



**Prifddinas
Ranbarth
Caerdydd**

**Cardiff
Capital
Region**



**Cardiff Capital Region City Deal Joint
Committee**

**Annual Governance Statement
2019/20 (Audited)**



2019/20 Annual Governance Statement

Scope of Responsibility

1. The Cardiff Capital Region City Deal (CCRCD) is a unique programme of collaborative working to enable economic change, improved digital connectivity, improved skills and education opportunities, and regeneration across the region. The City Deal totals £1.229 billion and consists of £734 million allocated to the South Wales Metro, which is the responsibility of the Welsh Government and therefore, sits outside the scope of this Annual Governance Statement.
2. The balance of funding relates to the Wider Investment Fund of £495 million, which is met, from a HM Treasury Grant of £375 million (provided over a 20-year period) and Local Government capital contributions amounting to £120 million.
3. The CCRCD is overseen by a Joint Committee, which was established on the 1st March 2017, and which comprises one elected member representative from each of the following councils: Blaenau Gwent, Bridgend, Caerphilly, Cardiff, Merthyr Tydfil, Monmouthshire, Newport, Rhondda Cynon Taff, Torfaen and Vale of Glamorgan. Since its inception, the Joint Committee has been chaired by Cllr Andrew Morgan, Leader of Rhondda Cynon Taf Borough Council, and 2019/20 represents the third full year of the committee's operation.
4. The Joint Committee is responsible for ensuring that CCRCD business is conducted in accordance with the law and proper standards. It oversees the City Deal Wider Investment Fund of £495 million having regard to a combination of economy, efficiency and effectiveness. In discharging its role, the Joint Committee of the CCR City Deal is responsible for putting in place proper arrangements for the governance of its affairs.
5. The following governance disclosure represents an assessment in accordance with the principles of the 'Delivering Good Governance in Local Government' framework, developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE). This disclosure meets the requirements of the Accounts and Audit (Wales) Regulations 2014, as amended by the Accounts and Audit (Wales) (Amendment) Regulations 2018.

The Purpose of the Governance Framework, Background and Developments

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

Background

7. As set out above, 2019-20 represents CCRCD's third full year of operation and therefore, the governance arrangements are now beginning to bed down and mature.

8. The City Deal Director has made the following statement to provide the appropriate context to the work completed as part of the 2019/20 AGS:

“The AGS comes at a time when CCR is at a key inflection point. The first three full years have been spent in ‘start-up’ mode, whilst the new programme beds in and processes, frameworks and protocols are established, familiarised and embedded. This has involved a mammoth effort and establishing a programme, team, governance and partnership framework as well as support arrangements and the functioning of 10 LAs as one collegiate City Deal, has been a significant achievement. Aligned to this has been the mobilisation of the programme and the delivery against core purpose: the three targets sets out for CCR: 25,000 jobs, £4bn private sector leverage and 5% GVA growth. This has latterly required the development of an evidence base and key economic and policy insights; the business and political leadership around an Industrial and Economic Growth Plan and the development and operationalisation of an Investment & Intervention Framework (IIF). In so doing, an Investment Panel has been established along with a raft of complementary governance enhancements – such as the CEO Group now having accountability as the programme board.

In activating the Investment Framework and new more robust arrangements to evaluate proposals, we are learning all of the time. Beyond shaping our approach to dealing with investments, the IIF is constantly aligning and enhancing governance structures and the flow and sequence of our work. It is requiring a greater emphasis on probity; framework commissioning of expert advisors; a stronger focus on management of risk and is ensuring that our ‘intelligent client’ role is growing and becoming clearer. This point of maturity, is inherent in the way the City Deal Office (CDO) is now able to take a much broader and richer view of how the programme as a whole is functioning; how each of the parts are interwoven and mutually reinforcing and the interdependencies that exist. In December 2019, following a cabinet planning day, the Annual Business Plan was set out, in readiness for 2020/21 and early enough to set a clear path for all of the groups, partnerships and sub-strategies and plans that sit within its midst.

All of this is pointing to a growing sense of self-awareness, the ability to continuously self-evaluate and, as we learn from doing, the next steps and stages that need to be put into place. As a result the AGS is more than a point of reflection, it is a central document that serves as a ‘feeder’ for all other processes and frameworks and allows CDO to take an overview of what works, what needs to be improved and how the programme as a whole is functioning and with the requisite levels of effectiveness.”

Key Developments in Respect of Assurance Matters during 2019-20

9. 2019/20 has been a pivotal year for the Cardiff Capital Region City Deal in terms of major developments, which have both strengthened the level of assurance, but also unexpected events, which have tested the City Deal’s governance, systems of internal control and therefore its overall resilience in coping with such events.

1. Approval of the Investment & Intervention Framework

With the publication of the Economic & Industrial Growth Plan in March and the approval and launch of the Investment and Intervention Framework (IIF) in June, 2019/20 was the year CCR went from start-up to scale-up. This maturity is in evidence with outcomes and delivery being scaled and key projects achieving the greenlight – all now underpinned by robust frameworks that engage, include and provide a clear evidence base and assessment process that provides openness, impartiality and strong assurance.

