

## **Cyd-Bwyllgor Dinas-Ranbarth Bae Abertawe**

**Lleoliad:** O bell drwy Microsoft Teams

**Dyddiad:** Dydd Iau, 10 Medi 2020

**Amser:** 10.30 am

**Cadeirydd:**

**Aelodaeth:**

Cynghorwyr:

Emlyn Dole	Carmarthenshire Council
Rob Jones	Neath Port Talbot Council
David Simpson	Pembrokeshire Council
Rob Stewart	Cyngor Abertawe

Cynrychiolwyr Cyfetholedig Heb bleidlais:

Maria Battle	Bwrdd Iechyd Prifysgol Hywel Dda
Yr Athro Medwin Hughes	University of Wales Trinity Saint David
Edward Tomp	Cadeirydd y Bwrdd Strategaeth Economaidd
Steve Wilks	Prif Ysgol Abertawe
Emma Woollett	Bwrdd Lechyd Prifysgol Bae Abertawe

Geylio ar-lein: <https://bit.ly/3hadqGd>

---

### **Agenda**

**Rhif y Dudalen**

**1 Ethol Cadeirydd Cyd-bwyllgor Dinas Ranbarth Bae Abertawe.**

**2 Ymddiheuriadau am absenoldeb.**

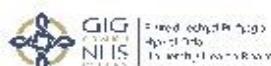
**3 Datgeliadau o fuddiannau personol a rhagfarnol.**

[www.abertawe.gov.uk/DatgeluCysylltiadau](http://www.abertawe.gov.uk/DatgeluCysylltiadau)

**4 Cofnodion.**

Cymeradwyo a llofnodi, fel cofnod cywir, gofnodion y cyfarfod blaenorol.

**1 - 4**



- 5 Cyhoeddiad/Cyhoeddiadau'r Cadeirydd.**
- 6 Cwestiynau gan y Cyhoedd**  
Rhaid cyflwyno cwestiynau'n ysgrifenedig, cyn hanner dydd ar y diwrnod gwaith cyn y cyfarfod fan bellaf. Rhaid i gwestiynau ymwneud ag eitemau ar yr agenda. Ymdrinnir â chwestiynau o fewn cyfnod 10 munud.
- 7 Adroddiad Archwilio Cymru ar Ddatganiad o Gyfrifon Cyd-bwyllgor Dinas-ranbarth Bae Abertawe (2019/2020). 5 - 22**
- 8 Datganiad o Gyfrifon Cyd-bwyllgor Dinas-ranbarth Bae Abertawe (2019/2020). 23 - 97**
- 9 Llythyr Sylwadau i Archwilio Cymru. 98 - 102**
- 10 Adroddiad Monitro Ariannol 2020/21 - Sefyllfa Aildro Bargen Ddinesig Bae Abertawe. 103 - 106**
- 11 Adolygiad Allanol ar Raglen Bargen Ddinesig Bae Abertawe. 107 - 130**
- 12 Cadeirydd ac Is-gadeirydd y Bwrdd Strategaeth Economaidd. 131 - 135**
- 13 Diweddariad ar brosiectau Bargen Ddinesig Bae Abertawe.**

**Cyfarfod nesaf:** Dydd Iau, 8 Hydref 2020 ar 10.30 am

*Huw Evans*

**Huw Evans  
Pennaeth Gwasanaethau Democraidd  
Dydd Gwener, 4 Medi 2020**

---

**Cyswllt: Gwasanaethau Democraidd - 01792 636923**

# Agenda Item 4

City and County of Swansea



## Minutes of the Swansea Bay City Region Joint Committee

Remotely via Microsoft Teams

Thursday, 9 July 2020 at 10.30 am

**Present:** Councillor Rob Stewart (Swansea Council) Presided

### Councillors:

Emlyn Dole	Carmarthenshire Council
Rob Jones	Neath Port Talbot Council
David Simpson	Pembrokeshire Council

### Co-opted Non-Voting Representatives:

Ray Selby	University of Wales Trinity St Davids
-----------	---------------------------------------

### Officers:

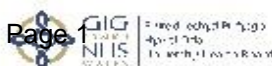
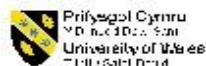
Jonathan Burnes	Swansea Bay City Region
Huw Evans	Head of Democratic Services (Swansea Council)
Greg Jones	Communications & Marketing Officer, Swansea Bay City Deal (Carmarthenshire Council)
Tracey Meredith	Joint Committee Monitoring Officer (Swansea Council)
Chris Moore	Joint Committee S.151 Officer (Carmarthenshire Council)
Nicola Pearce	Director of Environment (Neath Port Talbot Council)
Phil Roberts	Chief Executive (Swansea Council)
Wendy Walters	Chief Executive (Carmarthenshire Council)
Ian Westley	Chief Executive (Pembrokeshire Council)

### Apologies for Absence:

Maria Battle (Hywel Dda University Health Board)  
Medwin Hughes (University of Wales Trinity St Davids)  
Edward Tomp (Chair of Economic Strategy Board)  
Steve Wilks (Swansea University)  
Emma Woollett (Swansea Bay University Health Board)  
Richard Arnold (Swansea City Region Finance Manage (Swansea Bay City Region)  
Steve Phillips (Chief Executive (Neath Port Talbot Council)

## 69 Disclosures of Personal and Prejudicial Interests.

In accordance with the Code of Conduct adopted by the City & County of Swansea, no interest(s) were declared.



**70 Minutes.**

**Resolved** that the Minutes of the Swansea Bay City Region Joint Committee held on 11 June 2020 be signed and approved as a correct record.

**71 Announcement(s) of the Chair.**

The Chair made no announcements.

**72 Public Questions**

There were no public questions.

**73 Award of Funding Conditions.**

The Swansea Bay City Region Programme Director (Jonathan Burnes) submitted a report which outlined the status of the Swansea Bay City Deal Award of Funding conditions.

**Resolved** that the submission of the status report to the UK Government and Welsh Government be approved.

**74 Monitoring & Evaluation Plan.**

The Swansea Bay City Region Programme Director (Jonathan Burnes) submitted a report which sought approval of the Swansea Bay City Deal Monitoring & Evaluation Plan aligned to an external review recommendation. It is also recognised as good Programme Management practice

**Resolved** that the City Deal's Monitoring & Evaluation Plan be approved for submission to the UK Government and Welsh Government for consideration.

**75 Programme Business Case.**

The Swansea Bay City Region Programme Director (Jonathan Burnes) submitted a report which advised that a City Deal Programme Business Case was needed in order to meet a recommendation arising from reviews into the City Deal. It is also recognised as good Programme Management practice.

**Resolved** that the redrafted Swansea Bay City Deal Programme Business Case be approved for submission to the UK Government and Welsh Government for consideration.

**76 Implementation Plan.**

The Swansea Bay City Region Programme Director (Jonathan Burnes) submitted a report which advised of the updated Swansea Bay City Deal Implementation Plan.

**Resolved** that the latest version of the Swansea Bay City Deal Implementation Plan be reviewed and approved.

**77 Joint Committee Revised Budget 2020/2021.**

The Joint Committee Section 151 Officer (Chris Moore) submitted a report which advised of a revised budget in respect of the administration and support functions for the Swansea Bay City Deal Programme.

**Resolved** that the revised budget in respect of the administration required to support and deliver the Swansea Bay City Deal be considered and approved.

**78 Covid-19 Impact Assessment.**

The Swansea Bay City Region Programme Director (Jonathan Burnes) submitted a report which presented an overview and status update of the Covid-19 impact self-assessments covering the nine Swansea Bay City Deal projects

**Resolved** that the status update of the Covid-19 impact assessment be received.

**79 Joint Scrutiny - Change to Terms of Reference.**

The Joint Committee Monitoring Officer (Tracey Meredith) submitted a report which outlined a request from the Joint Scrutiny Committee to change the Terms of reference.

**Resolved** that:

- 1) The amendment to the Terms of Reference set out at Paragraph 1.5 of the Joint Scrutiny Committee be approved;
- 2) The Monitoring Officer of Swansea Council / Heads of Legal of Carmarthenshire, Pembrokeshire and Neath Port Talbot Councils be authorised to enter into any agreement necessary to effect the changes to the Joint Committee Agreement.

**80 Projects Update. (Verbal)**

The Swansea Bay City Region Programme Director (Jonathan Burnes) provided an update on the projects forming part of the City Deal Programme. Those projects include:

- Digital Infrastructure;
- Homes as Power Stations;
- Life Science & Well-being Campuses Project;
- Life Science & Well-being Development Planned for Llanelli;
- Pembroke Dock Marine;
- Skills & Talent;
- Supporting Innovation & Low Carbon Growth;
- Swansea City and Waterfront Digital District;
- Yr Egin.

**Resolved** that the updates and the progress be noted.

The meeting ended at 11.29 am

**Chair**

# Agenda Item 7



Swansea Bay City Region Joint Committee – 10 September 2020

## Audit Wales Report on Swansea Bay City Region Joint Committee Statement of Accounts (2019/2020)

<b>Purpose:</b>	The Auditor General is responsible for providing an opinion on whether the Statement of Accounts demonstrate a true and fair view of the position of the Swansea Bay City Deal Joint Committee as at 31 <sup>st</sup> March 2020. The report summarises the findings from the undertaken audit
<b>Policy Framework:</b>	Swansea Bay City Deal (SBCD) Joint Committee Agreement (JCA)
<b>Recommendation(s):</b>	It is recommended that Joint Committee:  1) Receive the Audit Wales audit of the 2019/2020 Statement of Accounts report for the Swansea Bay City Deal Joint Committee
<b>Report Author:</b>	Chris Moore (SBCD S151 Officer)
<b>Finance Officer:</b>	Chris Moore (SBCD S151 Officer)
<b>Legal Officer:</b>	Tracey Meredith (SBCD Monitoring Officer)

### 1. Introduction

1.1 Carmarthenshire County Council as the Accountable Body is responsible for the financial stewardship of the Swansea Bay City Deal. Accounts in respect of the Swansea Bay City Deal were not required in previous years and were presented through an annual return. This is the first year the Swansea Bay City Deal Joint Committee has had to compile a Statement of Accounts in line with the Accounts and Audit (Wales) Regulations 2014, as amended in 2018. The Statement of Accounts was audited by Audit Wales, with the audit letter including the audit opinion and findings presented in appendix A.

### 2. Audit Wales Report

2.1 The Auditor General is responsible for providing an opinion on whether the statements demonstrate a true and fair view of the position of the Swansea Bay City Deal Joint Committee as at 31<sup>st</sup> March 2020. The attached report summarises findings concluded from the audit undertaken.

### **3. Financial Implications**

3.1 There are no financial implications within this report.

### **4. Legal Implications**

4.1 There are no legal implications associated with this report.

### **5. Alignment to the Well-being of Future Generations (Wales) Act 2015**

5.1 The SBCD Programme and its constituent projects are closely aligned to the Well-being of Future Generations (Wales) Act 2015 and the seven well-being goals for Wales. These alignments are outlined in a Portfolio Business Case for the SBCD, as well as in individual project business cases.

**Background Papers:** None

**Appendices:**

Appendix A - Swansea Bay City Deal ISA260 Audit Report- Audit Wales



# Audit of Accounts Report – Swansea Bay City Deal Joint Committee

Audit year: 2019-20

Date issued: September 2020

Document reference: [\[the Publishing team assigns this\]](#)

## **Purpose of this document**

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

## **Handling prior to publication**

This document and the copyright comprised therein is and remains the property of the Auditor General for Wales. It contains information which has been obtained by the Auditor General and the Wales Audit Office under statutory functions solely to discharge statutory functions and has been prepared as the basis for an official document that may be issued or published in due course. It may also contain information the unauthorised disclosure of which may be an offence under section 54 of the Public Audit (Wales) Act 2004. Except as expressly permitted by law, neither the document nor any of its content may be reproduced, stored in a retrieval system and/or transmitted in any form or by any means, or disclosed to any person other than the original recipient without the prior written permission of the Wales Audit Office. It must be safeguarded at all times to prevent publication or other improper use of its content. Unauthorised use or disclosure may result in legal proceedings. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at [infoofficer@audit.wales](mailto:infoofficer@audit.wales).

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at [infoofficer@audit.wales](mailto:infoofficer@audit.wales).

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

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

DRAFT

# Contents

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

## Audit of Accounts Report

Introduction	4
Impact of COVID-19 on this Year's Audit	4
Proposed Audit Opinion	6
Significant Issues	6
Appendices	
Appendix 1 – Final Letter of Representation	8
Appendix 2 – Proposed Audit Report	11
Appendix 3 – Summary of Corrections Made	14

# Audit of Accounts Report

## Introduction

- 1 We summarise the main findings from our audit of your 2019-20 accounts in this report.
- 2 We have already discussed these issues with the Section 151 officer and his team.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £5,430 for this year's audit.
- 5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these, as follows:
  - Senior Staff Remuneration £1,000
- 6 Although we have completed the majority of our audit work at the time of drafting this report, we have yet to complete:
  - the final review of our audit file; and
  - our final review of the revised 2019-20 financial statements;
- 7 We would also like to draw to the attention of the Committee that local government electors may exercise their rights under sections 30 and 31 of Public Audit (Wales) Act 2004 to question the Auditor General about or make objections to the accounts for the year ended 31 March 2020 any time after 1<sup>st</sup> September 2020 until we formally close the 2019-20 audit. We have not received any correspondence at the time of drafting this report, but it is still possible that we could receive questions on the 2019-20 financial statements or an objection to an item of account. We will provide a verbal update on any correspondence or objections and the items reported in paragraph 6 above, to the Committee at its meeting on 10th September 2020.
- 8 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and, our objectivity has not been compromised in any way. There are no relationships between ourselves and yourselves that we believe could undermine our objectivity and independence.

## Impact of COVID-19 on this Year's Audit

- 9 The COVID-19 pandemic has had a significant impact on all aspects of our society and continues to do so. You are required by law to prepare accounts and it is of considerable testament to the commitment of your accounts team that you have succeeded in doing so this year in the face of the challenges posed by this pandemic. We are extremely grateful to the professionalism of the team in supporting us to complete our audit in such difficult circumstances.

- 10 The pandemic has unsurprisingly affected our audit and we summarise in **Exhibit 1** the main impacts. Other than where we specifically make recommendations, the detail in **Exhibit 1** is provided for information purposes only to help you understand the impact of the COVID-19 pandemic on this year's audit process.

