terms.

Description	General Fund Balance (£)	General Fund Earmarked Reserves (£)	Total Usable Reserves (£)	Unusable Reserves (£)	Total Reserves (£)
Balance Brought Forward (as at 1st September 2018 - 7 Months)	129,352	0	129,352	0	129,352
<u>Movements in Reserve during Financial year 2018/19 (7 Months; Sept 2018 to March 2019);</u>					
Provision of Services - Surplus / (Deficit)	(29,481)	0	(29,481)	0	(29,481)
Appropriation/Contribution To Programme Investment Fund - Surplus / (Deficit)	0	0	0	0	0
Total In-Year Reserve Movement	(29,481)	0	(29,481)	0	(29,481)
Balance Carried Forward (as at 31st March 2019)	99,871	0	99,871	0	99,871
<u>Movements in Reserve during Financial year 2019/20;</u>					
Provision of Services - Surplus / (Deficit)	172,797	0	172,797	0	172,797
Appropriation/Contribution To Programme Investment Fund - Surplus / (Deficit)	18,000,000	0	18,000,000	0	18,000,000
Total In-Year Reserve Movement	18,172,797	0	18,172,797	0	18,172,797
Balance Carried Forward (as at 31st March 2020)	18,272,668	0	18,272,668	0	18,272,668

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 31st March 2020.

31st March 2019 (7 Months) (£)	Description	31st March 2020 (£)	Notes
<u>Non-Current Assets</u>			
0	Long Term Debtors Capital	0	
0 Total Long Term Assets		0	
<u>Current Assets</u>			
275,000	Short Term Debtors	85,400	9
0	Cash and Cash Equivalents	18,215,278	10
275,000 Total Current Assets		18,300,678	
<u>Current Liabilities</u>			
(175,129)	Short Term Creditors	(28,010)	12
(175,129) Total Current Liabilities		(28,010)	
<u>Long Term Liabilities</u>			
0	Long Term Creditor	0	
0 Total Long Term Liabilities		0	
99,871 Total Net Assets		18,272,668	
<u>Total Reserves</u>			
99,871	Usable Reserves - Revenue	272,668	13
0	Capital Grants Unapplied	18,000,000	14
0	Unusable Reserves	0	
99,871 Total Reserves		18,272,668	

Cashflow Statement

The statement below demonstrates how cash and cash equivalents are generated and applied to the programme 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 2018/19</u> <u>(7 Months) (£)</u>	<u>Description</u>	<u>Actuals</u> <u>2019/20 (£)</u>	<u>Notes</u>
29,481	Net (surplus)/Deficit on the provision of services	(18,172,797)	
99,871	Adjust net surplus or deficit on the provision of services for non-cash movements	17,957,519	17
129,352	Net Cashflows from operating activities	(215,278)	
(129,352)	Investing Activities	(18,000,000)	17
0	Financing Activities	0	17
0	Net increase) / Decrease in cash and cash equivalents	(18,215,278)	
0	Cash and cash equivalents at the beginning of the reporting period	0	
0	Cash and cash equivalents at the end of the reporting period	(18,215,278)	

N otes to the Accounts

1. Employee and Related Expenditure

<u>Actuals 2018/19</u> <u>(7 Months) (£)</u>	<u>Description</u>	<u>Actuals 2019/20</u> <u>(£)</u>
55,710	Employee and Related Expenditure	155,952
55,710	Total Employee and Related Expenditure	155,952

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 programme.