2. Registration and Declarations of Interests

A comprehensive exercise has been carried out in 2019/20 to build on earlier work completed in this area. A register has been developed to track, capture and update Declarations of Interests for all CCR Committees, Sub-committees, Boards and key officer groups, which total 77 in number.

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

A summary of the 'Declarations of Interests Register' is attached at Appendix 2a. This shows that as at the 9th June 2020, a 100% compliance rate has been achieved (forms issued, returned and uploaded to the website). The forms have been reviewed as part of the Statement of Accounts preparation and this analysis will be further developed in 2020/21. In addition, an annual reminder will be issued to all Groups to ensure declarations remain up to date, whilst updates will continue to be provided to Cabinet on a regular basis.

3. Response to the COVID-19 Pandemic

CCRCD acted swiftly to respond to the COVID-19 pandemic through the preparation of its 'CCR Priorities for Responding to COVID-19 & Beyond' document. This will work alongside the existing Industrial & Economic Growth Plan and the Investment & Intervention Framework. This document was approved by Regional Cabinet at its meeting of the 18th May 2020. The CCR Priorities document is attached at Appendix 2b.

In addition, as part of this AGS, responses have been prepared to a set of questions in relation to potential impacts that COVID-19 may have had on CCRCD's governance and assurance processes. The questions and responses are set out at Appendix 2c.

4. CCRCO Strategic Communications' Plan, Marketing and Extending its Overall Reach

Substantial progress has made in 2019/20 to establish clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

Details of the activities undertaken and their impact are set out in Appendix 2d (Statements 4, 5, 7 & 9) and which include the creation of a strategic communications' plan.

The Governance Framework

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

Core Principles

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

Supporting Principles

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

2019-20 AGS Assessment Process

11. At its meeting of the 18th February 2019, the Joint Committee approved a report on the 'Establishment of the City Deal Office – Restructure and Resourcing Plan', and during 2019/20 the Director, recruited the Senior Leadership Team. Therefore, the AGS assessment process for 2019/20 has been led by the City

Deal Office Senior Leadership Team, with input and support from the Accountable Body and other key stakeholders.

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

1. The following officers with key governance responsibilities reported the extent of assurance they could provide in their capacity against the 20 good practice assurance statements. The assessment was carried out in two stages, with the first stage linking specific statements to functional responsibilities (as detailed in brackets below).

- Joint Committee Section 151 Officer (Statements 10, 15, 17, 18 & 19);
- Joint Committee Monitoring Officer (Statements 11, 12 & 13)
- CEX Bridgend County Borough Council (Statement 16)
- City Deal Director (all other Statements);
- Head of Finance, Risk & Assurance (all other Statements)

2. Each officer was provided with details of 2018-19 AGS and asked to provide an initial assessment of the extent of assurance that could be provided against their respective statements in 2019/20. The initial responses were collated and then as a second stage exercise, the full 20 statements were issued to officers for wider consideration.

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

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

- **GREEN** - Indicates a STRONG level of assurance;
- **GREEN/AMBER** – Indicates STRONG/MODERATE level of assurance, but indicates the need to consider whether further controls could be put in place to strengthen the level of assurance;
- **AMBER** – Indicates a MODERATE level of assurance, which is considered to be satisfactory, but recognises that further controls need to be put into place to strengthen the level of assurance and identifies the required action/s that need be taken;
- **AMBER/RED** - Indicates MODERATE/LIMITED level of assurance and could become a 'significant governance issue', unless it is addressed as a matter of priority through an agreed action/s.

- **RED** - Indicates a LIMITED level of assurance i.e. 'significant governance issue identified', which needs to be formally recognised and addressed through an agreed action as a matter of priority.
5. In order to gauge wider stakeholder views, the draft statements, proposed responses and ratings, were issued to select members of Regional Cabinet (Chair and Vice-chairs), Investment Panel, Regional Economic Growth Partnership and Programme Board. This process sought to assess the level of wider validation that could be attributed to the process and the draft findings.
 6. The individual officer and wider stakeholder comments were brought together to produce the final consolidated assessment. Where further actions have been identified, these have been captured as part of the formal Action Plan as set out in the conclusions section below.
 7. To ensure ownership, the Action Plan identifies the following details in respect of each action:
 - Action owner;
 - Target date for completion;
 - Mechanisms and frequency to review progress.
 8. Progress against the Action Plan will be monitored and report on a regular basis through 2020/21.

Other Cardiff Capital Region City Deal Governance Related Work

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

Internal Audit

14. Cardiff Council's Internal Audit Service is responsible for providing internal audit services to the Cardiff Capital Region City Deal through a Service Level Agreement (SLA) with the Accountable Body.
15. To enable the Internal Audit Service to fulfil its role, a 5 year rolling audit plan has been prepared, initially covering the period from 2017-18 to 2021-22 and sets out the proposed work required each year, to secure the appropriate level of assurance. Therefore, 2019/20 represents the third year of the internal audit plan and the Terms of Reference for the following audit was agreed in March 2020 and will be delivered in the early part of 2020/21:

Report 1. CCRCDD Internal Audit Report 2019/20

Commenced: April 2020
Report Issued: September 2020

Audit Objectives:

- a) Governance arrangements for project business case development and approval are effective and appropriately applied;
 - b) Declarations of interest are properly disclosed, responded to and monitored;
 - c) Commissioning and Procurement activities are undertaken in compliance with Contract Standing Orders and Procurement Rules;
 - d) There are effective payroll controls to ensure accurate and bona fide payments;
 - e) Matters arising from the annual governance statement, and associated assurance statements, have been appropriately progressed.
16. The audit work referred to above is now complete and the report was issued in September 2020. This concluded that “based on the work undertaken and the samples tested during the audit it is considered that the overall assurance rating is **effective with opportunity for improvement.**”
17. The report has being finalised with the Director and a management action plan agreed, aimed at addressing those areas with an opportunity for improvement. The Internal Audit Action Plan 2019/20 is attached at Appendix 2f.