**Exhibit 1 – impact of COVID-19 on this year's audit**

<b>Timetable</b>	<ul style="list-style-type: none"> <li>• The deadline for completing your accounts was 15/06/2020</li> <li>• We received the draft accounts on 15/06/2020</li> <li>• Our deadline for completing our audit was 15<sup>th</sup> September 2020.</li> <li>• We expect your audit report to be signed on 15<sup>th</sup> September 2020.</li> </ul>
<b>Electronic signatures</b>	<p>The current plan is for the Committee to approve the 2019-20 financial statements at its virtual meeting on 10 September 2020. The Section 151 officer will then arrange for manual signatures to be obtained prior to the audit opinion being issued.</p> <p>There are no current plans to use electronic signatures, however should the committee or section 151 Officer decide they should proceed on this basis then we can accept the use of electronic signatures and electronic transfer of files during the approval and signing process.</p>
<b>Audit evidence</b>	<p>We received the majority of audit evidence in electronic format and have used various techniques to ensure its validity. Where we have been unable to obtain certain audit evidence due to it not being available electronically we have devised alternative audit methodologies to obtain sufficient audit evidence. Specifically:</p> <ul style="list-style-type: none"> <li>• officers provided electronic working papers in accordance with our agreed working paper schedule;</li> <li>• officers provided audit evidence to the audit team via email; and</li> <li>• officers were available by video conferencing for discussions, and for the sharing of on-screen information/evidence.</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>• Video conferencing has enabled the audit team to correspond effectively with officers throughout the audit.</li> <li>• Video conference based Committee meetings have enabled us to proficiently discharge our responsibility for reporting to those charged with governance.</li> </ul>

- 11 We will be reviewing what we have learned for our audit process from the COVID-19 pandemic and whether there are innovative practices that we might adopt in the future to enhance that process.

## Proposed Audit Opinion

- 12 We intend to issue an unqualified audit opinion on this year's accounts once you have provided us with a Letter of Representation based on that set out in **Appendix 1**.
- 13 We issue a 'qualified' audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.
- 14 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards along with confirmation of other specific information you have provided to us during our audit.
- 15 Our proposed audit report is set out in **Appendix 2**.

## Significant Issues arising from the Audit

### Uncorrected misstatements

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

### Corrected misstatements

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

### Other Significant Issues arising from the Audit

- 18 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. There were some issues arising in these areas this year as shown in **Exhibit 2**:

**Exhibit 2 – significant issues arising from the audit**

<b>Significant issues arising from the audit</b>		
<p><b>Internal quality assurance processes for the draft 2019-20 accounts</b></p>	<p>This is the first year the Swansea Bay City Deal joint committee has been required to submit a full set of financial statements to be audited. The accounts were submitted as agreed on the 15<sup>th</sup> June 2020.</p> <p>However, our review of the draft statements highlighted some required disclosures which were not included and the compliance check to CIPFA’s disclosure requirements checklist had not been undertaken.</p> <p>The draft Cashflow Account did not comply with CIPFA requirements and significant amendments were needed to be made to this core statement.</p> <p>Some of these errors would have been avoided with a more robust internal quality assurance process on the draft financial statements. However, it should be recognised that Covid 19 working practices did present additional challenges in respect of the preparation of accounts and the revised working processes adopted.</p>	<p>An improved internal quality assurance process on the draft accounts would minimise errors and reduce audit queries.</p> <p>We will work with officers during the Autumn to learn lessons from the 2019-20 accounts preparation and audit processes.</p> <p>This exercise will help ensure that improvements needed for future years’ statements of accounts are implemented for the Swansea Bay City Deal joint committee.</p>
<p><b>Collation of Declarations of Interest and disclosure of related party transactions</b></p>	<p>In order to support the related party transactions disclosed in the 2019-20 financial statements, we reviewed all declarations of interests obtained from officer and members of the following committees:</p> <ul style="list-style-type: none"> <li>• Joint Committee</li> <li>• Programme Board</li> <li>• Economic Strategy Board</li> </ul> <p>This review identified a number of declarations which had not been updated during 2019-20. We are of the opinion that this process would be more robust if members of all the above committees</p>	<p>Requesting annual updates from all members of the relevant committees relating to their declaration of interests would be an improvement to the governance internal controls</p>

were required to provide an annual declaration even if this was a nil return.

DRAFT



# Appendix 1

## Final letter of representation

[Audited body's letterhead]

Auditor General for Wales  
Wales Audit Office  
24 Cathedral Road  
Cardiff  
CF11 9LJ

[Date]

### Representations regarding the 2019-20 financial statements

This letter is provided in connection with your audit of the financial statements of Swansea Bay City Deal joint committee for the year ended 31 March 2020 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

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

### Management representations

#### Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom UK 2019-20; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

### Information provided

We have provided you with:

- Full access to:
  - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;

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

## Financial statement representations

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

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

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

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

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

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

## Representations by those charged with governance

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Committee on 10 September 2020.

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

Signed by:

Section 151 officer

Date:

Signed by:

Chair of the Committee

Date:

DRAFT

# Appendix 2

## 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](http://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  
[Date]

24 Cathedral Road  
Cardiff  
CF11 9LJ

# Appendix 3

## Summary of Corrections Made

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

### Exhibit 3: summary of corrections made

Nature of correction	Reason for correction
<p><b>Cashflow Account</b> The bottom-line cash movement per the statement was correct. However, the statement was not prepared in line with the CIPFA code and figures within the statement required amendment.</p>	<p>The Cashflow Account was not prepared in line with CIPFA code requirements.</p>
<p><b>Additional disclosures</b> The initial draft statements did not include disclosures regarding:</p> <ul style="list-style-type: none"><li>• Post Balance Sheet Events</li><li>• Critical Judgements in applying accounting policies</li></ul>	<p>To ensure compliance with the CIPFA code</p>
<p>Some minor narrative revisions and disclosure amendments. We have not listed these items as the amounts involved have been classified as trivial.</p>	<p>To improve clarity of the financial statements</p>

Audit Wales  
24 Cathedral Road  
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

E-mail: [info@audit.wales](mailto:info@audit.wales)

Website: [www.audit.wales](http://www.audit.wales)

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



# Agenda Item 8



Swansea Bay City Region Joint Committee – 10 September 2020

## Swansea Bay City Region Joint Committee Statement of Accounts 2019/20

<b>Purpose:</b>	To seek Joint Committee's approval for the SBCD Programme's Annual Statement of Accounts for the 2019/2020 financial year.
<b>Policy Framework:</b>	Swansea Bay City Deal (SBCD) Joint Committee Agreement (JCA)
<b>Recommendation(s):</b>	It is recommended that Joint Committee:  1) Approves the 2019/2020 post-audited SBCD Statement of Accounts to comply with the Accounts and Audit (Wales) Regulations 2014, as amended in 2018
<b>Report Author:</b>	Chris Moore, SBCD S151 Officer
<b>Finance Officer:</b>	Chris Moore, SBCD S151 Officer
<b>Legal Officer:</b>	Tracey Meredith, SBCD Monitoring Officer

### 1. Introduction

- 1.1 Carmarthenshire County Council as the Accountable Body is responsible for the financial stewardship of the Swansea Bay City Deal. Accounts in respect of the Swansea Bay City Deal were not required in previous years and were presented through an annual return. This is the first year the Swansea Bay City Deal Joint Committee has had to compile a Statement of Accounts in line with the Accounts and Audit (Wales) Regulations 2014, as amended in 2018. The Statement of Accounts was reviewed by Audit Wales, with the audit letter included within the Statement of Accounts. The Statement of Accounts are attached at Appendix A.

### 2. Statement of Accounts 2019/20

- 2.1 The Statement of Accounts present full financial statements for the financial year 2019/2020, as required by legislation. This is the first year the Swansea Bay City Deal has presented financial statements, with previous years presented through the use of an annual return due to the minimal expenditure incurred.

- 2.2 To the period which ended on 31<sup>st</sup> March 2020, the expenditure incurred totalled £270k, with income contributions from partners and a one-off assurance grant both totalling £410k. This resulted in a balance of £140k being transferred to the City Deal reserve, which now demonstrates £273k in total. There was no drawdown of top slice of government grant during the year.
- 2.3 Further income received by the Joint Committee included the first instalment of Welsh and UK Government City Deal Grant of £18m and generated interest of £32k on cash programme cash surpluses. No grant was dispersed to the projects because of the delay in the approval of funding agreements due to the Covid-19 crisis.
- 2.4 Accrued interest will be dispersed to projects on an annual basis apportioned on the basis of the City Deal grant award. This was approved at Joint Committee on July 10, 2020.
- 2.5 Debtor and creditor amounts represent contributions outstanding from partners and funders, and the amount owing to Carmarthenshire County Council as the Accountable Body.

### **3. Financial Implications**

- 3.1 The total annual expenditure of the Joint Committee was £270k, with income through partner contributions exceeding this. This resulted in £140k being transferred to a City Deal ring-fenced reserve. The current reserves reside at £273k for the Joint Committee, and £18m for the portfolio investment fund.
- 3.2 City Deal grant totalling £18m and generated interest of £32k was accounted for within the year. No grant was dispersed to projects due to the delay caused by the Covid-19 crisis in approval of funding agreements.

### **4. Legal Implications**

- 4.1 The Joint Committee is required to approve a full set of accounts which comply with legislation.

### **5. Alignment to the Well-being of Future Generations (Wales) Act 2015**

- 5.1 The Swansea Bay City Deal programme and its constituent projects are closely aligned to the Well-being of Future Generations (Wales) Act 2015 and the seven well-being goals for Wales. These alignments are outlined in a Portfolio Business Case for the SBCD, as well as in individual project business cases.

**Background Papers:** None

#### **Appendices:**

Appendix A: Swansea Bay City Deal Joint Committee - Statement of Accounts 2019/2020



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.



# Contents

Chair's Statement	4
Narrative Report	5
Organisation Overview and External Environment	10
Summary of Financial Performance	16
Annual Review	20
Statement of Responsibilities	23
Certificate of the Chief Finance Officer	24
Audit Report – Wales Audit	25
Accounting Policies	28
Financial Statements	33
Comprehensive Income and Expenditure Statement (CIES)	34
Movement in Reserves Statement	35
Balance Sheet	36
Cashflow Statement	37
Notes to the Accounts	38
Annual Governance Statement	47
Glossary of Terms	71



Chris Moore FCCA

**Swansea Bay City Deal Section 151 Officer**

Carmarthenshire County Council

Carmarthen

SA1 1JB

## 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.

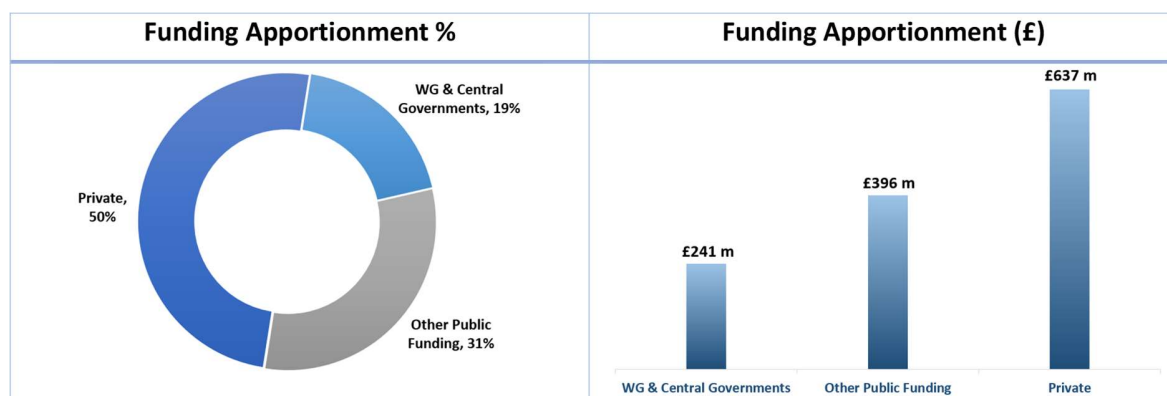


### Swansea Bay City Region Deal Investment

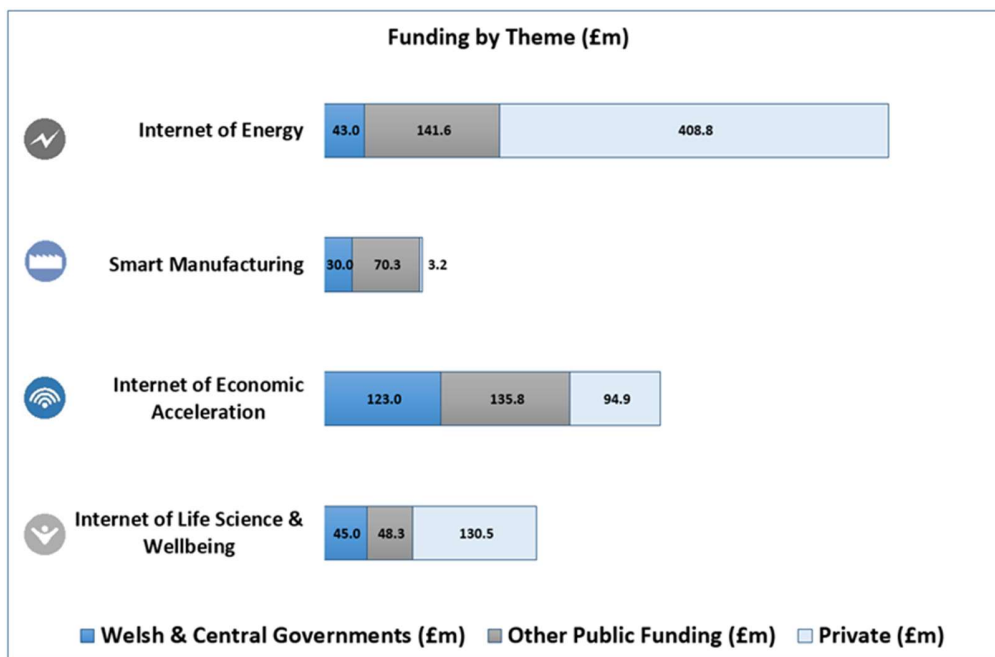
The City Deal program is fabricated through three forms of funding components, constituting in £1.3 billion of investment within the South Wales region.