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	
	2018/19	2019/20
£85,000 to £89,999	0	1

Senior Officer Disclosures

<u>Total Remuneration 2018/19 (£)</u>	<u>Senior Employee Position Title</u>	<u>Salary, Fees and Allowances (£)</u>	<u>Employers Pension Contribution (£)</u>	<u>Total Remuneration 2019/20 (£)</u>
0	Programme Director	7,135	1,284	8,420
<p>The Programme Director commenced his role on 2nd March 2020. Only one month's remuneration has been included within the City Deal Accounts. The annualised salary for this position is £85,000k-£89,999.</p>				

2. Premises Related Expenditure

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

<u>Actuals 2018/19 (7 Months) (£)</u>	<u>Description</u>	<u>Actuals 2019/20 (£)</u>
8,685	Rents & Room Hire	14,889
630	Premises Maintenance	0
0	National Non Domestic Rates	6,575
9,315	Total Premises Related Expenditure	21,464

3. Transport Related Expenditure

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

<u>Actuals 2018/19 (7 Months) (£)</u>	<u>Description</u>	<u>Actuals 2019/20 (£)</u>
21	Public Transport - Staff	0
1,125	Staff Travelling Expenses	2,231
1,146	Total Transport Related Expenditure	2,231

4. Supplies and Services

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

<u>Actuals 2018/19</u> <u>(7 Months) (£)</u>	<u>Description</u>	<u>Actuals 2019/20</u> <u>(£)</u>
11,309	Professional Fees	22,382
16,738	Admin, Office & Operational Consumables	0
819	Translation/Interpret Services	0
9,010	Subsistence & Meetings Expenses	565
46,174	Promotions, Marketing & Advertising	7,143
84,050	Total Supplies and Services	30,090

5. Support Services

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

<u>Actuals 2018/19</u> <u>(7 Months) (£)</u>	<u>Description</u>	<u>Actuals</u> <u>2019/20 (£)</u>
167,119	Recharges - Employee costs Grant (direct)	60,284
49	Photocopying Recharge	46
167,168	Total Support Services	60,330

6. Income

The total received income during the year is demonstrated below;

<u>Actuals 2018/19</u> <u>(7 Months) (£)</u>	<u>Description</u>	<u>Actuals 2019/20</u> <u>(£)</u>
(233,333)	Income - other Authorities & Bodies	(400,000)
	0 Top Slice' of Government Grants	0
(54,575)	Government Grants - WAG	(10,400)
(287,908)	Total Income	(410,400)

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 programme. This applies to all eight partners (including co-opt members).

Government Grant Income

To support the City deal with work undertaken on assurance and business case peer reviews, Welsh Government awarded the Programme with a one-off revenue grant totalling £100k to be utilised in 2019/20. Within the financial year only £10,400 has been accounted for, this equating the eligible spend incurred in 2019/20 in respect of this grant. The terms of the grant award dictate the claiming of associated eligible spend in arrears. The Joint Committee have informed Welsh Government it has future committed spend within 2020/21 on assurance work in line with the grant award. Welsh Government have indicated that they will allow this grant to be extended to 2020/21 to support this commitment. All future commitments are excluded from these statements under the accruals concept.

'Top Slice of Government Grants'

To date no payment has been distributed from the programme. As such, no 'Top slice' has been drawn down to support the Joint Committee and administration and statutory functions. All central costs have been funded through partner contributions with any surpluses transferred to a ring-fenced reserve.

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

Related Party	Actuals 2019/20						
	Revenue	Revenue	Total Revenue	Capital Income	Capital	Total Capital (£)	Total (£)
	Income (£)	Expenditure (£)	(£)	(£)	Expenditure (£)		
PEMBROKESHIRE COUNTY COUNCIL	(50,000)	3,200	(46,800)	-	-	-	(46,800)
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)	-	(50,000)	-	-	-	(50,000)
SWANSEA UNIVERSITY HEALTHBOARD	(50,000)	-	(50,000)	-	-	-	(50,000)
NEATH PORT TALBOT CBC	(50,000)	7,200	(42,800)	-	-	-	(42,800)
UNIVERSITY OF WALES TRINITY SAINT DAVID	(50,000)	-	(50,000)	-	-	-	(50,000)
CARMARTHENSHIRE COUNTY COUNCIL	(442,864)	270,067	(172,797)	(18,000,000)	-	(18,000,000)	(18,172,797)
Total Balance of Related Parties	(792,864)	280,467	(512,397)	(18,000,000)	0	(18,000,000)	(18,512,397)