External Audit (Audit Wales)

18. Audit Wales is the umbrella name for the Auditor General for Wales and the Wales Audit Office. The Auditor General for Wales,, as the Accountable Body’s auditor, is responsible for the external audit of the CCRCDD Joint Committee.
19. An Annual Audit Plan is prepared and agreed with the Joint Committee, with 2019/20 also representing the third year of external audit work. In addition to financial audit work, performance audit staff from Audit Wales regularly liaise with City Deal officers. There have been no formal performance audit reports in 2019-20, although there has been correspondence regarding the registration and declaration of members’ interests.

Assurance Summary

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

21. Building on the comments included in the 2018/19 AGS, the City Deal Director has provided the following statement in respect of the work completed during 2019/20:

“2019/20 has been a pivotal year for CCR. With the publication of the Economic and Industrial Growth Plan in March 2019 and the approval and launch of the Investment and Intervention Framework (IIF) in June 2019, it was the year CCR went from start-up to scale-up. This maturity is in evidence with outcomes and delivery being scaled and key projects achieving the greenlight – all now underpinned by robust frameworks that engage, include and provide a clear evidence base and assessment process that provides openness, impartiality and strong assurance.

The development and implementation has been a critical stage of the journey. It completes and give practical effect to the Assurance Frameworks and allows CCR to take forward the concepts of ‘evergreen’ and the principles for securing and measuring co-investment, external leverage and ROI. In addition, it clearly support evidenced priority sectors and has a clear and transparent process, comprising of a SIFT Questionnaire (and evaluation) leading into a proportional business case development phase. This is overseen and implemented by a new Investment Panel, which is an advisory body to Regional Cabinet. This is derived of five members of the REGP and five members of Programme Board, providing a good type/scale of interaction across public and private. Investment Panel makes recommendations through a sequential process, to Regional Cabinet and consults with REGP and Programme Board in the process and where relevant, the Regional Transport Authority. All submissions into the IIF are treated the same and the process constructed affords a high degree of independence and neutrality.

In 2019/20 Investment Panel first met at the end of July with 7 further meetings taking place up until the end of March 2020. This has resulted in seeding a range of new projects and proposals such as Life Sciences Park, full fibre infrastructure and 5G and also, in important mid-way approvals for Metro Central and Metro Plus and on full approvals for Homes for all the Region and the CCR Graduate Scheme. In this period, KPMG has also been appointed through a public sector compliant procurement exercise, as lead commercial and financial advisors and Pinsent Masons appointed through a similar open market exercise as legal advisors. With key posts in the team now filled and a reasonably strong structure in place, the CD Office team is equipped to move things forward.

At the same time as delivery and a programme implementation focus, attention remains equally on good process, strong governance and ensuring systems and processes in place for issues such as Declarations of Interest (members and officers), scrutiny support, operation of the forward planner which oversees a connected network of meetings, groups and advisors and audit is in place. It has been agreed that in September 2020, with the IIF at the end of its first full year of operation, a review will be undertaken to test and check-out operations, sequence, timing and decisions and to ensure we have in-built mechanisms for review and evaluation to constantly inform what works, what doesn’t and lessons

learned. It is in-building the ability and resilience for self-assessment that will be crucial heading towards Gateway Review.

The first cabinet away 'planning' day was also held in 2019/20 which provided the content, detail and focus for the Annual Business Plan 2020/21. This was a successful event in terms of taking stock and placing emphasis on political priorities and objectives to frame activity within 20/21. In addition, constant refinements have been made to processes for quarterly monitoring of the annual business plan – beyond tracking objectives and their progress to integrating with logic model requirements for the Gateway Review.

In all, the systems and process and decisions/ commitments made in 19/20 now position CCR well to scale up and continue delivery. However, at the time of writing the full economic impact of COVID-19 is yet to be felt given we remain in the period of economic hibernation. This has demonstrated that alongside responding to today's issues and challenges, fuel needs to be kept in the tank for responding to uncertainties and quick changes in events. Time will tell how this will play out, but the commitment to doing the right things not the easy things and ensuring nobody is left behind in the CCR remains uppermost in our objectives as we move forward.

Finally, the Joint Committee's Chair, Cllr Andrew Morgan stepped down from his role at the end 2019/20, with Cllr Anthony Hunt being appointed as Chair from 2020/21 onwards. We thank Cllr Morgan for his time as Chair and the commitment and dedication he has shown in getting the City Deal to this key point of maturity. We look forward to working with Cllr Hunt, to build on the great foundations that have been established thus far."