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;

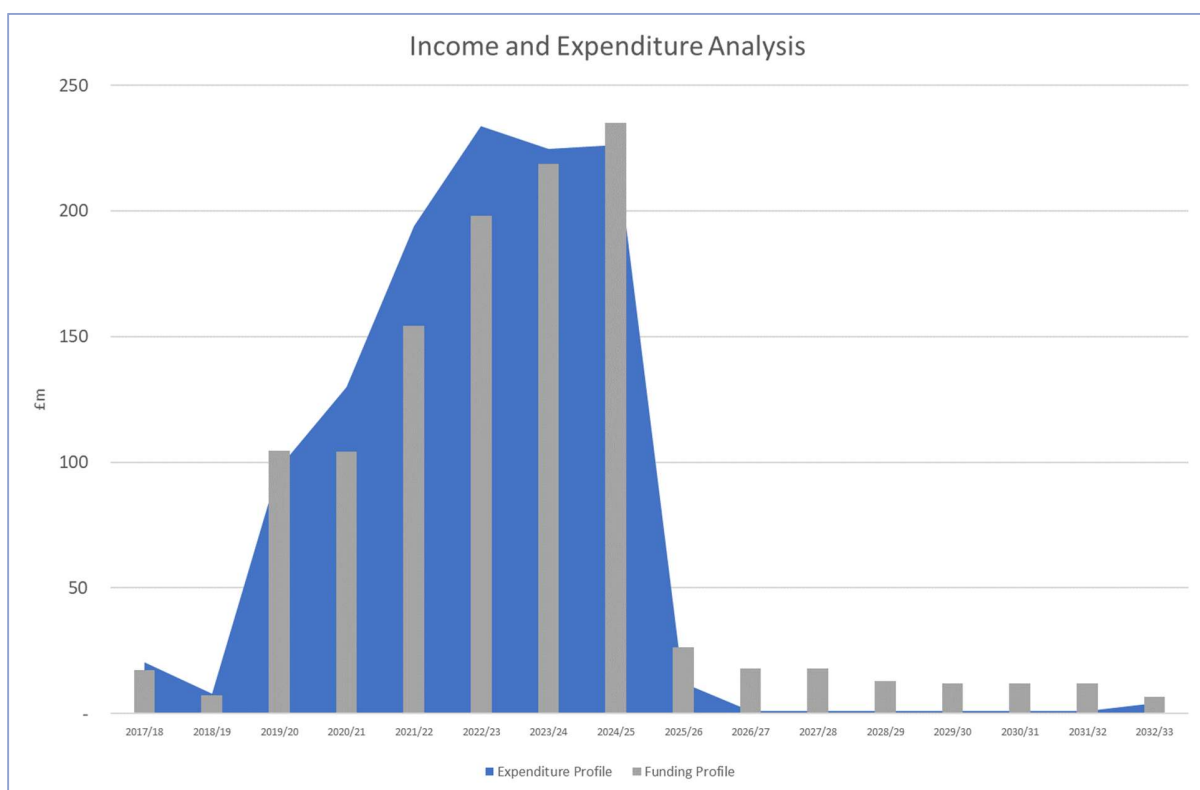


### Swansea Bay City Region Deal Grant Funding Profile

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 &amp; Central Government Funding (£)</u>	<u>Other Public Funding (£)</u>	<u>Private Funding (£)</u>	<u>Total (£)</u>
<b>City and County of Swansea</b>				
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
<b>Sub Total</b>	<b>65.00</b>	<b>114.30</b>	<b>33.90</b>	<b>213.20</b>
<b>Neath Port Talbot County Borough Council</b>				
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
<b>Sub Total</b>	<b>53.00</b>	<b>75.80</b>	<b>30.20</b>	<b>159.00</b>
<b>Carmarthenshire County Council</b>				
Yr Egin	5.00	16.30	3.00	24.30
Life Science and Well being Village	40.00	32.00	127.50	199.50
<b>Sub Total</b>	<b>45.00</b>	<b>48.30</b>	<b>130.50</b>	<b>223.80</b>
<b>Pembrokeshire County Council</b>				
Pembroke Dock Marine	28.00	22.40	25.90	76.30
<b>Sub Total</b>	<b>28.00</b>	<b>22.40</b>	<b>25.90</b>	<b>76.30</b>
<b>Regional Projects</b>				
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
<b>Sub Total</b>	<b>50.00</b>	<b>135.20</b>	<b>416.90</b>	<b>602.10</b>
<b>TOTAL</b>	<b>241.00</b>	<b>396.00</b>	<b>637.40</b>	<b>1,274.40</b>

\*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

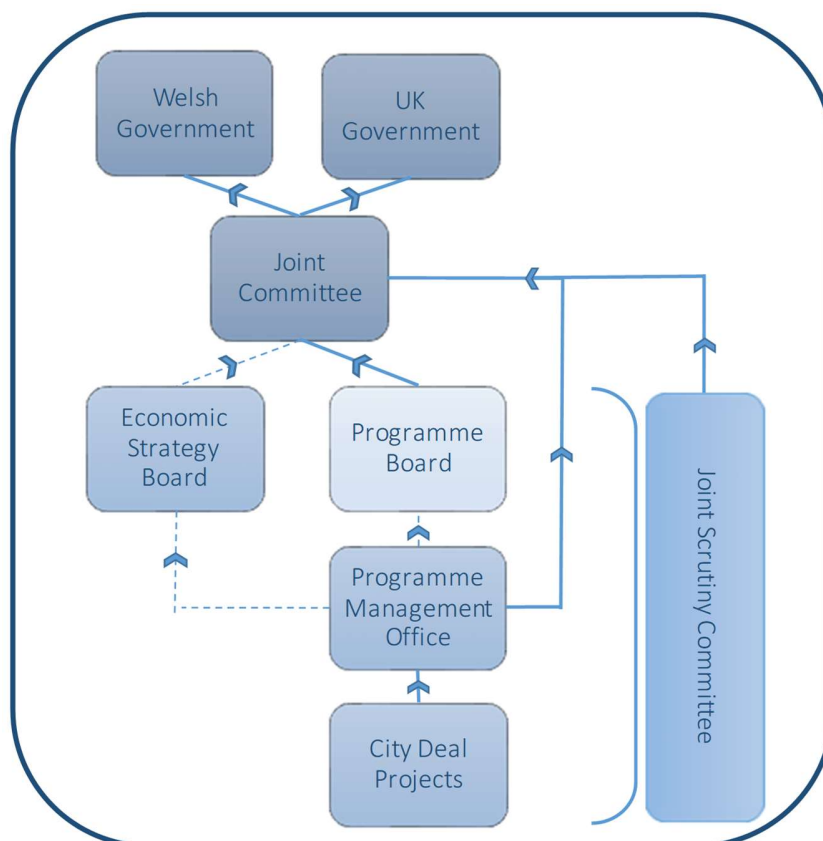
**Programme Management Office** – Dr Jonathan Burnes, Programme Director

**Senior Responsible Owner** – Wendy Walters, Chief Executive of Carmarthenshire County Council (appointed 11<sup>th</sup> 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.

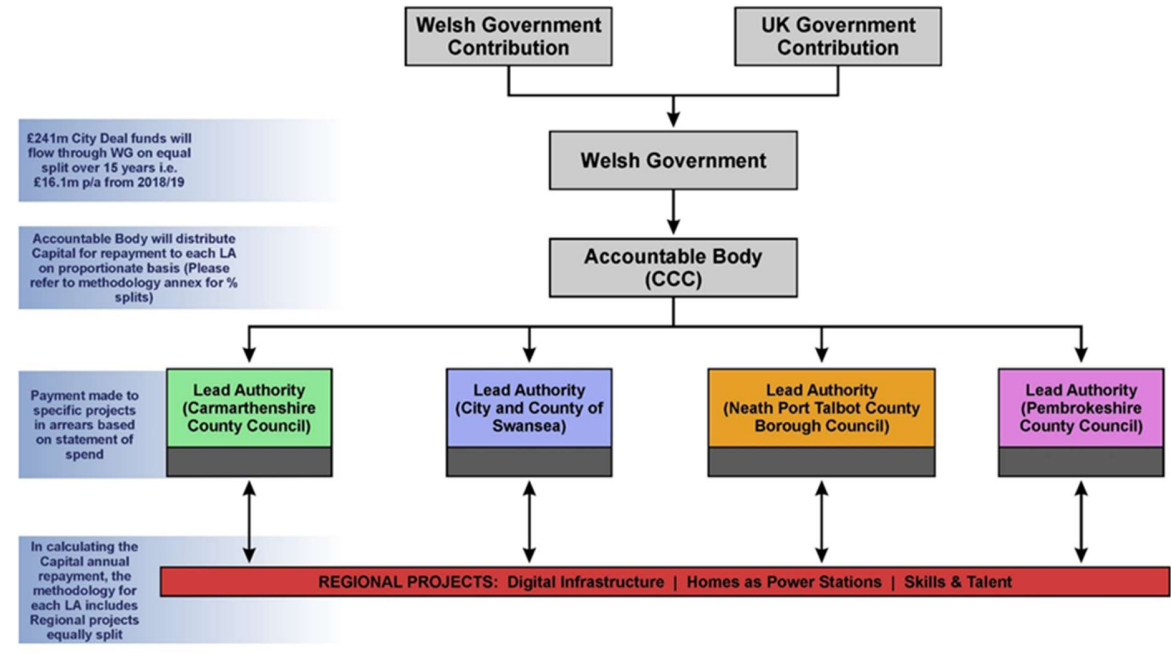
On completion of the final draft business case and following approval from the respective Regional/Project Authority Lead(s), full business cases for each of the City Deal projects will undergo assessment by the Programme Management Office before being considered by the respective City Deal governance 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.



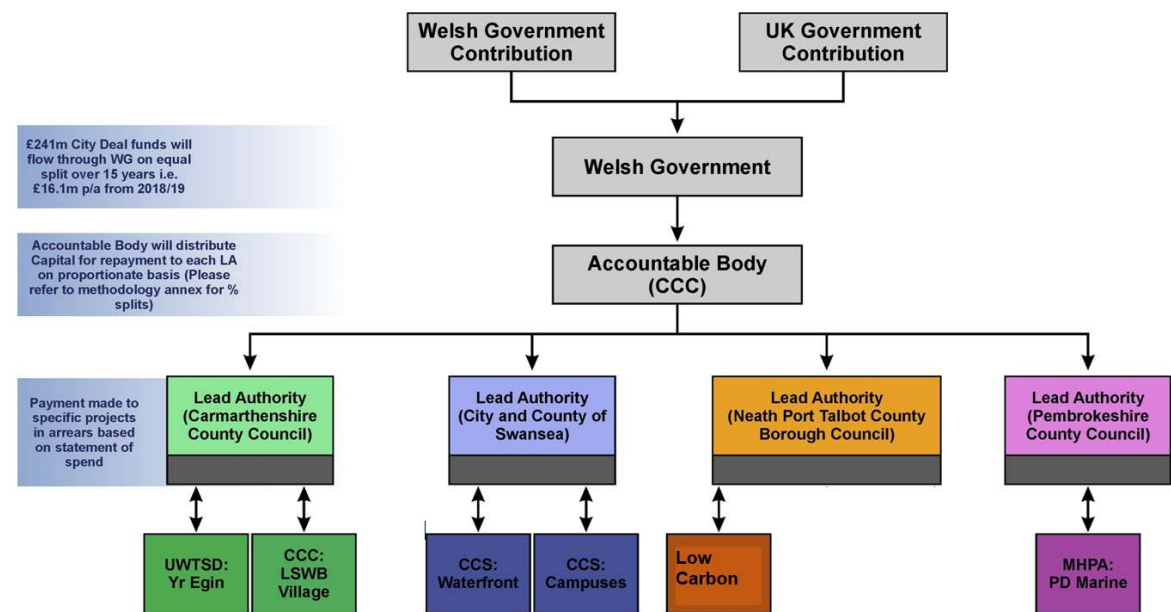
## City Deal Flow of Finances

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 - 1<sup>st</sup> September 2018 to 31<sup>st</sup> 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
<b>317,389</b>	<b>Total Expenditure</b>	<b>856,333</b>	<b>270,067</b>	<b>(586,266)</b>
	<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)
<b>(287,908)</b>	<b>Total Income</b>	<b>(1,123,000)</b>	<b>(410,400)</b>	<b>712,600</b>
<b>29,481</b>	<b>Net Annual Total - (Surplus)/Deficit</b>	<b>(266,667)</b>	<b>(140,333)</b>	<b>126,334</b>

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
<b>0</b>	<b>Total Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<u>Income</u>			
0	Government Grant Income	0	(18,000,000)	(18,000,000)
0	Investment Income	0	(32,464)	(32,464)
<b>0</b>	<b>Total Income</b>	<b>0</b>	<b>(18,032,464)</b>	<b>(18,032,464)</b>
	<b>0 Net Annual Total - (Surplus)/Deficit</b>	<b>0</b>	<b>(18,032,464)</b>	<b>(18,032,464)</b>

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
<b>99,871</b>	<b>Total Reserves</b>	<b>18,272,668</b>

## 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: **10<sup>th</sup> 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: **04<sup>th</sup> 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](http://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

# A

# 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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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>
	<b><u>Cost of Service</u></b>		
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
<b>317,389</b>	<b>Total Operating Expenditure</b>	<b>270,067</b>	
	<b><u>Income</u></b>		
(233,333)	Partner Contributions	(400,000)	6
0	Top Slice' of Government Grants	0	6
(54,575)	Other: Government Grant	(10,400)	6
<b>(287,908)</b>	<b>Total Operating Income</b>	<b>(410,400)</b>	
<b>29,481</b>	<b>Net Cost of Service - (Surplus) / Deficit</b>	<b>(140,333)</b>	
	<b><u>Financing and Investment Activities</u></b>		
0	Investment Interest Income	(32,464)	15
<b>0</b>	<b>Net Financing and Investment Activities</b>	<b>(32,464)</b>	
	<b><u>Taxation and Non-Specific Grant Income</u></b>		
0	Capital Grants and Contributions	(18,000,000)	16
<b>0</b>	<b>Net Taxation and Non-Specific Grant Income</b>	<b>(18,000,000)</b>	
<b>29,481</b>	<b>Total (Surplus) / Deficit on Service Provision</b>	<b>(18,172,797)</b>	
	<b><u>Other Comprehensive Income and Expenditure</u></b>		
0	Other Income and Expenditure	0	
<b>0</b>	<b>Net Other Comprehensive Income and Expenditure</b>	<b>0</b>	
<b>29,481</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>(18,172,797)</b>	

# Movement in Reserves Statement

The below statement demonstrates the Swansea Bay City Deal reserve position as at 31<sup>st</sup> 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 (£)
<b>Balance Brought Forward (as at 1<sup>st</sup> September 2018 - 7 Months)</b>	<b>129,352</b>	<b>0</b>	<b>129,352</b>	<b>0</b>	<b>129,352</b>
<b><u>Movements in Reserve during Financial year 2018/19 (7 Months; Sept 2018 to March 2019);</u></b>					
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
<b>Total In-Year Reserve Movement</b>	<b>(29,481)</b>	<b>0</b>	<b>(29,481)</b>	<b>0</b>	<b>(29,481)</b>
<b>Balance Carried Forward (as at 31<sup>st</sup> March 2019)</b>	<b>99,871</b>	<b>0</b>	<b>99,871</b>	<b>0</b>	<b>99,871</b>
<b><u>Movements in Reserve during Financial year 2019/20;</u></b>					
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
<b>Total In-Year Reserve Movement</b>	<b>18,172,797</b>	<b>0</b>	<b>18,172,797</b>	<b>0</b>	<b>18,172,797</b>
<b>Balance Carried Forward (as at 31<sup>st</sup> March 2020)</b>	<b>18,272,668</b>	<b>0</b>	<b>18,272,668</b>	<b>0</b>	<b>18,272,668</b>

# Balance Sheet

The below statement demonstrates the assets held and the committed obligations and liabilities of the Joint Committee, together with its current reserve balance., as at the 31<sup>st</sup> March 2020.