Related Party	Actuals 2018/19						
	Revenue	Revenue	Total Revenue	Capital Income	Capital	Total Capital (£)	Total (£)
	Income (£)	Expenditure (£)	(£)	(£)	Expenditure (£)		
PEMBROKESHIRE COUNTY COUNCIL	(29,167)	294	(28,873)	-	-	-	(28,873)
HYWEL DDA UNIVERSITY HEALTH BOARD	(29,167)	-	(29,167)	-	-	-	(29,167)
SWANSEA UNIVERSITY	(29,167)	-	(29,167)	-	-	-	(29,167)
CITY & COUNTY OF SWANSEA	(29,167)	-	(29,167)	-	-	-	(29,167)
SWANSEA UNIVERSITY HEALTHBOARD	(29,167)	-	(29,167)	-	-	-	(29,167)
NEATH PORT TALBOT CBC	(29,167)	-	(29,167)	-	-	-	(29,167)
UNIVERSITY OF WALES TRINITY SAINT DAVID	(29,167)	144	(29,023)	-	-	-	(29,023)
CARMARTHENSHIRE COUNTY COUNCIL	(29,167)	-	(29,167)	-	-	-	(29,167)
Total Balance of Related Parties	(233,333)	438	(232,895)	0	0	0	(232,895)

Balance Sheet Disclosures

Actuals 2018/19			Description	Actuals 2019/20		
Debtors	Creditors	Balance		Debtors	Creditors	Balance
(£)	(£)	(£)		(£)	(£)	(£)
100,000	(175,129)	(75,129)	Partner Local Authorities	-	(7,200)	(7,200)
175,000	-	175,000	Co-Opt Partners	75,000	-	75,000
275,000	(175,129)	99,871	Total Debtors	75,000	(7,200)	67,800

Carmarthenshire County Council (as the Accountable Body) Disclosures

<u>Actuals 2018/19</u> <u>(7 Months) (£)</u>	<u>Description</u>	<u>Actuals</u> <u>2019/20 (£)</u>
471,000	Expenditure	270,067
(458,000)	Income	(442,864)
13,000	Net Cost of Service - (Surplus) / Deficit	(172,797)
275,000	Assets	18,300,678
(175,000)	Liabilities	(28,010)
100,000	Total Net Assets	18,272,668
100,000	Total Reserves	18,272,668

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 2018/19</u> <u>(7 Months) (£)</u>	<u>Description</u>	<u>Actuals 2019/20</u> <u>(£)</u>
2,091	Audit Fees	18,809
2,091	Total External Audit Fees	18,809

9. Debtors

The total outstanding debtor balances as at 31st March 2020 are demonstrated below;

<u>31st March 2019</u> <u>(7 Months) (£)</u>	<u>Description</u>	<u>31st March 2020 (£)</u>
275,000	Income - other Authorities & Bodies	75,000
0	Government Grant Income	10,400
275,000	Total Debtor Balance	85,400

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 Programme. Carmarthenshire County Council in its role as the Accountable Body administer all cash and cash equivalent transactions on behalf of the Joint Committee.

Programme 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 2019 (7 Months) (£)</u>	<u>Description</u>	<u>31st March 2020 (£)</u>
0	Cash and Cash Equivalents	18,215,278
0	Total Cash and Cash Equivalents	18,215,278

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 Programme, cash balances will arise through cashflow movements as and when projects become live and actual expenditure is incurred.