Summary of Findings

22. As a result of undertaking the assessment process outlined above, it has been concluded that STRONG assurance can be provided against 11 statements, with a further 8 statements being rated as STRONG/MODERATE. 1 statement (Statement 2) has been categorised as providing MODERATE assurance.
23. There were no 'significant governance issues identified' in respect of the 20 good practice assurance statements in 2019/20.
24. A summary of the ratings in respect of the 20 good practice assurance statements are summarised in Table 1 below, with details of each statement, systems of internal control, rating and further actions needed, fully set-out within Appendix 2d.

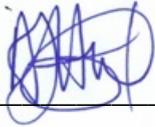
Table 1. - Summary of 2019/20 Assurance Ratings

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

Conclusions & Next Steps (Action Plan)

25. The assessment completed in respect of the 2019/20 Annual Governance Statement, shows that there was an improvement to the assurance rating for 7 statements, whilst the rating for the remaining 12 statements have stayed the same.
26. The rating for Statement 10 has been changed from STRONG to STRONG MODERATE. This change reflects the need for earlier consideration of accounting and financial management arrangements, as well as the need to strengthen reporting arrangements to capture the iterative development of proposals, as they move through the Investment & Intervention Framework process.
27. The assessment identified that STRONG assurance can be provided for 11 of the 20 good practice assurance statements. These areas will be subject to 'ongoing review' by officers to ensure that the high standards of assurance continue to apply as the City Deal evolves and matures.
28. A rating of STRONG/MODERATE was concluded for 8 of the remaining 9 assurance statements, with the final statement being assessed as MODERATE. The assessment process has identified 15 separate actions, which once implemented, will seek to further strengthen the levels of assurance that can be placed against the 20 good practice statements.
29. The actions referred to above have been captured as part of the AGS Action Plan, which is attached at Appendix 2e. These actions will be progressed during 2020/21 and updates provided to Cabinet as part of the quarterly performance reporting arrangements.
30. Finally, 'Other Governance Related Work' is in process of being completed. Once reports have been finalised, issued and agreed, the Joint Committee will formally consider and respond to any findings and recommendations put forward.

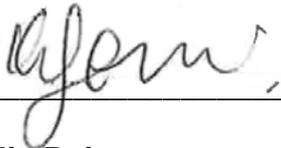
Certification by the Chair of the Cardiff Capital Region Joint Committee and the City Deal Programme Director.



Cllr Anthony Hunt

16 November 2020

Date



Kellie Beirne

16 November 2020

Date

Register of Interests 2020/21: SUMMARY (as at 09.10.20)

Group		Group Membership	Group Completed	% Completed	Amend 1 Date	Amend 2 Date	Amend 3 Date
1	Regional Cabinet	10	10	100.0%			
2	Investment Panel	10	10	100.0%			
3	Regional Economic Growth Partnership	13	13	100.0%			
4	Regional Transport Authority	10	9	90.0%			
5	Regional Business Council (under review)						
6	Programme Board	10	10	100.0%			
7	City Deal Office	16	16	100.0%			
8	CSC Foundry Board	10	10	100.0%			
Total		79	78	98.7%			

SUMMARY – CCR PRIORITIES FOR RESPONDING TO COVID-19 & BEYOND

- The economic fallout of COVID-19 is dramatic and horrible. However things are changing and evolving all of the time and whilst the economy will not 'snap back' – we must keep an open mind, avoid knee jerk reactions & work in real-time
- The things we have previously prioritised still stick and in fact the focus on priority sectors such as med-tech, fin-tech, cyber, energy AI/Data, infrastructure and compound semis all have heightened relevance
- The challenge is not so much about preparing for a fixed view of whole-scale and long-term change but the ability to adapt and adjust and be clear about the kind of legacy, this crisis might enable CCR to achieve
- For example – working patterns, public policy challenges, re-framing how we value 'key' occupations and focusing on the unevenness of impact across places and economic sectors in CCR
- CCR has devoted time to building the intelligence & data, informing criteria and priorities for government; helping navigate businesses through frameworks and programmes and ensuring businesses optimise support available, as well as planning for next steps as the economy emerges from hibernation. Within this, new scheme proposals are also being brought forward in direct response to COVID.
- In terms of future priorities, CCR should therefore:
 - stay away from short-term crowded response space;
 - stick with the plan – long-term, strategic and focussed on industries of future and balance with local foundational growth;
 - ensure it can adjust and adapt programmes & future-proof;
 - deploy relevant financial tools and solutions where there is proven viable company or proposal;
 - support med-tech innovation and innovation-readiness and R&D;
 - take opportunities to create a positive public sector-led post-COVID legacy.