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

# 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
<b>129,352</b>	<b>Net Cashflows from operating activities</b>	<b>(215,278)</b>	
(129,352)	Investing Activities	(18,000,000)	17
0	Financing Activities	0	17
<b>0</b>	<b>Net increase) / Decrease in cash and cash equivalents</b>	<b>(18,215,278)</b>	
0	Cash and cash equivalents at the beginning of the reporting period	0	
<b>0</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>(18,215,278)</b>	

# 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
<b>55,710</b>	<b>Total Employee and Related Expenditure</b>	<b>155,952</b>

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

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

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

### Employee Voluntary Remuneration Disclosures

Under the Accounts and Audit (Wales) Regulations 2014 it is a requirement to disclose the number of employees in receipt of remuneration exceeding £60,000 per annum. Further disclosure is required under the afore mentioned regulation in respect of senior officers employed within the 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
<b>9,315</b>	<b>Total Premises Related Expenditure</b>	<b>21,464</b>

### 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
<b>1,146</b>	<b>Total Transport Related Expenditure</b>	<b>2,231</b>

#### 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
<b>84,050</b>	<b>Total Supplies and Services</b>	<b>30,090</b>

#### 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
<b>167,168</b>	<b>Total Support Services</b>	<b>60,330</b>

## 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)
<b>(287,908)</b>	<b>Total Income</b>	<b>(410,400)</b>

### Partnership Income

Within the Joint Committee Agreement there is acknowledgment that all partners will contribute £50,000 per annum to support the central and administrative functions of the 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)
<b>Total Balance of Related Parties</b>	<b>(792,864)</b>	<b>280,467</b>	<b>(512,397)</b>	<b>(18,000,000)</b>	<b>0</b>	<b>(18,000,000)</b>	<b>(18,512,397)</b>

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)
<b>Total Balance of Related Parties</b>	<b>(233,333)</b>	<b>438</b>	<b>(232,895)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(232,895)</b>

### Balance Sheet Disclosures

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

*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)
<b>13,000</b>	<b>Net Cost of Service - (Surplus) / Deficit</b>	<b>(172,797)</b>
275,000	Assets	18,300,678
(175,000)	Liabilities	(28,010)
<b>100,000</b>	<b>Total Net Assets</b>	<b>18,272,668</b>
<b>100,000</b>	<b>Total Reserves</b>	<b>18,272,668</b>

8. External Audit Fees

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

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

9. Debtors

The total outstanding debtor balances as at 31<sup>st</sup> 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
<b>275,000</b>	<b>Total Debtor Balance</b>	<b>85,400</b>

## 10. Cash and Cash Equivalents

The Joint Committee itself does not operate or control its own individual bank account to facilitate the delivery of the 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
<b>0</b>	<b>Total Cash and Cash Equivalents</b>	<b>18,215,278</b>

## 11. Financial Instruments

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

It is recognised that throughout the lifecycle of the City Deal 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
<b>0</b>	<b>Total Financial Instruments</b>	<b>18,215,278</b>

## 12. Creditors

The total outstanding debtor balances as at 31<sup>st</sup> 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
<b>175,129</b>	<b>Total Creditors Balance</b>	<b>28,010</b>

## 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
<b>99,871</b>	<b>Total Usable Reserves</b>	<b>272,668</b>

## 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
<b>0</b>	<b>Total Capital Grants Unapplied</b>	<b>18,000,000</b>

## 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)
<b>0</b>	<b>Total Investment Interest Income</b>	<b>(32,464)</b>

## 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)
<b>0</b>	<b>Total Government Grant Income</b>	<b>(18,000,000)</b>

## 17. Notes in Respect of the Cashflow Statement

### Operating Activities

This statement outlines the cash generated through the activities of the Joint Committee, including the 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
<b>99,871</b>	<b>Net Cashflow from Operating Activities</b>	<b>17,957,519</b>

### Investing Activities

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

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

### 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
<b>0</b>	<b>Net Cashflow from Financing Activities</b>	<b>0</b>

## 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.

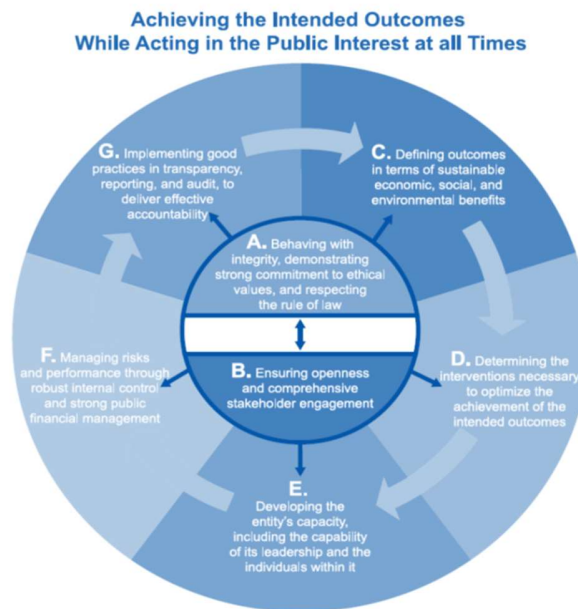
## The Governance Framework

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.*

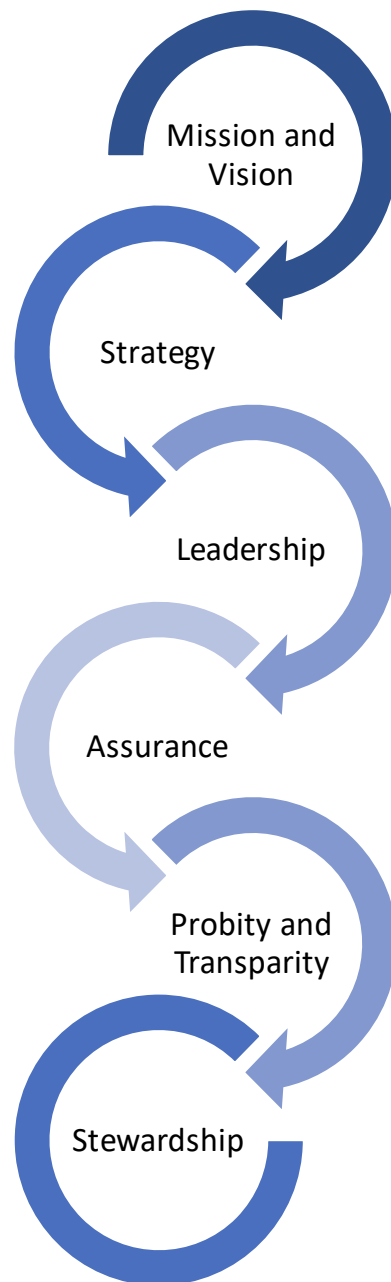
## Managing risks, performance and finance

- 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

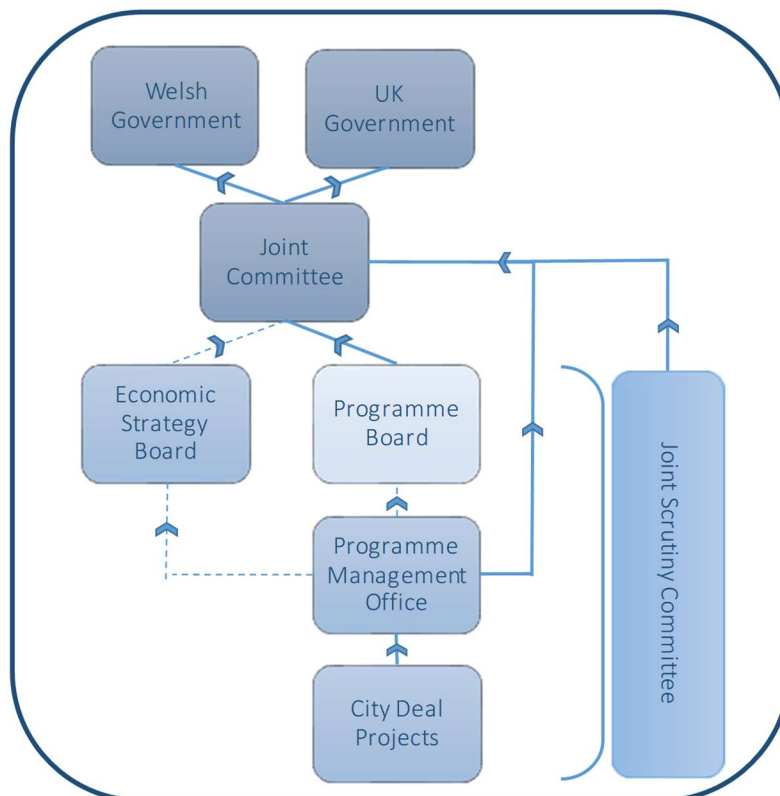
**Programme Management Office** – Dr Jonathan Burnes, Programme Director

**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 29<sup>th</sup> August 2018 when each of the four Local Authorities signed the Joint Committee Agreement, the legal document which sets out how the Councils will work together.

The head of paid service, monitoring officer and section 151 officer of each of the Councils shall be entitled to attend meetings of the Joint Committee as an adviser and shall not have a vote.

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



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

- Identifying and implementing appropriate governance structures for the implementation of any projects within the Swansea Bay City Deal 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 29<sup>th</sup> August 2018. Members are expected to adhere to the conditions of membership as outlined in schedule 13 of the Joint Committee Agreement.

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

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.

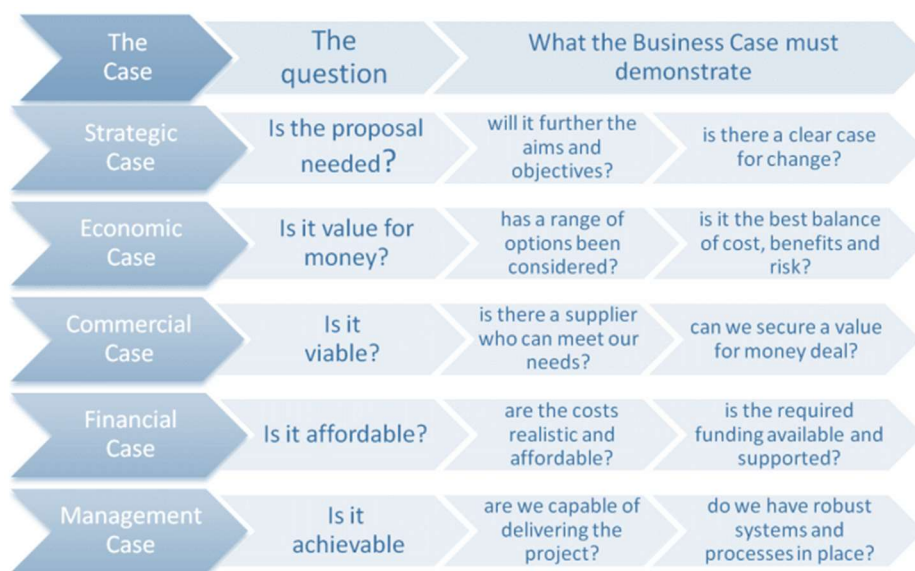
To support this process the Programme SRO and Joint Committee will ensure the delivery an Integrated Assurance and Approval Plan (IAAP), a Monitoring and Evaluation Plan and a Programme plan. The Regional Programme Management Office will provide visibility to the SRO and Joint Committee of the collaborative 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: 04<sup>th</sup> 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: 04<sup>th</sup> 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.



**Programme Management Office**

The Beacon  
Enterprise Park  
Llanelli  
Carmarthenshire  
SA14 8LQ

✉ [Citydeal@Carmarthenshire.gov.uk](mailto:Citydeal@Carmarthenshire.gov.uk)  
☎ 01267 242362

**Accountable Body**

County Hall  
Jail Hill  
Carmarthen  
Carmarthenshire  
SA31 1JP

✉ [riarnold@Carmarthenshire.gov.uk](mailto:riarnold@Carmarthenshire.gov.uk)  
☎ 01267 242463



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

# Agenda Item 9



Swansea Bay City Region Joint Committee – 10 September 2020

## Letter of Representation to Audit Wales

<b>Purpose:</b>	To receive Joint Committee's formal acknowledgement of the SBCD Section 151 Officer's Letter of Representation to Audit Wales
<b>Policy Framework:</b>	Swansea Bay City Deal (SBCD) Joint Committee Agreement (JCA)
<b>Recommendation(s):</b>	It is recommended that Joint Committee:  1) Acknowledge the Letter of Representation from the SBCD Section 151 Officer and the Chair of Joint Committee to Audit Wales
<b>Report Author:</b>	Chris Moore (SBCD S151 Officer)
<b>Finance Officer:</b>	Chris Moore (SBCD S151 Officer)
<b>Legal Officer:</b>	Tracey Meredith (SBCD Monitoring Officer)

### 1. Introduction

1.1 A Letter of Representation from the SBCD Programme's Section 151 Officer to Audit Wales is a requirement under the current auditing standards.

### 2. Letter of Representation

2.1 In line with the Statement of Auditing Standards (SAS440 – Management Representations), Audit Wales require a Letter of Representation on an annual basis from the SBCD Programme's Section 151 Officer.

2.2 Audit Wales require that the Joint Committee responsible for approving the Statement of Accounts under regulation 8 of the Accounts and Audit Regulations formally acknowledge this response. The Letter of Representation is attached at Appendix A.

### 3. Financial Implications

3.1 There are no financial implications within this report.

### 4. Legal Implications

4.1 There are no legal implications associated with this report.

## **5. Alignment to the Well-being of Future Generations (Wales) Act 2015**

- 5.1 The SBCD Programme and its constituent projects are closely aligned to the Well-being of Future Generations (Wales) Act 2015 and the seven well-being goals for Wales. These alignments are outlined in a Portfolio Business Case for the SBCD, as well as in individual project business cases.

**Background Papers:** None

**Appendices:**

Appendix A: Letter of Representation to Audit Wales

## Appendix A

Eich cyf / Your ref:

Gofynner am / Please ask for:

Fy nghyf / My ref:

Llinell Uniongyrchol / Direct Line:

Dyddiad / Date: 10<sup>th</sup> September, 2020

E-bost / E-mail: C.Moore@carmarthenshire.gov.uk

## Final Letter of Representation

Auditor General for Wales  
Wales Audit Office  
24 Cathedral Road  
Cardiff  
CF11 9LJ

### Representations regarding the 2019-20 financial statements

This letter is provided in connection with your audit of the financial statements of the Swansea Bay City Deal Joint Committee for the year ended 31 March 2020 for the purpose of expressing an opinion on their truth, fairness and proper preparation.

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

### Management representations

#### Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom UK 2019-20; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

#### Chris Moore FCCA

Cyfarwyddwr y Gwasanaethau Corfforaethol,  
Neuadd y Sir, Caerfyrddin, Sir Gaerfyrddin SA31 1JP

Director of Corporate Services,  
County Hall, Carmarthen Carmarthenshire SA31 1JP



Mae croeso i chi gysylltu â mi yn y Gymraeg neu'r Saesneg

You are welcome to contact me in Welsh or English

## Information provided

We have provided you with:

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

## Financial statement representations

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

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed. All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

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

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

## **Representations by those charged with governance**

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Joint Committee on 10 September, 2020.

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

Signed by:  
Section 151 officer  
Date: 10<sup>th</sup> September 2020

Signed by:  
Chair of the Committee  
Date: 10<sup>th</sup> September 2020



# Agenda Item 10



Swansea Bay City Region Joint Committee – 10 September 2020

## Financial Monitoring Report 2020/21 – Swansea Bay City Deal Outturn Position

<b>Purpose:</b>	To inform the Joint Committee of the year end forecast outturn position in respect of the Portfolio Management Office (PMO), Accountable Body, Joint Committee and Joint Scrutiny Committee administration functions
<b>Policy Framework:</b>	Swansea Bay City Deal
<b>Consultation:</b>	Accountable Body
<b>Recommendation(s):</b>	It is recommended that:  1) The Joint Committee reviews the annual accounts of the Swansea Bay City Deal
<b>Report Author:</b>	Chris Moore
<b>Finance Officer:</b>	Chris Moore (SBCD S151 Officer)
<b>Legal Officer:</b>	Tracey Meredith (SBCD Monitoring Officer)

### 1. Introduction

- 1.1 This report details the projected forecast outturn position of the Joint Committee and Accountable Body, Joint Scrutiny Committee and Portfolio Management Office functions of the City Deal Programme.
- 1.2 The Financial Monitoring Report presents the City Deal Accounts in a detailed format, in line with Carmarthenshire County Council's financial management system. The outturn position demonstrates the forecasted current financial year end position, as at July 2020.