Programme 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 programme. 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 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 2019 (7 Months) (£)</u> <u>Fair Value</u>	<u>Description</u>	<u>31st March 2020 (£)</u> <u>Fair Value</u>
0	Cash and Cash Equivalents	18,215,278
0	Total Financial Instruments	18,215,278

12. Creditors

The total outstanding debtor balances as at 31st March 2020 are demonstrated below;

<u>31st March 2019</u> <u>(7 Months) (£)</u>	<u>Description</u>	<u>31st March 2020</u> <u>(£)</u>
0	Central Government Bodies	0
175,129	Local Authorities	7,200
0	Other: Short Term Creditors	20,810
175,129	Total Creditors Balance	28,010

13. Usable Reserves

Usable reserves in respect of the Swansea Bay City Region Deal Programme are demonstrated below;

<u>31st March 2019</u> <u>(7 Months) (£)</u>	<u>Description</u>	<u>31st March 2020</u> <u>(£)</u>
99,871	Usable Reserves - Revenue	272,668
99,871	Total Usable Reserves	272,668

14. Capital Grants Unapplied Reserve

This reserve is in sole respect of the capital grant received by the programme from the Welsh and UK Governments. To date no funding has been distributed to Project lead Authorities, therefore this demonstrated the full receipt. Grants will be applied in line with distribution values on occurrence.

<u>31st March 2019</u> <u>(7 Months) (£)</u>	<u>Description</u>	<u>31st March 2020 (£)</u>
0	Capital Grants Unapplied	18,000,000
0	Total Capital Grants Unapplied	18,000,000

15. Interest Income

Carmarthenshire County Council upholds responsibility as the Accountable Body for managing investments of cash balances held by the Joint Committee. Programme 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 Programme.

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

<u>31st March 2019</u> <u>(7 Months) (£)</u>	<u>Description</u>	<u>31st March 2020</u> <u>(£)</u>
0	Investment Interest Income	(32,464)
0	Total Investment Interest Income	(32,464)

16. Grant Income – Capital

Capital grant income received throughout the year is demonstrated below;

<u>31st March 2019</u> <u>(7 Months) (£)</u>	<u>Description</u>	<u>31st March 2020</u> <u>(£)</u>
0	Government Grant Income	(18,000,000)
0	Total Government Grant Income	(18,000,000)

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 Programme Investment Fund.

<u>2018/19 (£)</u>	<u>Description</u>	<u>2019/20 (£)</u>
(175,129)	Creditors - (Increase) / Decrease	147,119
275,000	Debtors - Increase / (Decrease)	(189,600)
0	Capital grants and contributions recognised in CIES	18,000,000
0	Revenue grants and contributions recognised in CIES	0
99,871	Net Cashflow from Operating Activities	17,957,519

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>2018/19 (£)</u>	<u>Description</u>	<u>2019/20 (£)</u>
(129,352)	Short-Term Investments	(18,000,000)
(129,352)	Net Cashflow from Investing Activities	(18,000,000)

Financing Activities

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

<u>2018/19 (£)</u>	<u>Description</u>	<u>2019/20 (£)</u>
0	Government Grants Received - Revenue	0
0	Government Grants Received - Capital	0
0	Net Cashflow from Financing Activities	0

18. Expenditure and Funding Analysis

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

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 programme 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.