CCR response contains 10 priorities to frame future focus under 3 headings:

1. Account Management:
 - Building business intel base and helping businesses navigate options/opportunities.
 - Preparing for what next.
 - Kicking tyres of existing programmes to adjust and adapt to new normal.
2. Response and Resilience:
 - Support for new businesses – assistance for start-ups.
 - Structured funds: SME Co-investment Fund; Evergreen Premises Fund and Investment Readiness.
 - Challenge Fund Programme to re-build local wealth post COVID.
 - Med-tech open call for innovation.
 - Stabilising key businesses through different products – convertible equity, IP shares, guarantees and security and potential match for Future Ready Fund.
3. Recovery and Re-emergence:
 - Forging forward with support programmes for industrial scale priority clusters
 - Support for medium sized businesses

INTRODUCTION

It was only 9 March but feels like a lifetime ago CCR Cabinet last sat to approve Homes for all the Region, Graduate Scheme, Metro Central and kick-starting life sciences and digital activity. So great is the difference now to the world that was, the first iteration of this report cast a bleak outlook for the economy. The outlook is still dramatic and horrible. However this is an evolving space. What is a priority one day, isn't so much the next. Schemes, initiatives and new flexibilities are being introduced all of the time. Economic forecasts, whilst still predicting large-scale recession, show that the 'V' shape revival could still occur over time and, the full year arithmetic on GDP projections, whilst clearly radically different to anything pre-COVID, may not be as intensely bad as first thought.

This is not to say the economy will just 'snap back'. It won't. But the challenge in such a period of volatility and uncertainty is keeping an open mind, avoiding quick structural reactions and working in 'real time'. In the long-term, things may not change as much as we might expect and it certainly seems that priorities such as infrastructure, data, cyber, compound semis, energy and med-tech will have heightened relevance. The future priorities set out below are not so much about preparing for whole-scale long-term change. But they do provoke the question: **can** we change – and for the better? Never waste a crisis. What added impetus can CCR in its 20 year outlook give to patterns of working and to re-setting public policy challenges and issues? How can we re-frame how we view and value certain occupations and focus on the unevenness of economic impact across communities and sectors of the economy?

THE CHALLENGE

COVID-19 is having profound impacts on the global economy. In April the independent Office of Budget Responsibility published a report forecasting a steep 35% drop in GDP for Q2 2020 with incremental improvements thereafter. The scale of government's response by way of fiscal stimulus is unprecedented and the package of mass market measures, undeniably generous. Nevertheless there are gaps and companies of all sizes and operating scales are falling between the cracks. Liquidity has improved with Quantitative Easing, extension of financial support schemes and in Wales, the £500m economic resilience fund. However, challenges remain in getting money to eligible and viable businesses quickly enough.

The response of local public sector organisations has been exceptional - both in dealing with civil contingencies deployment and a public health crisis. In addition, many CCR Councils were getting rate relief/business grants out the door within days. In terms of the cost of this however, public sector liabilities are rising; and, bond markets will find it increasingly difficult to digest the scale of government debt issuance needed in short time to fund extra spending.

The pandemic will continue to affect households for a sustained period of time – no longer judged in just weeks or months. The response to date has focussed mainly on the medical/public health emergency with a secondary emphasis on the economy. However, the psychological/ societal impacts will also need to be explored.

In global economic terms, supply chains and thus, business order books are being impacted. Signs now suggest that China is recovering faster from COVID-19 which could mean the Chinese economy strengthens its position in trade wars with the USA which could see the shift in the centre of the global economy.

There is a growing focus on the state taking equity shares and provision of security. Feedback from medium/larger businesses shows that whilst access to commercial finance is holding – the need to sensitise future strategies in volatile trading settings highlights risk for even the strongest businesses. This impacts covenant strength and thus, cost of borrowing.

Behaviour in the banking sector has also been variable. From tardy responses to imposition of Personal Guarantees against the CBILS and through to again, recurrence of the security/guarantee challenge – questions are raised about the ability of financial institutions (some of which were themselves ‘saved’ by the state during the 2007/08 financial crisis) to respond.

The position of Universities is also critical. The reliance on overseas students is being seriously undermined by COVID-19. For the upcoming academic year 20/21, there are major viability challenges with calls for government intervention not to mention the impact on innovation and science – one of the positives of the pandemic – and not just in terms of finding a vaccine, but in data mapping genomics features, rapid sanitisation and agile manufacturing of devices and diagnostics. This has consequences for the 2.4% R&D target by 2027.

For CCR, this means:

- Responding in a way which is considered/complementary to stimulus packages. The immediate response space is crowded. We must stick in large part to the plan, albeit, accelerating it and in line with the 20 year outlook, show preparedness for ‘what next’.
- Catalysing & backing innovation readiness. COVID-19 is fuelling the next wave of innovation – particularly in the digital, med-tech, e-commerce, remote working, supply chains and data and AI. Firms are already showing signs of the ability and agility to capitalise on these underlying and disruptive changes.
- Deploying different financial tools and solutions where due diligence requires them and where there is a viable company or proposition to support.
- Continue to support priority clusters given evidence shows sectors like compound semis, med-tech, fin-tech, AI, infrastructure & energy are key to re-building economies.
- Taking opportunities to do things differently. Countries are setting out plans for new economic manifestos post-COVID. From Universal Basic Income in Spain to Holland’s plan to transform agriculture to boost food security – there is a will for a different post-COVID legacy. This is not about accepting ‘change/ no change’ as an inevitability – it is about deciding *what* CCR wants to change through public sector leadership.