## **2. Financial Monitoring Report – Income and Expenditure**

### **2.1. Supplementary Information**

The outturn position includes 'Top Slice' of Government grants in terms of income. On receipt of Government grants, 1.5% (£723k) of this will be utilised to support the PMO and the direct administration functions of the Programme. Any contribution from Government grants unutilised within the financial year will be transferred to a ring-fenced reserve at year end, for utilisation in future years.

### **2.2. Joint Committee and Accountable Body**

The Joint Committee and Accountable Body expenditure forecast is estimated at £161k. This is in respect of democratic services support and support of the programme monitoring officer and legal fees incurred in the formalisation of funding agreements. Internal audit expenditure is also forecast, although this service has not been provided as yet, with a review anticipated in January 2021. The Accountable Body expenditure is attributable to service provision by the Portfolio Section 151 Officer to the Swansea Bay City Deal and the annual external audit review by Audit Wales.

### **2.3 Joint Scrutiny Committee**

The Joint Scrutiny Committee expenditure consists of democratic services and related costs, provided by Neath Port Talbot County Borough Council. This is estimated at £28k.

### **2.4 Portfolio Management Office**

To the period which ended 31<sup>st</sup> March 2021, the expenditure forecast position is £469k. At present the PMO is not fully staffed. Only four positions are currently in place, with a further four positions being recruited (as agreed by Joint Committee on 11<sup>th</sup> June 2020) in due course. These positions have been forecast with an assumed start date of 1<sup>st</sup> October 2020. During the transition and recruitment period a small amount of service support by Carmarthenshire County Council has been included.

A minimal amount of expenditure has been incurred with anticipated training expenses of £7k, fees in respect of consultant support for business case development of £10.5k and expected marketing costs being incurred towards the latter end of the financial year of £10k.

A small amount of expenditure has been incurred in relation to evaluation and assurance in respect of Gateway reviews, which has been funded through an extended grant by Welsh Government.

### **2.5 Provision for Unwinding**

This is an annual provision for the unwinding of the PMO toward the end of its five-year operational requirement.

## **2.6 Income**

Total income for the year demonstrates £1.338m. This consists of grant to support Gateway reviews (£14k), partner contributions (£50k per partner) of £400k and drawdown of 'Top Slice' of £723k.

## **3 Financial Monitoring - Statement of Balances**

3.1 The prior year (2018/19) balance carried forward in reserve demonstrates £240k. Currently the estimated year end position of the City Deal accounts resides at a surplus of £460k. This results in an anticipated reserve of £700k at year end.

## **4 Financial Implications**


4.1 The forecasted year end out-turn position (as at July 2020) demonstrates a surplus of £460k, which will be transferred to the Swansea Bay City Deal ring-fenced reserve at the year end. Expenditure is forecasted at £678k, which is offset by income through partner contributions of £400k, grant funding of £14k (for Gateway reviews) and the 'top slice' of Government grants.

## **5. Legal Implications**

5.1 There are no legal implications associated with this report.

## **Appendices:**

Appendix A: Swansea Bay City Deal Financial Monitoring Report 2020/2021

		<b>Joint Committee - Financial Monitoring Report</b> <b>Financial Year 2020/21</b> <i>as at July 2020</i>		
Description	Actuals 2019/20 (£)	Revised Budget 2020/21	Forecast Outturn 2020/21	Variance
<b>Joint Committee and Accountable Body</b>				
Room Hire	-	1,800	1,800	-
Subsistence & Meeting Expenses	150	3,360	3,360	-
Travel	-	-	-	-
Democratic, Scrutiny and Legal Support Costs	-	25,200	25,200	-
Monitoring Officer	-	34,705	34,705	-
Democratic Services	-	-	-	-
Legal Advisory Fees	3,173	25,000	1,700	23,300
Internal Audit Support	-	20,000	20,000	-
Staff Recruitment Expenses	147	-	-	-
External Audit Fees	8,809	25,000	20,000	5,000
Section 151 Officer	-	54,244	54,244	-
<b>Joint Committee and Accountable Body Total</b>	<b>12,278</b>	<b>189,309</b>	<b>161,009</b>	<b>28,300</b>
<b>Joint Scrutiny Committee</b>				
Room Hire	-	-	-	-
Subsistence & Meeting Expenses	-	6,740	6,740	-
Travel	-	1,200	1,200	-
Democratic, Scrutiny and Legal Support Costs	-	20,105	20,105	-
<b>Joint Scrutiny Committee Total</b>	<b>-</b>	<b>28,045</b>	<b>28,045</b>	<b>-</b>
<b>Programme Management Office</b>				
Salary (Inc. On-costs)	152,701	379,596	374,431	5,165
Recharges - Employee costs Grant (direct)	60,284	-	20,000	20,000
Staff Recruitment Expenses	3,105	-	-	-
Training of Staff	-	25,500	7,000	18,500
Response Maintenance	-	-	500	500
Rents (The Beacon)	14,889	15,336	15,914	578
Rates (The Beacon)	6,575	6,772	6,688	84
Public Transport - Staff	-	2,000	300	1,700
Staff Travelling Expenses	2,231	16,000	2,000	14,000
Admin, Office & Operational Consumables	-	2,500	-	2,500
Furniture	-	12,000	-	12,000
Fees	-	25,000	10,500	14,500
ICTs & Computer Hardware	-	10,000	4,000	6,000
Subsistence & Meetings Expenses	416	8,000	1,000	7,000
Conferences, Marketing & Advertising	7,143	50,000	10,310	39,690
Projects & Activities Expenditure	-	14,000	-	14,000
Translation/Interpret Services	-	10,000	1,500	8,500
Printing & Copying	-	4,500	500	4,000
Photocopying Recharge	46	-	-	-
Fees - Evaluation and Assurance	10,400	-	14,850	14,850
<b>Programme Management Office Total</b>	<b>257,789</b>	<b>581,204</b>	<b>469,493</b>	<b>111,711</b>
<b>Provision for Unwinding of PMO</b>				
Redundancies	-	19,684	19,684	-
<b>Provision for Unwinding Total</b>	<b>-</b>	<b>19,684</b>	<b>19,684</b>	<b>-</b>
<b>Total Expenditure</b>	<b>270,067</b>	<b>818,242</b>	<b>678,231</b>	<b>140,011</b>
<b>Funding Contributions</b>				
Welsh Government - Revenue Grant	(10,400)	0	(14,850)	
SBCD Grant Revenue Contribution	0	(723,000)	(723,000)	-
Partner Contributions	(400,000)	(400,000)	(400,000)	-
<b>Total Income</b>	<b>(410,400)</b>	<b>(1,123,000)</b>	<b>(1,137,850)</b>	<b>-</b>
<b>Provision of Service - Surplus / (Deficit)</b>	<b>(140,333)</b>	<b>(304,758)</b>	<b>(459,619)</b>	<b>140,011</b>
<b>Movement to Reserves</b>				
<b>Description</b>		<b>2019/20</b>	<b>2020/21</b>	
Balance Brought Forward from previous year		(99,871)	(240,204)	
Net Provision of Service - Surplus / (Deficit)		(140,333)	(459,619)	
<b>Balance Carry Forward</b>		<b>(240,204)</b>	<b>(699,823)</b>	

# Agenda Item 11



Swansea Bay City Region Joint Committee – 10 September 2020

## External Review into the Swansea Bay City Deal Programme

<b>Purpose:</b>	To inform Joint Committee of the SBCD peer review outcome and recommendations
<b>Policy Framework:</b>	Swansea Bay City Deal (SBCD) Joint Committee Agreement (JCA)
<b>Recommendation(s):</b>	It is recommended that Joint Committee:  (1) Approves the external peer review report and authorises the SBCD Portfolio Management Office to implement an action plan based on the six recommendations.
<b>Report Author:</b>	Jonathan Burnes, SBCD Programme Director
<b>Finance Officer:</b>	Chris Moore, SBCD S151 Officer
<b>Legal Officer:</b>	Tracey Meredith, SBCD Monitoring Officer

### 1. Introduction

- 1.1 The SBCD Programme Management Office (PMO) initiated an OGC Gateway™ review 0 to strategically assess the SBCD's approach and progress to provide further insight and assurance on the SBCD Programme.
- 1.2 The purpose of the external review was for independent practitioners from outside the Programme to use their experience and expertise to examine City Deal progress and the likelihood of the Programme's successful delivery.
- 1.3 The review was led by David Wilkin and three further review team members and was conducted over three days between July 15-17, 2020.
- 1.4 The review outcome was a Delivery Confidence Assessment (DCA) rating of Amber, which is expected at this stage of portfolio/programme maturity and delivery.

- 1.5 Six key recommendations resulted from the three-day review with 22 stakeholders, which are accompanied with details in a 22-page report. The six recommendations are to:
- i. Resolve the inertia introduced by Portfolio/Programme terminology and agree with UKG/WG the *purpose* of the business case to drive its rapid approval and set the framework for constituent Project Business Case approvals.
  - ii. Obtain written confirmation from UKG/WG of explicit description of the conditions required to trigger SBCD funding to flow and negate the need for any further reference other than normal reporting mechanisms.
  - iii. Evaluate the merit of differentiating the accountabilities for strategic oversight and delivery control, thus empowering the Programme Board to exercise its function with agility and in line with the delivery tempo of the programme.
  - iv. Obtain written confirmation from UKG/WG of the acceptance criteria for closing down the response to the external review of February 2019.
  - v. Reinforce the importance of a strong and well-resourced PMO to provide a solid engine room for the SBCD – the ‘information powerhouse’ that underpins momentum.
  - vi. Promote the merit of discovery funding within the Growth Deal approach for project feasibility and innovation work in order to accelerate viable projects and avoid protracted start-up of non-viable projects.
- 1.6 Reviews of this kind represent good programme management practice as they provide a valuable additional perspective to the issues facing the SBCD, along with an external challenge to the robustness of SBCD plans and procedures.
- 1.7 Progress has already been made on aspects of the recommendations and the PMO will be formally producing and reporting on an action plan associated with the key recommendations following approval by Programme Board and Joint Committee.
- 1.8 The next Gateway 0 (Strategic Assessment) is planned to take place in July 2021 and an interim ‘critical friend review’ will take place around January 2021.

## **2. Background**

- 2.1 The external review team carried out 22 online interviews over the first two days of the review, with their findings presented to the SBCD SRO (Senior Responsible Owner) and SBCD Programme Director on the third day of the review.
- 2.2 Representatives of all SBCD primary stakeholders were interviewed as part of the review, including representatives from the Economic Strategy Board, the Joint Scrutiny Committee, the UK Government and the Welsh Government.

- 2.3 The review process was very timely and well-received, reflecting the current position of the SBCD programme and what needs to be done to deliver all City Deal projects as quickly as possible for the benefit of regional residents and businesses.
- 2.4 Attached in Appendix A, the review report has given the SBCD programme an amber status, finding SBCD progress of recent months to be creditable – especially in the context of lockdown working conditions enforced by the Coronavirus emergency.
- 2.5 A number of recommendations form part of the report, which will position the SBCD programme even more positively for success upon their implementation.

### **3. Financial Implications**

- 3.1 Financial implications are documented within the attached reports. The external review highlighted the need for clarity associated with the release of funding from Welsh Government. Confirmation will be sought as to the conditions required to trigger the release of further funding.

### **4. Legal Implications**

- 4.1 There are no additional legal implications associated with this report.

### **5. Alignment to the Well-being of Future Generations (Wales) Act 2015**

- 5.1 The SBCD Programme and its constituent projects are closely aligned to the Well-being of Future Generations (Wales) Act 2015 and the seven well-being goals for Wales. These alignments are outlined in a Portfolio Business Case for the SBCD, as well as in individual project business cases.

**Background Papers:** None

**Appendices:** Appendix A – External peer review report (July 2020)



## **OGC Gateway™ Review 0: Strategic assessment**

	<b>Swansea Bay City Deal</b>
	<b>AH20/15</b>

<b>Version number:</b>	V1.0 FINAL
<b>Senior Responsible Owner (SRO):</b>	Wendy Walters
<b>Date of issue to SRO:</b>	[Insert date]
<b>Department/Organisation of the Programme</b>	Swansea Bay Region
<b>Review dates:</b>	15/07/2020 to 17/07/2020
<b>Review Team Leader:</b>	David Wilkin
<b>Review Team Members:</b>	Nigel Elias Gez Martin Julie Palmer
<b>Previous Review:</b>	N/A
<b>Security Classification:</b>	Official

**This assurance review was arranged and managed by:**

**Welsh Government Integrated Assurance Hub (IAH)**

**Cathays Park 2**

**Cathays**

**Cardiff**

**CF10 3NQ**



# 1.0 Delivery Confidence Assessment (DCA)

<b>Delivery Confidence Assessment:</b>	<b>Amber</b>
<p>The Review Team finds that the Swansea Bay City Deal has experienced significant inertia in securing UK and Welsh Government approval to proceed accompanied by the flow of funding.</p> <p>In order to unblock this impediment, the Review Team recommends that the SBCD needs to:</p> <ul style="list-style-type: none"> <li>• Clarify the purpose of its Business Case;</li> <li>• Clarify the triggers for release of funding; and</li> <li>• Clarify the acceptance criteria to close down the response to the 2019 external review.</li> </ul> <p>The progress made in recent months with the appointment of the SRO and Programme Director, together with the initial formation of the PMO has been creditable, especially in the context of Covid-19 lockdown working conditions.</p> <p>To position the SBCD in a stronger position moving forward, the Review Team believes that the SBCD should:</p> <ul style="list-style-type: none"> <li>• Separate Strategic Oversight from Delivery Control;</li> <li>• Reinforce the importance of the PMO; and • Promote the concept of Discovery Funding.</li> </ul> <p>The issues identified, if addressed promptly, should position SBCD positively for success, though the potential for deviation over the 15-year period is significant and will require ongoing strong, and proportionate, governance with matters being resolved at Project Board, Programme Board, Joint Committee or UKG/WG in line with agreed thresholds.</p>	

**The Delivery Confidence assessment RAG status should use the definitions below:**

<b>RAG</b>	<b>Criteria Description</b>
<b>Green</b>	Successful delivery of the programme to time, cost and quality appears highly likely and there are no major outstanding issues that at this stage appear to threaten delivery.
<b>Amber/Green</b>	Successful delivery appears probable. However, constant attention will be needed to ensure risks do not materialise into major issues threatening delivery.
<b>Amber</b>	Successful delivery appears feasible but significant issues already exist requiring management attention. These appear resolvable at this stage and, if addressed promptly, should not present a cost/schedule overrun.
<b>Amber/Red</b>	Successful delivery of the programme is in doubt with major risks or issues apparent in a number of key areas. Urgent action is needed to ensure these are addressed, and establish whether resolution is feasible.
<b>Red</b>	Successful delivery of the programme appears to be unachievable. There are major issues which, at this stage, do not appear to be manageable or resolvable. The programme may need re-baselining and/or overall viability re-assessed.