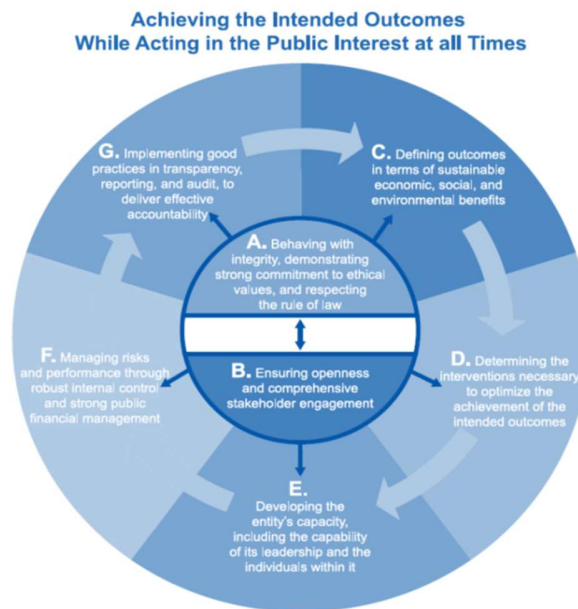
The Governance Framework

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 Programme, 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 behavior 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 Programme Board and Joint Committee.
- Compliance with policies and rules set out in the Joint Committee Agreement.
- Reports to both Programme 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.
- Programme 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 Programme's Marketing and Media function promotes the work of the Programme 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 programme has a clear vision set out within its heads of terms.
- The programme deliverables will make a step change in the economic prosperity of the Swansea Bay Region.
- The Programme Management Office present quarterly the Implementation Plan and have developed an Integrated Assurance Action Plan, Monitoring and Evaluation Plan and a Programme Business Plan.
- The Accountable Body provide regular Financial monitoring updates.
- Programme 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 Programme Management Office to oversee the governance, assurance and programme progression.
- Appointment of a Senior Responsible Officer for the Swansea Bay City Deal Programme to work with the Programme Director and Joint Committee.
- There is regular public and stakeholder engagement at project level.
- The Programme 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 detail 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 programme 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 programme*
 - *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 Programme Director role and remuneration.*
 - *Regular committee and board meetings.*
 - *The JCS sets out clearly defined roles and responsibilities of members, officers and advisers.*

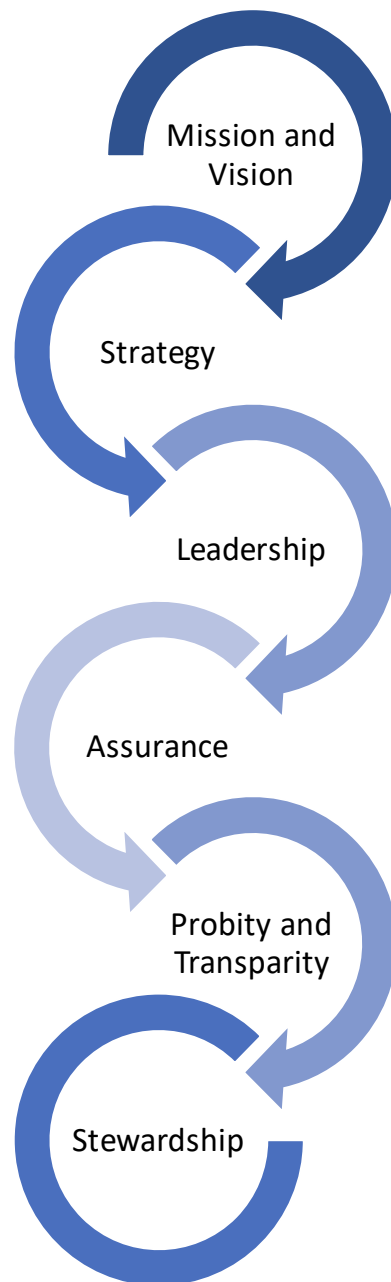
Managing risks, performance and finance

- Risk management is embedded and integral part of decision making supported by;
 - *Risk register*
 - *Issue log*
 - *Progress update log*
- Regular financial monitoring updates by the Section 151.
- 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 programme is in the process of adopting an anti-fraud and corruption policy.
- 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 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 Wales Audit 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



Management and 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 programme. 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 programme. However, this is not an independent entity, rather a collaborative leadership group consisting of the four regional Local Authorities, underpinned by a Joint Agreement.