All this suggests that CCR’s approach should be structured through three main phases:

1. **Ph 1/ Early Response ‘Account Management Plus’** – co-ordinating information; signposting and directing; building a rich economic intelligence base and influencing. This includes highlighting gaps and helping to broker solutions as well as kicking the tyres of existing programmes to assess continued relevance and need for adaptation.
2. **Ph 2/ Stabilising and Building Resilience** – supporting survivability of key businesses and firms through new approaches and financial levers that respond to evidenced challenges; acceleration of plans for more targeted structural support (SME Co-investment Fund; Strategic Premises Fund and an Investor Readiness Programme); establishment of a Challenge Fund and specific focussed support around the Med-tech innovation opportunity. This latter is critical. Even though we have a fairly well developed sector in the region around devices and diagnostics specifically, over 60% of tools are still coming from China.
- **Ph 3/ Preparing for Recovery and Re-emergence** – developing an approach to economic re-growth and revival. This should back our priority clusters as evidenced ‘industries of the future’ capable of having a transformative impact. This will require more tailored packages of support and a long-term approach to access to finance.

What we’ve found so far

In March CCR commissioned a Business Survey. Over 700 responses were received with scores more coming through company insights and leveraging networks with industry bodies:

- 98% businesses confirmed they'd be affected by COVID-19 – with declining customer base, cash-flow and loss of income being main concerns along with worker welfare
- Eligibility and how to access support. A finance function is now always a given
- Dissatisfaction with the CBILS scheme and banking behaviour/ procedures
- Beyond access to quick funding – medium/long-term bespoke patient finance is critical
- Challenges around securitisation and collateral
- Speed of implementation and measures implemented as a comprehensive package
- Support for sole traders and self-employed
- Innovation needed to extend practices like Invoice Discounting
- Support for business diversification and in particular, e-commerce/ digital businesses
- Need for LAs to run 'keeping in touch' sessions and a need for webinars for SMEs
- Giving thought to 'what next' – the current schemes merely give a holding position
- Support needed around growing active cluster of med-tech businesses many of which have gone out of their way to innovate & solutions-focussed
- Tailored packages of support needed for medium and larger enterprises. When key vulnerabilities show, the ripple effects work down through supply chains
- Disproportionate impact of the rate relief thresholds and the £500k imposition and affects for hoteliers, retail and larger supermarkets

What we've done

We have developed and shared with UK & Welsh Governments influential advice notes and guides. The first was Business Support Schemes Overview; the second Gaps in provision and the third Business Support Expectations v Reality. (Gambit). Additional actions include:

- Ongoing engagement across all ten LAs, WG, Business Wales, Chief Regional Officers and WLGA to share early communication and strive for consistency
- Focussed engagement with Innovate UK and UKRI on new challenge & open calls
- Developed one co-ordinated comms campaign across LAs to help businesses maximise support available
- Engaged with Chambers of Commerce, CBI, IoD, British Business Bank, Wales Government and Wales Office to share intelligence and co-ordinate key messages
- Over 20 articles published via Business News Wales portal & LinkedIn
- Developed our own COVID-19 section on the CCR website
- Developed FAQs and handy links which have been updated daily
- Continued communications on key schemes and programmes
- Media focus on R&D and science and innovation showcasing Medtech
- A series of podcasts and 121 interviews on the above subjects
- Continued to originate and develop schemes, accelerating timescales and impacts through 2 Investment Panels

Forward Focus

Phase 1 - Account Management, Business Intelligence & Influencing

The economy is evolving and currently, contracting at a rapid rate. The immediate assistance 'rescue & bail-out' space is a crowded and often frustrating one. Access, eligibility and the differing criteria for each of the schemes can present barriers to entry.

PRIORITY 1 – Helping to navigate CCR must continue to play a vital role in helping businesses navigate this landscape; interpret guidelines and highlight gaps so that governments are able to flex/refine their offering. We will do this through continuation of the communications strategy for signposting and coordinating; updates to the 'Expectations v

Reality' piece; support to governments and British Business Bank on implementation and ensuring that businesses have the information needed to fully capitalise on what's on offer.

PRIORITY 2 – Evidencing what next We will use this initial phase to gather the evidence and build analytical capability provided by the School of Economic Geography at Cardiff University and through work on the data dashboard; bringing on board the KESS data PhD studentships and continuing thought-leading publications. This will enable us to pick out the trends and see the priorities – for example – the unevenness of economic impact with aviation, tourism, non-food retail and leisure closed down for an extended period whilst healthcare facing industries, equipment and consumables are seeing massive upsurges.

This phase will help us move beyond directing others to 'funding' to informing medium term issues around patient access to finance. Using data to guide development of more bespoke support will also help mitigate the social risks emanating from economic contraction. This will be key in CCR given the already well established link between poverty, poor health and limited life chances. There will be a pivotal role for the revised Business Council to play here.

PRIORITY 3 – Kicking the tyres AA and other experts have reported on transit changes post-Coronavirus, predicting a permanent reduction in demand for travel due to the take-up of remote working and big gains made in improved air quality. Some commentators are arguing that more policy emphasis/public expenditure should go on digital infrastructure rather than road infrastructure. Maintaining a focus on public transport will be key given the potential for a better balance across home, office and local working.