## 2.0 Summary of Report Recommendations

The Review Team makes the following recommendations which are prioritised using the definitions below:

Ref. No.	Recommendation	Urgency (C/E/R)	Target date for completion	Classification (Please enter the categorisation number from the list provided here)
1.	Resolve the inertia introduced by Portfolio/Programme terminology and agree with UKG/WG the <i>purpose</i> of the business case to drive its rapid approval and set the framework for constituent Project Business Case approvals.	C- Critical	End Aug 2020	1.3 Approvals
2.	Obtain written confirmation from UKG/WG of explicit description of the conditions required to trigger SBCD funding to flow and negate the need for any further reference other than normal reporting mechanisms.	C- Critical	End Aug 2020	1.3 Approvals
3.	Evaluate the merit of differentiating the accountabilities for strategic oversight and delivery control, thus empowering the Programme Board to exercise its function with agility and in line with the delivery tempo of the programme.	E- Essential	End Sept 2020	1.1 Governance Structures & Processes
4.	Obtain written confirmation from UKG/WG of the acceptance criteria for closing down the response to the external review of February 2019.	C- Critical	End Aug 2020	3.4 Quality Management
5.	Reinforce the importance of a strong and well-resourced PMO to provide a solid engine room for SBCD – the ‘information power house’ that underpins momentum.	R - Recommended	Ongoing	3.7 Methodology & Standards
6.	Promote the merit of discovery funding within the Growth Deal approach for project feasibility and innovation work in order to accelerate viable projects and avoid protracted start-up of non-viable projects.	R - Recommended	End Sept 2020	5 Financial Planning & Management

**Critical (Do Now)** – To increase the likelihood of a successful outcome it is of the greatest importance that the programme should take action immediately

**Essential (Do By)** – To increase the likelihood of a successful outcome the programme/ project should take action in the near future.

**Recommended** – The programme should benefit from the uptake of this recommendation.

### **3.0 Comments from the SRO**

The Stage gate review process was very timely, well received and the six recommendations are reflective of where we are now and what we need to do to ensure we can move forward and deliver the SBCD projects. The process has been quite a reflective one for many and useful in terms of setting the future direction. The emphasis given regionally and nationally on the importance of the SBCD and how the projects will aid with economic recovery during and post Covid-19 needs to translate into delivery. We have seen a noticeable improvement in WG support via Rhodri Griffiths' team and the Office of Project Delivery. Appreciating there have been frustrations around terminology and clarity on direction, relations have very much improved with WG over the last year or so and it is vital that this continues to improve. As SRO for the SBCD, I look forward to seeing the approval and draw down of funding later this year and the realisation of the vision for the region.

## **4.0 Background**

### **The aims of the programme:**

The draft Business Case (v1.1 June 2020) states that:

*The Swansea Bay City Region is made up of the four local authority areas of Carmarthenshire, Neath Port Talbot, Pembrokeshire and Swansea, with a combined population of more than 685,000 people.*

*The City Region – which covers the South West Wales area - was launched in July 2013, with support from the Welsh Government.*

*Its creation was based on evidence that shows City Regions of more than 500,000 people are in a better combined position than individual local authority areas to stimulate economic growth through attracting investment and generating high-value job opportunities.*

*The formal establishment of the Swansea Bay City Region built upon existing partnership working throughout South West Wales between regional local authorities, universities, health boards and other organisations.*

*The Swansea Bay City Region benefits from several extensive assets which provide unique opportunities for economic growth, including:*

- *Natural resources and infrastructure*
- *Urban hubs*
- *A growing knowledge economy*
- *Globally recognised science-based facilities*
- *Distinguished universities with expertise in research and development*
- *Strong manufacturing traditions*
- *A skilled, diverse and resourceful workforce*
- *Considerable commuting flows across the area*

### **The driving force for the programme:**

The draft Business Case (v1.1 June 2020) states that:

*The strategic context for the Swansea bay City Deal is outlined in the Swansea Bay City Region Economic Regeneration Strategy 2013 – 2030, which represents an ambitious strategic framework to support South West Wales and its future economic development. The document sets out that framework, which is intended to stimulate and shape the work of all our stakeholders as we come together behind a common vision, to enhance the long-term prospects of our City Region economy, its businesses, and communities.*

*It is an unambiguous strategy for economic success, designed to accelerate our growth so that we can reduce the gap with the performance of the rest of the UK in wealth creation terms. Despite the strategy bringing much needed certainty and assurance to our development thinking, given the speed of change evident within an increasingly globalised world economy, it is vital that the strategy has in-built responsiveness and flexibility at its core, so that it can be delivered in a dynamic fashion and respond quickly and assertively to breaking market, technology and policy opportunities.*

*It is a forward leaning strategy that proactively charts a better economic future for the City Region and its citizens. It connects and articulates our complex economic, social and environmental needs at the City Region level, whilst also recognising that wider policy thinking at the level of Wales, the UK and EU will also impact greatly on the City Region's future direction.*

## The delivery status

The draft Business Case (v1.1 June 2020) sets out the component projects:

The table below reflects the overall revised headline outcomes as at May 2020:

<b>PROJECT NAME</b>	<b>IMPACT</b>	
	<b>GVA £m</b>	<b>Net Jobs</b>
	<b>15 years</b>	<b>15 years</b>
<b>Internet of Economic Acceleration</b>		
<i>Swansea City &amp; Waterfront Digital District</i>	669.8	1,323
<i>Creative Digital Cluster - Yr Egin</i>	89.5	427
<i>Digital infrastructure</i>	318	
<b>Internet of Life Science &amp; Well-being</b>		
<i>Life Science &amp; Well-being Campuses</i>	153	1,120
<i>Life Science &amp; Well-being Village</i>	467	1,853
<b>Internet of Energy and Smart Manufacturing</b>		
<i>Homes as Power Stations</i>	251	1,804
<i>Pembroke Dock Marine</i>	343.3	1,881
<i>Supporting Innovation and Low Carbon Growth</i>	93	1,320
<b>TOTALS</b>	<b>2,605.17</b>	<b>9,279</b>

## **5.0 Purposes and conduct of the OGC Gateway Review**

The primary purposes of a Gateway Review 0: Strategic assessment are to review the outcomes and objectives for the programme (and the way they fit together) and confirm that they make the necessary contribution to Ministers' or the departments' overall strategy.

**Annex A** gives the full purposes statement for a Gateway Review 0.

**Annex B** lists the people who were interviewed during the review.

### **Current position regarding previous assurance reviews:**

This is the first Gateway Review of the Swansea Bay City Deal Programme.

## **6.0 Acknowledgement**

The Review Team would like to thank all participants for their contributions to this review. The assistance provided by Greg Jones and Sara Nicholls was particularly appreciated.

## **7.0 Scope of the Review**

This an early Gateway 0 Review.

The Review team was provided with the following Terms of Reference:

1. Are all stakeholders still committed to the SBCD aims and objectives
2. Does the SBCD still align to national and regional priorities and growth opportunities that will best deliver economic prosperity
3. Is the governance structure for the SBCD in terms of Joint Committee, Programme Board, Economic Strategy Board, Joint Scrutiny Committee and the Programme Management Office appropriate and effective
4. Are the governance processes appropriate and effective for the size and complexity of the SBCD i.e. regularity of meetings, project approval process, decision making, reporting, risk, performance, escalations, etc
5. How confident is the SBCD in achieving leverage of private sector investment and delivery of outputs and outcomes
6. Has the economic context (Covid-19 recovery and Brexit) changed anything for the SBCD
7. What opportunities should be explored within and beyond the scope of the SBCD portfolio
8. What constraints exist that could obstruct SBCD portfolio development and delivery

## **8.0 Review Team findings and recommendations**

### **8.1: Policy and business context**

#### P3M Terminology

In the lead-up to this Gateway Review the Swansea Bay City Deal (SBCD) team has been in receipt of advice from expert advisors, specialists in the creation of business cases. Unfortunately, this has led to a degree of confusion about terminology used in Portfolio, Programme and Project Management (P3M). These terms have different meanings to different people and are used variably in different public and private sector organisations.

For the purposes of this Gateway Review, the Review Team will use the terminology as follows:

- Portfolio – the totality of all City and Growth Deals in Wales.
- Programme – the totality of all Projects within the SBCD.
- Project – an individual constituent project within the SBCD.

The subject of this Gateway Review is, therefore, the Programme.

#### Strategic Context

The SBCD is jointly funded by the UK Government (UKG) and Welsh Government (WG) as a Capital Scheme and is subject to robust governance being enacted for the Region. In this case, the Region is defined as the geographical area covered by:

- City and County of Swansea Council;
- Carmarthenshire County Council;
- Neath Port Talbot County Borough Council; and
- Pembrokeshire County Council.

The SBCD is firmly anchored in supporting overarching policy intent for both UKG and WG. SBCD supports UK Government strategies including the Industrial Strategy and Clean Growth Strategy, as well as clear alignment with Wales' Wellbeing of Future Generations Act.

The Programme is complex in its content, and needs to be delivered against a changing political backdrop in both Governments, further exacerbated by the advent of Covid-19 and the inevitable economic challenges that will present. SBCD is scoped to be delivered over a 15-year period, during which many events could influence investment priorities: the structure and control of the Programme will need to cater for momentum to be maintained through periods of change, yet also provide the ability to absorb change in emphasis according to the prevailing strategic direction.

In the context of Covid-19, there is much talk of the need to invest in infrastructure to revive the economy. As such, Programmes such as SBCD would appear to be strong candidates to receive firm support from both UKG and WG.

## 8.2: Business Case and stakeholders

### Business Case

The SBCD Business Case is being constructed in accordance with the HM Treasury Green Book. It follows the 'five case model' which can be summarised (as an example) as:



### SBCD Business Case Status

The SBCD Programme has notionally existed for some time but, owing to difficulties in staffing the core of the Programme Management Office (PMO) for SBCD, the Business Case is only now at the development stage.

The Review Team observed Business Case v1.1 (Draft Master – 17/06/2020) which has made impressive progress in the short period since the appointment of the Programme Director in March 2020. It is still a work-in-progress and is yet to be approved by UKG/WG.

The Business Case has been reviewed and is in the process of being revised. In particular, the Strategic Case and Economic Case are being strengthened significantly: this is appropriate at SBCD level in order to demonstrate the compelling need and the value proposition. In essence, this Business Case provides the framework (or wrapper) against which the subsequent component Project Business Cases can be tested for alignment and contribution to achieving outcomes and realising benefits.

Recent consultation with expert advisors, specialists in the creation of business cases, has provided the SBCD team with additional insights. Various stakeholders refer to the P3M terminology discussed above but there is evident confusion about what is required for the SBCD Business Case. There appears to be a disproportionate amount of effort being expended on re-casting the Business Case to support a Portfolio, as opposed to a Programme. The Review Team is of the view that many people are worrying too much about the label, rather than the purpose.



Significant frustration is evident arising from the inertia in achieving Business Case approval; which appears to be somewhat arising from the P3M terminology confusion. Additionally, scarce resource is potentially undertaking nugatory work re-drafting a 'Programme Business Case' into a 'Portfolio Business Case'. There is a strong desire amongst interviewees to 'get on with delivery' and address the 'blockage' in achieving UKG/WG Business Case approval. This desire needs to be balanced with the requirement to ensure due diligence with the public purse.

In order to progress swiftly, but in a controlled manner, the Review Team is strongly of the view that agreement needs to be achieved between UKG/WG and SBC on the purpose of the Business Case and what it needs to contain to achieve approval; and stop expending energy worrying about the label.

**Recommendation 1: Resolve the inertia introduced by Portfolio/Programme terminology and agree with UKG/WG the purpose of the business case to drive its rapid approval and set the framework for constituent Project Business Case approvals. (Critical – Do Now)**

### SBCD Business Case Approval

Once the Programme Business Case is drafted, it will need to seek approval through the Joint Committee from the UKG and WG. It was acknowledged that this is be a long and drawn-out process. The Programme needs to make effective use of the experts available in WG to ensure that they get through this process as smoothly as possible. Once the Programme Business Case has been approved, it will provide a strategic framework for future Project case approvals and draw-down of money.

The Programme aims to bring economic prosperity to the entire region, and the set of projects included in the programme has the potential to produce significant benefits provided the Programme is given sufficient flexibility by funders; this is especially important given the long lifespan of the SBCD; this needs to be recognised in the Programme Business Case.

The external review (February 2019) recommended a number of actions which were designed to help the Programme achieve appropriate and proportionate programme governance and controls as a condition for the release of funding. Completing the Programme Business Case was one of the conditions.

The Review Team heard throughout this review of delays, and there is a deeply felt perception of constant barriers, changing requirements, and queries being raised repeatedly in spite of having been answered. Some project business cases have been produced in advance of the Programme Business Case, and several projects are already up and running and producing tangible outcomes, relying on Local Authorities to fund costs including the costs of borrowing. An example is the Supporting Innovation & Low Carbon project business case which was submitted to WG in January but no decision has been made yet.

Interviewees also noted that Local Authorities have taken on a significant financial risk, and also the potential political risk with elections due in 2022, with a high likelihood of the programme being scrutinised and required to demonstrate some outcomes.

Although interviewees recognised that some constraints are owed to the current Heads of Terms, there was the widely-held view that the approval of project business cases should be devolved to the Programme instead of being retained by Governments as sponsors, and that the current approach is overly bureaucratic for the amount of money involved. There is a real risk that this places strain on partners and relationships, and runs counter to the core intentions of the SBCD.

Working with WG, the Programme needs to complete the Programme Business Case to an agreed standard and clearly defined requirements. The focus needs to be on the Strategic Case and the Economic Case. This will set out the framework under which individual projects can be considered against for approval. Once the draft Programme Business Case has been completed, it will need to pass through the pre-defined assurance and approval process, and start drawing down funding based on the agreements that are in place. It is essential that funding starts flowing as soon as possible to enable the Programme to start producing the intended benefits.

Following the appointment of a Programme Director and the establishment of a PMO, it is important that UKG/WG should be prepared to trust given strides made in implementing recommendations from the external review.

### Programme Funding

The SBCD is a 15-year Programme of work, and has been running for over 3 years with a total funding envelope of £241m from UKG/WG. This funding was to be released in annual tranches, to fund across all projects in the Deal Region. The first tranche was £18m for 2018-19. However, to date, only this first tranche has been received and Local Authorities are using their own funding mechanisms to finance projects that are part of the SBCD. The Review Team hear that it is a significant source of frustration that Local Authorities have to fund borrowing costs from their own resources, especially given the perceived uncertainty of approvals.

Interviewees acknowledged that, although the process is complex, this was signed up to at the outset and in the Heads of Terms of Agreement. It was also generally acknowledged that good controls of SBCD funding are essential. Draft funding agreements have been developed to ensure accountabilities are clearly reflected; and a suite of programme controls have been put in place or are in advanced development. This demonstrates the ability of the Programme to effectively manage from this point forward. However, there is still some ambiguity as to what conditions are outstanding. The Programme SRO and the lead WG Official should now agree in writing the remaining requirements and how they ought to be implemented to trigger the release of programme funding. Following fulfilment of these, there should be no further requests for change, information, and additions outside the ordinary programme reporting cycle and mechanisms.