Management structure

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

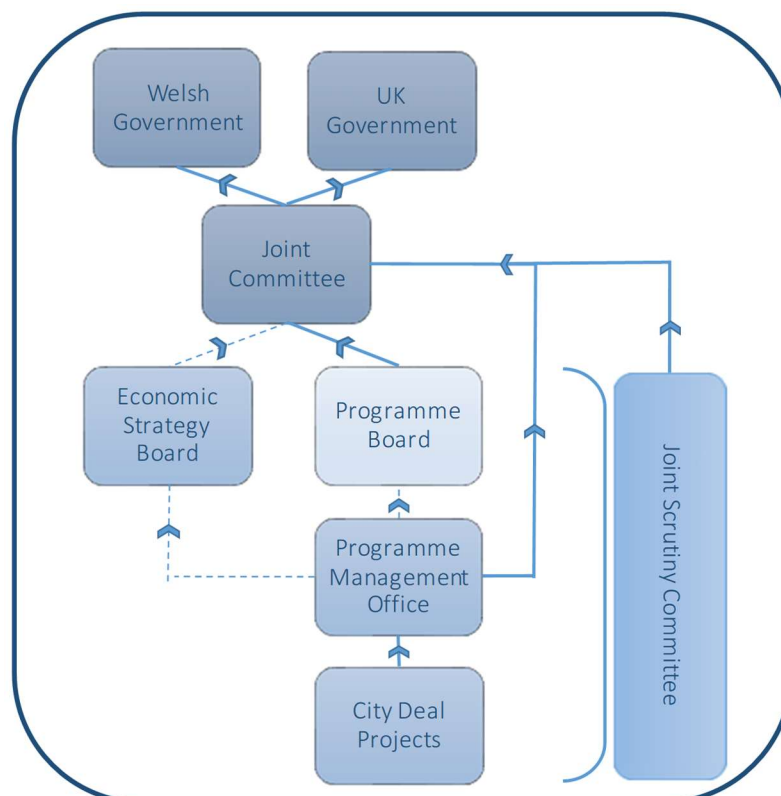
Programme Management Office – Dr Jonathan Burnes, Programme Director

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, City and County of Swansea Council

Governance Structure (JCA Governance Flow)



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 29th 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 programme. 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 programme for the Swansea Bay City Deal;
- Performance management of the Swansea Bay City Deal programme;
- Strategic communications;
- Monitoring of the impact of the Swansea Bay City Deal programme 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 Programme 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.

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; and
- When necessary to deal with business as agreed by the Chair of the Economic Strategy Board.
- The Programme 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 29th August 2018. Members are expected to adhere to the conditions of membership as outlined in schedule 13 of the Joint Committee Agreement.

Programme Board

The Programme 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 Programme Board Chair shall be reviewed annually.

The Programme 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 Programme Board meetings.

In order to maintain momentum, the Programme Board has been operating in shadow form since the signing of the Heads of Terms document. The Board was formally established by the Joint Committee at its first meeting.

The Programme Board will have four distinct roles:

- Preparing recommendations on the Swansea Bay City Deal programme:
 - 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 Programme Board will take place on a monthly basis before the Joint Committee meeting and before all quarterly meetings of the Economic Strategy Board.

Programme Management Office

Reporting directly to the Accountable Officer and the Joint Committee, the Programme 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 Programme 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, Programme Board and Economic Strategy Board;
- Programme 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 programmes, 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 Committees 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 Programme 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 Programme Board.

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 Programme 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 Programme Board if she considers that any proposal will give rise to unlawfulness.

Financial Services (Section 151 Officer)

The Director of Corporate Services 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 behaviors 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>
Governance:	<ul style="list-style-type: none">• Follow Up of SBCD Internal Review of Governance Arrangements & Independent Review (by Attica)• Legal Agreement & Policy Framework• Organisation Structure
Financial Management:	<ul style="list-style-type: none">• Core Funding & Grant Funding
Risk Management:	<ul style="list-style-type: none">• Risk Appetite & Risk Management Methodology
Internal Control:	<ul style="list-style-type: none">• Project Management, Monitoring & Deliverability

The internal audit report has determined an audit assurance rating of 'Moderate'; Medium risk that requires strategic or operational action. This report will be presented to the Joint Committee within the current financial year 2020/21 and was subject to delay in financial year 2019/20 due to the COVID-19 crisis.

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 Programme 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 programme 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 hold responsibility of the Accountable Body function on behalf of the Swansea Bay City Deal Joint Committee.