Early discussion with WG suggests that all transport related forecasts should be re-run and it has been recommended that a joint piece of work is carried out via the Regional Transport Authority to inform a shared position on future transport investment in the region. There is a real opportunity to think about how this might lead to a more differentiated strategy for CCR striving for better ratios than the current 80:10:10 of car use, public transport & active travel.

For the Graduate Scheme – the emphasis at this time is on maintenance and working with those companies that have participated to sustain relationships and interest (Through the Looking Glass series). Demand has fallen drastically for the scheme in most areas, however there are signs of new interest in others (health/ med-tech). It is likely though the focus will need to pivot into a broader reskilling/ HE/ FE support programme that mirrors shifts seen as some sectors become redundant whilst others grow and require talent and capacity.

Work on the housing fund to test assumptions and see it in the context of lower risk thresholds (SME Finance Fund in particular) has demonstrated it can still work – albeit perhaps with a slower start and through portfolio-led approaches that mitigate the now more prevalent risks.

Increased levels of entrepreneurship, growth and productivity will be vital in the region recovering from the COVID 19 lockdown. Programmes such as full fibre connectivity, 5G and Data /AI need acceleration given reliance upon them as core infrastructure. A meeting with the DCMS Digital Minister in March has resulted in a request for CCR to share its digital ambitions. It is further that advanced manufacturing, fin-tech, compound semiconductors and life sciences will be fundamental to CCR's long-term endeavours.

Phase 2 - Response and Resilience

Easing lockdown at the relevant points will need careful judgement of when the health imperatives give way to economic concerns. CCR has to be in the space of what happens post-exit from economic hibernation and mitigating macro-economic fallout.

PRIORITY 4 – Supporting new businesses. Ensuring that entrepreneurs are supported through the process of starting up and developing a business is vital to ensure that the region

recovers, especially as new businesses create the majority of the jobs in an economy. Entrepreneurs need access to expertise, knowledge, seed capital and to a supportive community but the COVID 19 lockdown has seen many start-ups unable to access support. Such funding provision would be an ideal fit for Shared Prosperity Funds.

Traditional models of business support may no longer be applicable. Instead, there can be different solutions driven through online provision that will create a more supportive environment to increase the number of start-ups, improve their survival rate and ensure more companies grow. Key interventions to strengthen the environment for entrepreneurship will include more co-working spaces in all parts of CCR, strong local networks of entrepreneurs to ensure mentorship support and an interactive online business support programme.

PRIORITY 5 - Developing more structured funding support. It is time to accelerate ambitions for establishment of a first wave of key targeted funds with which to mitigate some of the worse effects on businesses. A second phase of funds could see CCR looking to Shared Prosperity Funds for further support on a range of programmes.

- The first priority is to develop a **SME Co-investment Fund** as a key part of an entrepreneurship, growth and productivity plan for the region. Dialogue is progressing with prospective investment partners regarding capitalisation. In light of the need for more medium-term tailored access to finance, this will operate in the scale-up space, promote priority sectors and create more structured support systems beyond the fund to encompass entrepreneurship support. The potential size of the fund will be upward of £50m, with at least a requirement of £25m of CCR (subject to business case) & will provide equity into commercially viable businesses.
- Aligned to this, is **Investment Readiness** support that facilitates access to finance and focuses on raising the quality of deal-flow. Often investment proposals take longer than we'd like to 'pull through' because even though they are interesting – the proposer cannot explain its impact; simply describe the business model and succinctly articulate the investment proposition. This would also work as an active investment leverage tool.
- CBRE has been commissioned to develop a **Strategic Premises Fund** drawing on the evidence and research done by JLL (for CCR) and SQW (for WG). Whilst again, demand impacts on office accommodation in a 'business as usual' scenario will adapt, the emphasis here is more about a distinguished strategy, linked to likely changes in travel to work; alignment to priority sectors/ cluster strategic sites and flexible working. In particular, increasing the number of new businesses located outside of the two main cities is vital in ensuring a more entrepreneurial region.

PRIORITY 6 – Establishing a Re-building Local Economies Challenge Programme

There is a real opportunity for public bodies to build a positive legacy post-COVID. The measures, behaviours and adaptations now in place as we continue to lockdown should not be temporary crisis responses. Organisations, services and people everywhere have moved quickly beyond comfort zones. We have re-connected with what matters and perhaps more importantly, one another. Changed operating models, new collaborations and recognition of digital/ data as a core resilience pillar have all featured – and must continue to do so.

The programme would work through selecting a 2 or 3 challenges to form the focus on individual challenge funds. The idea is these would aim to build new thinking, services, ways of working and potentially products, that contribute to new momentum and the 'new normal' in a post-COVID world.

The core principle is about putting innovation capability and skills in alongside the changes and challenges so that learning and value is *applied* and can continue to spread, scale and

develop. This is as opposed to a reversion to 'business as usual' – when the worse of the pandemic is over. There is a real danger that when the healthcare imperatives give way to more long-term economic concerns, we will reach for what we know and not stick with what we have learned. The proposed programme will therefore involve:

1. An innovation skills and capacity building element aligned with InFuSe – our bid under the WEFO P5 Building Institutional Capacity Programme
2. Investment to support the development of new innovations through a SBRI style programme considering challenges such as healthy ageing, decarbonisation, foundational economy renewal, digital democracy and future mobility/ better jobs closer to home
3. A unique blended partnership across CCR, Cardiff University, Nesta/ Y-Lab and Alacrity (the emergent Public Services Testbed) and potentially, colleagues within WG Innovation and the SBRI Centre of Excellence
4. A funding programme that is made up of £10m CCR, £4m WEFO and contributions from challenge owner partners as progress is made through the programme and further leveraged investment through potential first or end customer commitments. There is also potential to 'match' SBRI run through WG and SBRI Centre of Excellence and achieve further leverage.