**Recommendation 2: Obtain written confirmation from UKG/WG of explicit description of the conditions required to trigger SBCD funding to flow and negate the need for any further reference other than normal reporting mechanisms. (Critical – Do Now)**

### Stakeholders & Communications

The SBCD stakeholders include (but are not limited to):

- UKG and WG;
- Local Authorities;
- Universities;
- Private Sector; • Health Boards; and • The Public.

The majority of stakeholders acknowledged the significant strides the Programme has made since the external review in February 2019 and especially since the appointments of the new SRO and the Programme Director. It is important that this is also recognised by both governments with a view of empowering the Programme to manage.

The Review Team heard that both the UKG and WG remain fully committed to the SBCD. This is important as the governments have a key role as joint sponsors and approvers of business cases under the SBCD. This is reflected in the Heads of Terms for the deal. The two governments also provide advice and feedback on business cases, and in the case of the WG have supported the development of the Programme Business Case with expertise through the South West Wales Regional Team. It is important that the Programme continues to fully utilise the support and expertise available from government officers.

Interviewees felt that the approach should be more strongly based on partnership working, recognising the significant expertise and knowledge of SBCD partners in respect to their region's needs and context, and their ability to implement the deal as a programme. It was also noted that requirements were not always clear or understood, and this could result in frustration and delays for both the Programme and governments.

### Local Authorities

The 4 Local Authorities that make up the SBCD are the key sponsors, major funders, and the deliverers of the 9 projects that make up the Programme. SBCD will provide benefits across the regions into the Local Authority areas.

There was evidence of the ongoing support and commitment given to this Regional approach, and recognition of the benefit of collaborative working. There is also recognition that not all the projects will have a Regional impact, appearing to benefit only local areas. However, the benefit of the Regional Approach was acknowledged as a good basis to attract funding, and a positive way to improve the prosperity for the whole region, and it is essential that this cross-boundary working continues. The programme has come from a difficult start and since then the leadership of the programme has managed to overcome significant challenges, working together towards a shared vision; the leadership is clearly committed and passionate and has a deep understanding of the needs of not only their own area but of the region.

Relationships between Local Authorities have improved significantly since some changes in personnel, and there is a shared determination to continue building on this and avoid competing for funding. There is also a marked optimism in spite of some scepticism among partners that the SBCD and the impetus it provides for pan-regional cooperation will be successful.

The frustration associated with the lack of progress in some areas, and in particular Business case approvals was echoed across all Local Authorities. The Review Team also heard that support for the regional approach is not unanimous as for example rural communities may not see how it benefits them; however, interviewees emphasized that the regional structure is the appropriate approach to achieve the stated goals of the SBCD. Since the region is not a constituted body and therefore unable to manage funding on behalf of the four Local Authority, individual SBCD projects are led by different Local Authorities. These build on the different strengths of the respective Local Authorities; however, interviewees noted that the current collection of projects within the SBCD is joined by both a shared ambition and shared themes of strategic importance to all four Local Authorities that form the region, but need to be given time to continue growing their regional aspects. The Programme serves as an overarching mechanism to enable and facilitate this.

### Other Key Partners

The two Universities (Swansea and Trinity St David's, respectively) have a significant role as partners driving innovation, providing academic expertise, resources and connections with industry; as educational institutions they are important to lifting the quality of skills and jobs in the region. They are directly involved with several of the SBCD projects.

Health Board involvement focuses mainly on the Wellbeing Village and Life Science and Wellbeing Campus projects, which are currently completing their project outline business cases. Health Boards also have an interest in projects that include aspects of health, such as HAPS.

Since a key aim of the SBCD is to raise prosperity across the region, including lifting skills levels, improving infrastructure and employment, and strengthening the regional economy, it is important that the public is recognised as a key stakeholder and that projects need to be developed with good communication and appropriate levels of engagement.

It is important that partners are sufficiently informed and engaged, and the Programme Communication Plan demonstrates that this is in hand.

### Private Sector

The private Sector are represented within the Governance structure of the SBCD through membership on the Economic Strategy Board (ESB). Through the ESB they provide valuable insight and guidance to the Joint Committee, Programme Board and its constituent projects. The SBCD relies on private sector funding and therefore giving a forum to private sector views within SBCD is a positive move. There is a keenness for greater involvement from the ESB. Given their depth of knowledge, expertise and commercial understanding the Review Team would encourage the SBCD to identify further opportunities where their knowledge can be effectively applied.

On a broader note it is felt important given the current economic situation, that the public sector is seen to be spending and delivering on capital schemes such as the SBCD to provide confidence to private sector investors.

### Communications

The Programme has developed a comprehensive Communications Plan which soundly underpins the SBCD philosophy as a regional programme aiming to deliver for people living in the region. This plan is currently awaiting approval at Programme Board. Owing to resource constraints and the ongoing uncertainty over approvals and funding release, communication activity has been low-key to enable the Programme to manage expectations. This places the Programme and its partners in a very difficult situation given early high-level publicity and exposure. The Programme Team includes an experienced and appropriately qualified communication officer, and the Review Team has seen evidence, including a strong virtual presence of the SBCD, that communications and engagement have been well thought out, and will be ready to recommence once there is more certainty around the future of delivery.

Given the regional nature of the Programme, internal communications are as important as external communications, and the PMO needs to be allowed to control and manage communications across projects and across Programme structures, and ensure that all stakeholders are fully informed and consulted as appropriate.

## **8.3: Management of intended outcomes**

### Outcomes & Benefits

The SBCD Implementation Plan (v25 June 2020) describes the intended outcomes for the programme:

*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.*

By 2035 we will:

- Transform the regional economy
- Establish and maintain an effective and aligned skills base - Create, prove and commercialise new technologies and ideas
- Be a recognised regional centre of excellence in:
  - i. The application of digital technologies
  - ii. Life Science and Well-being
  - iii. Energy
  - iv. Advanced manufacturing

At the end of the programme period, it's estimated the Swansea Bay City Deal will lead to:

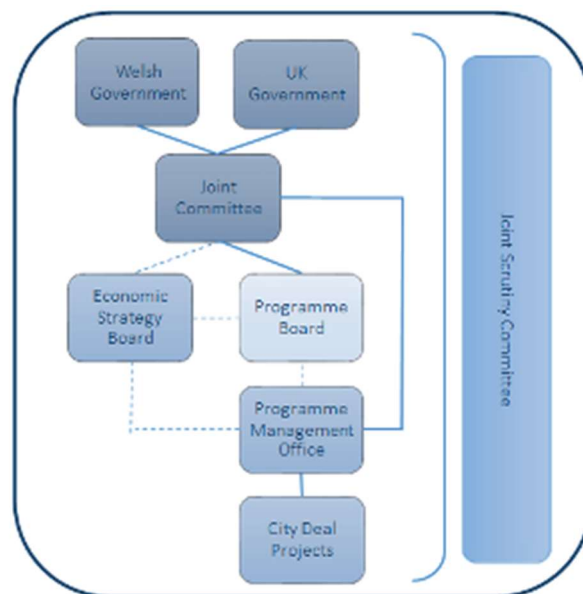
- Funding of £1.3 billion (including a £600 million private sector contribution) for interventions to support economic growth across the City Region
- A portfolio of transformational projects throughout the City Region
- A £1.8 billion contribution to regional GVA
- The creation of over 9,465 high-skilled jobs
- Investment spread across the entire City Region to ensure benefits for residents and businesses in all communities, both urban and rural

*In addition to the above outcomes, the City Deal will also have wider social and economic benefits at both a programme wide and project specific level. The full detail of all City Deal outcomes and benefits will be set out in a Monitoring and Evaluation Plan that will provide details on the capturing, monitoring and evaluation of key information throughout the City Deal programme.*

The Review Team observes that these intended Outcomes and desired Benefits are irrefutably of strong merit and strategic alignment. However, cause and effect are very difficult to prove (in any programme). Over the 15-year period of the SBCD, especially in the post-Covid-19 context, there are likely to be perturbations that will mean that the eventual Outcomes and Benefits will differ from those aspirations above. Keeping the investment decisions in line with the strategic intent, whilst allowing room for controlled change, will rely heavily on robust (but nimble, not bureaucratic) governance.

### Governance Structure

The SBCD Implementation Plan (v25 June 2020) depicts the governance arrangements for the Programme as:



## Joint Committee

The Joint Committee (JC) comprises the Leaders of the four Local Authorities and is currently chaired by the Leader of the City and County of Swansea Council. Additional attendees at JC meetings include the Chief Executives of the four Councils and also representatives of University of Wales Trinity Saint David and Swansea University.

The Swansea Bay City Deal Region is not a statutory entity, in itself. However, it has a Joint Collaborative Agreement that has been approved by the Local Authorities and within has an agreed terms of reference. The JC acts, in effect, as the 'Sponsoring Group' for the SBCD. It has the key role of performing strategic oversight.

JC meetings are held in public, with voting and non-voting attendees. Some interviewees expressed a strong view that the JC speaks with one voice and works well; whilst some interviewees observed a lower degree of integration and a sense that the JC meetings feel somewhat choreographed for public audience.

The Review Team had the privilege of conducting a short 'round table' meeting with the four Leaders as part of this Gateway Review. It is evident that whilst the inevitable differences exist, there is a strong bond among the four Leaders towards achieving the intended outcomes for the Region. There is evident frustration at the inability to make more rapid progress and a keenness to achieve UKG/WG approval, free up the flow of funding, and get on with delivering.

## Programme Board

The Programme Board (PGB) is chaired by the SRO. It meets on a monthly basis and co-ordinates the direction of the Programme. The new SRO is held in high regard and is said to inject the necessary energy into SBCD. The arrival of the Programme Director is adding structure and P3M expertise at the very core of the PMO.

The PGB is currently positioned as a subordinate body to the JC, providing the JC with 'recommendations': the PGB is not currently seen as a 'decision-making' board. This is out of line with normal Programme governance, disempowers the SRO to be accountable for success and is viewed by many interviewees as being inappropriate for operational governance of the Programme and the constituent Projects.

The Review Team understands that there is some 'history' that has potentially led to a tendency to overgovern and ensure transparency and control. The result is a PGB and SRO whose roles are somewhat diluted, and increased burden on JC members who have other strategic and demanding draws on their time, and the potential for lower-level decisions to have to be escalated to the JC for approval.

Many interviewees have an appetite for streamlined governance: good governance by reduced bureaucracy and greater empowerment, balanced with appropriate reporting and oversight.

The Review Team is of the view that there is potential to differentiate the accountabilities for strategic oversight from operational delivery control. This could avoid over-burdening JC members with Programme Delivery matters and empower the SRO to exercise that role more in line with P3M good practice. Recognising the imperative for ensuring strategic alignment, the JC will need to continue exercising its evident commitment to the joint endeavour. However, as the programme gets underway, the tempo of delivery is likely to mean that 'in-flight' decision-making will be required and the Programme

Board will be better placed, closer to the heartbeat of the programme, to undertake delivery-related governance.

The JC could be positioned as the oversight group to whom exceptions are escalated when a deviation from the strategic intent is anticipated. The PgB could get on with governing Programme Delivery once the constituent Projects are in-flight, providing regular reporting to the JC for information, not endorsement.

**Recommendation 3: Evaluate the merit of differentiating the accountabilities for strategic oversight and delivery control, thus empowering the Programme Board to exercise its function with agility and in line with the delivery tempo of the programme. (Essential – Do By Business Case submission)**

### Economic Strategy Board

The Economic Strategy Board (ESB) comprises a group of public and private sector representatives, appointed following nomination. They help set strategic direction and give advice to the JC; and they oversee the production of project business cases prior to submission to the JC.

The Review Team observed a high degree of value in the ESB and the potential to harness greater insights from the private sector, especially in the context of Covid-19 recovery and the potential for innovation and ideas generation. There is a view that the current frustrations with UKG/WG approvals, once overcome, will release an energy to progress: The ESB is seen as a valuable part of that delivery governance and the Review Team observes that the PgB and PMO already have access to the ESB to draw upon their advice. This is encouraging.

### **8.4: Risk management**

The relatively recent arrival of the Programme Director and the subsequent appointment of initial members of the PMO has enabled the SBCD to generate structure and embed P3M good practice. One element of that P3M approach is the implementation of a Risk Management regime.

The Programme risk register is in existence, and requires further development to move from risk recording to active risk management. This should include (as examples) ownership, mitigation, proximity, residual assessment, escalation mechanisms, contingency arrangements.

The Review Team was impressed with the Covid-19 impact assessment, and encourages similar attention to the adoption of RAIDO (Risks, Assumptions, Issues, Dependencies, Opportunities) to harness innovations and optimise benefits.

Risk Management (or the wider RAIDO) should become part of the regular reporting mechanisms to give stakeholders sight of key risks, as appropriate.

### **8.5: Review of current phase**

#### External Review 2019

The External Review report (26 February 2019) made seven recommendations:

- *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.*
- *The Regional Office should be designated as a Portfolio Management Office, leaving their skills with experienced Portfolio/Programme/Project Management (P3M) specialists.*
- *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 specifically consider the OGC Gateway<sup>TM</sup> Review process as a key part of that plan.*
- *Under the chair of the JSC each SBCD board should consider the TORs and ways of working of each to ensure that they work as intended. In doing so they should take account of this review and of the outcome of the audits currently being undertaken.*
- *A Portfolio Director should be appointed before May 2019 to ensure continuity of Swansea Bay City Deal leadership and independent authoritative advice to the Boards.*
- *The SBCD should be managed as a Portfolio not as a set of predetermined and immutable projects.*
- *For Yr Egin and Swansea Waterfront, the two business 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.*

The frustration expressed by many interviewees about the 'blockage' at UKG/WG appears critically to be anchored in SBCD demonstrating that it has addressed the recommendations of the external review. Throughout this Gateway Review, interviewees expressed a variety of perspectives on whether those seven recommendations had been satisfied. It would be good practice to formally define the acceptance criteria for the SBDC response and the Review Team believes, given the apparent lack of alignment in stakeholder perceptions, that achieving UKG/WG written confirmation of those acceptance criteria is critical to overcoming this impediment to progress.

**Recommendation 4: Obtain written confirmation from UKG/WG of the acceptance criteria for closing down the response to the external review of February 2019. (Critical – Do Now)**

Covid-19 and Brexit

The economic context of SBCD has the potential to change significantly in the coming years. This fact underpins the need for strong, structured, nimble and accountable governance.

Brexit was not a prominent topic through this Gateway Review, though of course as the UK transitions from the EU at the end of 2020 this could present as-yet unforeseen challenges (and potentially opportunities) which will need to be addressed throughout Programme (and Project) delivery.

In recent months, all aspects of life have been dominated by the advent of Covid-19. The pandemic will present the UK with significant economic challenges in coming years. It does, however, also reinforce the current UKG push for the adoption of Keynesian economic principles manifested in investment in infrastructure.