The agreed Annual Audit plan 2020 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 second year of external audit work, however this financial year 2019/20 is the first financial year in which the Swansea Bay City Deal Joint Committee is required to prepare a full statement of accounts. The prior financial year audit 2018/19 was prepared and presented through an annual return.

Gateway Reviews

Office of Government Commerce (OGC) Gateway Reviews will be appropriately carried out at both a City Deal programme (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 Programme Management Office will organise, with the best course of action determined by the maturity of the programme or the stage of a constituent project's development or delivery.

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

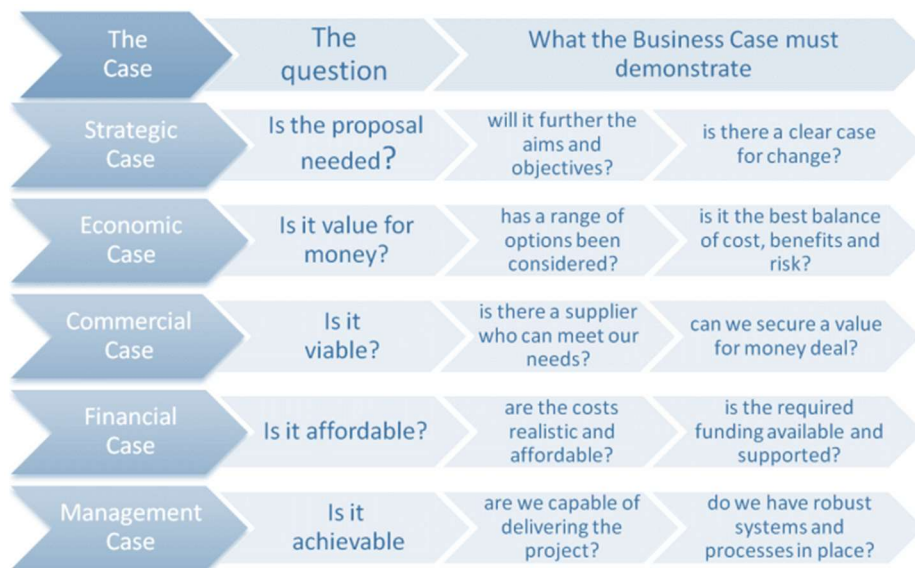
To support this process the Programme SRO and Joint Committee will ensure the delivery an Integrated Assurance and Approval Plan (IAAP), a Monitoring and Evaluation Plan and a Programme plan. The Regional Programme Management Office will provide visibility to the SRO and Joint Committee of the collaborative work undertaken with Welsh Assurance Hub to develop these assurance and monitoring plans over the coming months. A programme 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:



- 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 Programme 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 Programme 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 programme.

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

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

Independent Government Reviews

During January 2019, both UK and Welsh Government jointly commissioned an independent review to provide assurance that the City Deal will deliver full economic benefits for the region. Attica who provided the consultancy services subsequently undertook the review and outlined seven key recommendations to be adopted by the City Deal Programme. These recommendations are demonstrated below;