SBCD appears to fit strategically in the contexts of both Brexit and Covid-19 recovery. Since March 2020, all manner of things have been proved possible (including conducting this Gateway Review remotely using ways of working and collaborative tools) that would previously have been thought of as 'too difficult'. Potentially, therefore, SBCD could break the previous bureaucracy and be progressed in a manner that breeds confidence, empowerment and accountability in a framework of governance that ensures control and strategic oversight, without submerging decision-making at every step in unnecessary 'treacle'.

The progress made in a mere four months since the core PMO was established is a credit to the energy and dedication of all SBCD staff thus far. It must be remembered that all of that progress has been achieved not in normal times but in the constraint of Covid-19 lockdown. The SBCD is by no means yet a perfectly formed Programme but the trajectory is certainly positive.



## SBCD Composition

The SBCD is collection of nine Projects, grouped thematically as follows:

- Internet of Economic Acceleration ○  
Swansea Waterfront ○ Yr Egin ○  
Skills and Talent ○ Digital  
Infrastructure
- Life Science & Wellbeing ○ Life  
Science and Wellbeing Village ○ Life  
Science and Wellbeing Campus
- Energy
  - Homes As Power Stations
  - Pembroke Dock Marine
- Smart Manufacturing ○ Supporting  
Innovation & Low Carbon

Some of those projects are independent entities within the SBCD, and some are co-dependent entities within the SBCD: hence the aforementioned debate about the Portfolio/Programme terminology.

Some of the projects are being enacted within one of the Local Authorities (e.g. Pembroke Dock Marine) but have regional importance. Other project are truly regional, being enacted across multiple Local Authority areas within the Region.

Irrespective of the differences, all of the projects are scoped within the SBCD and are overseen by the Programme Director as a means of ongoing benefit optimisation and harvesting of delivery synergies and efficiencies.

### Programme Management Office

The PMO has been established and is currently in the process of recruiting further core members. The PMO is envisaged to operate as the beating heart of the SBCD, to set standards and co-ordinate delivery of the constituent projects. Each project will have distributed P(roject)MOs and linkages to the core PMO. This is one good model for implementation of distributed PMOs where a centralised PMO is not possible or appropriate.

In readiness for the next phase, the setup of the PMO and the adoption of good practice P3M principles stands SBCD in good stead.

## **8.6: Readiness for the next phase**

### Planning & Control

The next phase must focus on delivery and commencing the realisation of benefits. It is important that the Programme demonstrates how it will meet the requirements of the UKG and WG, and that it communicates progress. Continuing to put all necessary and proportionate governance controls in place is essential for gaining acceptance and confidence. Programme controls have to remain stable and sustainable throughout the lifespan of the SBCD.

Once this has been achieved, the Review Team is of the view that UKG/WG should withdraw from detailed project-level scrutiny, approval and management, and instead focus on empowering and enabling the Programme to adapt to changing circumstances, in order to allow it to flexibly and promptly explore new opportunities and manage emerging risks and issues.

### SBCD Resourcing

The Programme needs to continue strengthening its PMO resource as the pivot of overarching programme management, with the capability to offer programme-level steer, guidance and control, and a conduit for information for all projects within the SBCD Programme.

It is acknowledged that there are nine projects each with their own respective project management and governance which suits their context. However, the PMO will provide crucial cohesion across the programme and ensure that the JC and PgB are sighted appropriately. It will also enable the Programme to look outwards for new opportunities or synergies that continue to add value to the Programme.

The Programme should ensure that it continues to draw on the significant expertise and combined resources across its partners.

**Recommendation 5: Reinforce the importance of a strong and well-resourced PMO to provide a solid engine room for SBCD – the ‘information power house’ that underpins momentum. (Recommended – Do on an ongoing basis)**

### Innovation

The Review Team heard that the Programme partners are clear on the links between innovation, benefits, risks and structures, and that there is an appetite to work differently; this has become vital in the wake of Covid-19. However, the visibility of and legal constraints around spending public money (especially by Local Authorities) does not support risk taking. In addition, the runway time for project conception to approval is far too long to support flexible adaptation of projects and the Programme as a whole to changing contexts. However, creating this kind of flexibility is essential for a programme of this length and the certainty that the programme context will change.

Therefore, the Review Team is of the opinion that an amount of money should be made available to enable some agility and encourage innovation, for example through discovery funding. Whilst historically this is not public sector practice, this will enable projects to test their ability to succeed, or let them fail fast without committing significant amounts of funding over a long time-span. This is in line with private sector practice. Crucially, this approach should appeal to the private sector which the SBCD seeks to attract as key partners to refresh the regional economy.

**Recommendation 6: Promote the merit of discovery funding within the Growth Deal approach for project feasibility and innovation work in order to accelerate viable projects and avoid protracted start-up of non-viable projects. (Recommended – Do By Business Case submission)**

## **9.0 Next Assurance Review**

The next assurance review is expected in July 2021. It should, be a Gateway 0 (Strategic Assessment).

In the meantime, the SRO has signalled the intent to request an **interim ‘Critical Friend Review’ around January 2021.**

## **ANNEX A**

### **Purposes of the OGC Gateway Review 0: Strategic assessment:**

- Review the outcomes and objectives for the programme (and the way they fit together) and confirm that they make the necessary contribution to overall strategy of the organisation and its senior management.
- Ensure that the programme is supported by key stakeholders.
- Confirm that the programme's potential to succeed has been considered in the wider context of Government policy and procurement objectives, the organisation's delivery plans and change programmes, and any interdependencies with other programmes or projects in the organisation's portfolio and, where relevant, those of other organisations.
- Review the arrangements for leading, managing and monitoring the programme as a whole and the links to individual parts of it (e.g. to any existing projects in the programme's portfolio).
- Review the arrangements for identifying and managing the main programme risks (and the individual project risks), including external risks such as changing business priorities.
- Check that provision for financial and other resources has been made for the programme (initially identified at programme initiation and committed later) and that plans for the work to be done through to the next stage are realistic, properly resourced with sufficient people of appropriate experience, and authorised.
- After the initial Review, check progress against plans and the expected achievement of outcomes.
- Check that there is engagement with the market as appropriate on the feasibility of achieving the required outcome.
- Where relevant, check that the programme takes account of joining up with other programmes, internal and external.
- Evaluation of actions to implement recommendations made in any earlier assessment of deliverability.

## ANNEX B

### List of Interviewees

The following stakeholders were interviewed during the review:

Name	Position	Organisation
Wendy Walters	Chief Executive	Carmarthenshire Council
Cllr Rob Stewart	Joint Committee Chairman	Swansea Council
Cllr Emlyn Dole	Leader	Carmarthenshire Council
Jonathan Burnes	SBCD Programme Director	Regional Programme Management Office
Chris Moore	SBCD S151 Officer	Carmarthenshire Council
Tracey Meredith	SBCD Monitoring Officer	Swansea Council
Phil Roberts	Chief Executive	Swansea Council
Steve Phillips	Chief Executive	Neath Port Talbot Council
Cllr Rob Jones	Leader	Neath Port Talbot Council
Steven Jones	Director of Development	Pembrokeshire Council
Cllr David Simpson	Leader	Pembrokeshire Council
Ed Tomp	Chairman	Economic Strategy Board
Professor Steve Wilks	Provost	Swansea University
Ray Selby *	Registrar	University of Wales Trinity Saint David

Sian Harrop-Griffiths	Director of Strategy	Swansea Bay University Health Board
Sarah Jennings	Property Performance	Hywel Dda University Health Board
Cllr Rob James	Chairman	SBCD Joint Scrutiny Committee
Sioned Evans	Director (Business and Regions)	Welsh Government
Helen Davies	Rep. for Chief Regional Officer (Mid & West Wales)	Welsh Government
Debra Carter	Head of Local Government Finance	Welsh Government
Andrew Ashton	Head of Regional Growth Team	UK Government (Office of the Secretary of State for Wales)
Greg Jones	SBCD Communications and Marketing Officer	Regional Programme Management Office

\*unable to participate

# Agenda Item 12



Swansea Bay City Region Joint Committee – 10 September 2020

## Economic Strategy Board Chair and Vice-Chair

<b>Purpose:</b>	To inform Joint Committee of a temporary change of Chairperson and the appointment of a Vice-Chair for the Economic Strategy Board (ESB)
<b>Policy Framework:</b>	Swansea Bay City Deal JCA (Joint Committee Agreement)
<b>Consultation:</b>	ESB Members, Chair of Joint Committee and Chair of Programme Board
<b>Recommendation(s):</b>	It is recommended that Joint Committee:  1) Approves the appointment of Mr Chris Foxall as Chair of the ESB for a period of up to 6 months;  2) Approves the appointment of Ms Amanda Davies as Vice-Chair of the ESB for a period of up to 6 months;  3) Reviews both appointments after 6 months or at such time as necessary.
<b>Report Author:</b>	Jonathan Burnes (SBCD Programme Director)
<b>Finance Officer:</b>	Chris Moore (SBCD Section 151 Officer)
<b>Legal Officer:</b>	Tracey Meredith (SBCD Monitoring Officer)
<b>Access to Services Officer:</b>	

### 1. Introduction

- 1.1 In July 2020 the Chair of the Economic Strategy Board (ESB), Mr Ed Tomp, advised the Chair of Joint Committee that he wished to stand down as Chair of the ESB. Mr Tomp explained that increased work commitments were preventing him from effectively contributing to the work of the ESB.

### 2. Background

- 2.1 Following notification of that decision an extraordinary meeting of the ESB was called on the 3<sup>rd</sup> August 2020 to discuss future arrangements.

- 2.2 The meeting was attended by the Chair of Joint Committee, the Chair of Programme Board, all but one of the ESB members and both ESB special advisors. Apologies were received from Ms Amanda Davies of Pobl Group.
- 2.3 Following a discussion about arrangements and acknowledging the value of Mr Tomp's contribution as Chair, it was agreed that Mr Tomp be granted a sabbatical period of up to six months - following which the situation would be reviewed.
- 2.4 It was agreed with the Chair of Joint Committee that a temporary Chairperson should be appointed to the ESB until such time as a more permanent decision could be made.
- 2.5 ESB members nominated Mr Chris Foxall to be the temporary Chair. Mr Foxall has confirmed that he is willing to undertake this role.
- 2.6 ESB members also discussed the need for a Vice-Chair to support the ESB Chair. Members had discussed this previously and Ms Amanda Davies had expressed interest in the position.
- 2.7 Members nominated Ms Amanda Davies for the position of Vice Chair, which she has subsequently confirmed she is willing to accept.

### **3. Financial Implications**

- 3.1 None

### **4. Legal Implications**

- 4.1 The Joint Committee Agreement provides that the Chair of the ESB shall be appointed following nominations by the unanimous agreement of the Welsh Government, the UK Government and the Joint Committee. Therefore should the Joint Committee agree to the recommendations set out in this report the appointments will need to be approved by both Welsh and UK Governments.
- 4.2 The Joint Committee Agreement also provides that the Chair shall be a private sector representative or other suitable representative, that the Chair shall be accountable to the Joint Committee and that the Chair should be reviewed annually.

### **5. Alignment to the Well-being of Future Generations (Wales) Act 2015**

- 5.1 The Swansea Bay City Deal programme and its constituent projects are closely aligned to the Well-being of Future Generations (Wales) Act 2015 and the seven well-being goals for Wales. These alignments are outlined in a Portfolio Business Case for the SBCD, as well as in individual project business cases.

**Background Papers:** None

**Appendices:** Appendix A - Excerpt from Joint Committee Agreement (Schedule 6) concerning the ESB

## **Appendix A**

Excerpt from JCA regarding ESB

### **Schedule 6 Economic Strategy Board**

#### **1 Purpose**

- 1.1 To provide strategic direction for the Swansea Bay City Deal and provide strategic advice to the Joint Committee on matters relating to the Swansea Bay City Region. Specifically, the ESB shall:
- (a) Submit strategic objectives for the Swansea Bay City Region.
  - (b) Monitor progress with regard to the delivery of the Swansea Bay City Deal in accordance with diagram B in Schedule 8.
  - (c) Have oversight of business case production
  - (d) Consider regional added value and identify opportunities for investment.
  - (e) Make recommendations to the Joint Committee.
  - (f) Produce a summary report of issues considered by the Economic Strategy Board to be annexed to the submission of any business cases

#### **2 Reporting**

- 2.1 Joint Committee

#### **3 Membership**

- 3.1 Members shall be appointed through an open recruitment and nomination process. Members including co-opted members of the Joint Committee shall submit proposals to the Joint Committee for the recruitment and nomination process. Those proposals shall be subject to unanimous agreement by members of the Joint Committee and the Welsh Government and the UK Government. Members shall include:
- (a) 1 private sector chair or other suitable representative.
  - (b) 5 private sector representatives.
- 3.2 For the avoidance of doubt the Joint Committee may appoint additional co-opted members should the Joint Committee determine appropriate
- 3.3 The SBCD Programme Director, head of paid service, monitoring officer and s151 officer of each of the Councils or their nominated representative shall be entitled to attend meetings of the Economic Strategy Board as an adviser or an observer but shall not have a vote.

#### **4 Chair**

- 4.1 The Chair shall be appointed following nominations by the unanimous agreement of the Welsh Government, the UK Government and the Joint Committee.
- 4.2 The Chair shall be a private sector representative or other suitable representative.
- 4.3 The Chair shall be accountable to the Joint Committee.
- 4.4 The Chair shall be reviewed annually.

## **5 Voting/Agreement**

- 5.1 The Economic Strategy Board shall not have any formal decision-making powers.
- 5.2 The Economic Strategy Board shall reach agreement by consensus.
- 5.3 Where alternative views and opinions are expressed these shall be recorded and included in any reporting process.

## **6 Conflicts of Interest**

- 6.1 To allow the Economic Strategy Board to undertake all its functions a clear distinction shall be drawn between those involved in specific scheme development and those preparing recommendations on those schemes to the Joint Committee. A robust system of declaration of conflict of interest shall be put in place.
- 6.2 Occasions shall arise where conflicts of interest preclude specific named officers, individuals, committee members from taking part in discussions which shall form views and recommendations on specific matters. Members have an obligation to declare any such interests which shall then be recorded.
- 6.3 Co-opted members of the Economic Strategy Board shall be subject to the rules of conduct set out at Schedule 13 and shall sign an undertaking in the form set out at Schedule 13 to confirm that they will abide by those rules of conduct.

## **7 Proceedings of meetings**

- 7.1 The Portfolio Management Office shall arrange for minutes of the proceedings of each meeting to be taken, approved and recorded.

## **8 Quorum**

- 8.1 For the Economic Strategy Board to agree and submit recommendations, membership must be represented up to a quorate equivalent to 50% of the membership of the Economic Strategy Board.
- 8.2 The Economic Strategy Board shall meet with the following frequency or as and when required:



- (a) Quarterly in advance of any Joint Committee meeting; and
- (b) When necessary to deal with business as agreed by the Chair of the Economic Strategy Board.

**9 Allowances**

9.1 There shall be no allowances paid.

**10 Servicing**

10.1 The Portfolio Management Office shall organise appropriate servicing for the meetings.

**11 Sub-groups**

11.1 Thematic sub-committees may be established as and when required and shall report to the Economic Strategy Board.

**12 Review**

To be reviewed annually