ID	Recommendation	Complete
1	Pre scrutiny should be encouraged but direct and regular face to face contact between those writing the business Cases and those providing comment upon them and advising those who will grant approval is essential.	Regular contact has been made via workshops and feedback from Government officials and the Office for Project Management with the aim to develop a robust governance and assurance framework and submission of robust business cases that meet the HMRC Green Book.
2	The Regional Office should be designed as a Portfolio Management Office, leveraging their skills with experienced Portfolio/Programme/Project Management (P3M) specialists.	The Programme Management Office is recruiting four further posts in the summer 2020.
3	The City Team should (with the support of the Welsh Government Assurance hub and IPA as necessary) put in place a best practice Integrated Assurance and Approval Plan (IAAP) for the portfolio. All parties should especially consider the OCG Gateway™ Review process as a key part of that plan.	The IAAP has been approved at Programme Board and Joint Committee. Assurance Gateways are being implemented on a project basis and will be an ongoing assurance framework.
4	Under the chair of the JSC each SBCD board should consider the TOR's and ways of working of each to ensure that they will work as intended. In doing so they should take account of this review and of the outcome of the audits currently being undertaken.	TOR's are and have been implemented and embedded to ensure best practice is achieved. The programme has undertaken an internal audit to review processes and all relevant assurance and risk documentation.
5	A Portfolio Director should be appointed before May 2019 to ensure continuity of Swansea Bay City Deal leadership and independent advice to the Boards	Programme Director has been appointed to the City Deal and commenced employment in March 2020.
6	The SBCD should be managed as a portfolio not as a set of predetermined and immutable projects.	The SBCD programme is being managed as a portfolio, embedding the P3M management principles of Portfolio, programme and project.
7	For Yr Egin and Swansea Waterfront, the two businesses cases which we consider are close to final approval, senior UK Government and Welsh Government and Local Authority officials should aim to reach a swift conclusion to ensure that funding can flow as needed.	Both business cases in respect of Swansea and Yr Egin have been approved, and subsequent funding has been receipted by the City Deal.

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 Programme 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 programme is set out in the financial section of this Programme 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.

Programme 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 programme, proportionate to levels of project cost and risk. As well as a programme 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 programme.

Risk Management Arrangements

The Swansea Bay City Deal risk register logs risks both at a project and programme level. These include business, organisational and external risks. Each risk is updated periodically and reported to Programme 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 programme risk register include SBCD partner withdrawal, delays to project approval and funding draw down and programme delivery delays.

Following Programme Board review, the programme risk register and programme 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.

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 benefits register as part of the business case submission. The approach to monitoring and evaluating the programme benefits features in the Programme's Monitoring and Evaluation Plan and are regularly reported at project and programme level at the Programme Board and Joint Committee governance groups.

Monitoring and evaluating the programme 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 Programme SRO will oversee the vision, objectives and project governance arrangements, in conjunction with the Joint Committee and Programme Director, including the benefits realisation of the programme.

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 programme level.

The objectives will be detailed in the tools adopted in the Monitoring and Evaluation Plan at both a programme and individual project level. Periodic reports and evaluations will be undertaken both at key project and programme 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 Programme Governance Issues.

Governance Issues	Action	Target for Completion
The role of the Portfolio Management Office needs to be documented, and posts need to be filled as soon as possible, to allow them to carry out their role effectively of analysing business cases prior to approval and monitoring project delivery.	The role of the Programme Management Office is detailed within the Programme Business Case, outlining its key objectives in the delivery of the Swansea Bay City Deal programme.	31/12/2020
Governance arrangements need to be strengthened further in terms of documenting the risk management methodology and risk appetite, an information sharing protocol, counter fraud procedures, due diligence and anti-money laundering arrangements, and recording of declarations of interest/gifts and hospitality for all Senior Officers and Members.	Risk management methodology and appetite is documented within the Programme business case which will be subject to gateway reviews by the Integrated Assurance Hub. Due diligence and anti-money laundering policy will be implemented within the new financial year, with annual review undertaken thereafter. Declarations of interests are in place for Co-Opted Members of the Economic Strategy Board but not for all Senior Officers and Members. This will be reviewed within the new financial year.	31/12/2020

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;.....

Date: 04th September 2020

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;.....

Date: 04th September 2020

Wendy Walters

Chair of Swansea Bay City Deal Programme Board

Chief Executive, Carmarthenshire County Council



Glossary of Terms

The following section summarises expiation 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.

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.

Bid Price

The price that a third party would pay the scheme in an arm's length transaction for the investment.

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.

Fees and Charges

Income raised by charging users of services for the facilities, e.g. charges for the use of leisure facilities, car parking, the collection of trade refuse etc.

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.

Minimum Revenue Provision (MRP)

This is the amount we have to set aside to repay loans.

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.

Audit Wales

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



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