PRIORITY 7 – Accelerating CCR Med-tech Cluster through supporting Med-tech innovation. There is a moment in time to capture the full benefits of a Med-tech Cluster in CCR. Intelligence suggests that it is our second most mature economic prospect with a strong supply chain, good anchor companies, international market reach and represents about 6-7% of GVA output for the region totalling some £1.5bn annually. Despite having all of the ingredients of a 'cluster' – it is estimated that more than 60% of the devices and diagnostics in the region are imported from China.

CCR has received a high level of contacts and proposals from Med-tech and diversifying manufacturing companies. CCR Cabinet recently approved the Devices and Diagnostics Strategic Framework and the first stage due diligence of a Life Sciences Park – both of which support the EOI to UKRI for a Med-tech Cluster. A massive response has been seen from businesses diversifying their manufacturing base to medical tech and tools and there are many more strategic opportunities to build upon. Emphasising and reinforcing the importance of this sector through the CCR Investment Framework is an important signal to growing the maturity of this sector and play to unique advantages around: 3D printing of devices for on the job deployment, data mapping for prediction/prevention, alternative materials for face shields filtration methods, non-medical viable manufacture of oxygen & clean room pop-up space.

PRIORITY 8 – Stabilising key businesses. This is about responding quickly to the needs of businesses in our priority clusters that are starting to fall between the cracks and alleviating more specific challenges that will help viable businesses achieve the sustainability/continuity needed to be able to think about growth and inward investment again. Beyond provision of 'funding' – this is about access to bespoke patient capital.

There are key 'ways CCR could help' in this phase of building resilience. The overwhelming feedback from businesses, financial and legal advisors – as well as government – has been:

- Payment holidays & rental breaks & easing cash flow burdens
- Consider equity buy ins – which can be diluted over time or transferred into debt as company balance sheets improve (convertible equity)
- Consider the important role that could be played by guarantees, collateral support, asset-backed security to bridge gaps and help mitigate the prospect of risk where more stringent banking requirements apply
- Potential to match complementary initiatives such as the Future Ready Fund
- Considering shares of IP and know-how

- Re-set some of the metrics – some of the financial performance metrics commonly used will have limited use in this new environment. Increased collaboration to identify key transparent achievable KPIs will be vitally important and must be progressed with Wales and UK Govts, as well as a new approach to Risk Management.
- Greater emphasis could be placed on EBITDA (or equivalent) ratings to assess debt capacity and EBITDA(c) concept to assess core company stability
- Greater role for CCR and indeed other City Deals in this phase. The way and pace of working must change. In this period of re-emergence – it will timely to think about the establishment of a CCR Development Agency and ways to enhance democratic legitimacy at the same time as utilising new levers and opportunities.

Phase 3 - Recovery and Re-emergence.

PRIORITY 9 – BUILDING LONG-TERM INDUSTRIAL CLUSTERS The focus is identified ambitions to build viable and resilient industrial clusters in which connections, collaboration and competition enable the eco-system to thrive. Our evidence base for supporting Data/ AI, infrastructure, Compound semis, Cyber, Med-tech and Fin-tech is robust. The diligence regarding potential for future growth is continually updated and early indications show, if anything will need acceleration in a post-COVID world. They also offer potential to address challenges such the disruptive impact of automation, ageing society and energy.

For re-emergence, seed funds will be needed to catalyse the creation of formal cluster bodies, with some prioritisation given to how funds and investment can be deployed in support of their inward investment and FDI opportunities and alongside funds such as Strength in Places. Reinforcing clusters through the blueprint of skills, marketing, building connections, collaborative R&D and key strategic sites, will be critical.

In addition to this, the renewal of the foundational economy in ways which connect into future challenges and opportunities and making food, farming, retail and tourism adaptive and resilient in the light of disruptive forces of AI and machine learning –so jobs are enhanced not displaced or replaced – will be crucial. This could also help channel future government 'recovery' funds as well a more focussed approach for Shared Prosperity Funds and emergent ambitions for the Western Gateway.

PRIORITY 10 – IMPROVING THE PRODUCTIVITY OF MEDIUM SIZED FIRMS In terms of improving the competitiveness of the CCR as the region emerges from COVID-19, one of the more focused approaches would be to target the medium sized firm sector (approximately 1300 firms across the region) that currently employs between 50 and 249 staff. This group of firms has a lower performance than its UK equivalent both in terms of turnover per enterprise. This underperformance could be addressed through the development of focused interventions such as greater networking opportunities between CEOs, sharing of best practice and access to a high-level executive education programme. This could result in considerable impact on both employment and wealth creation within CCR. If this group of medium-sized businesses were performing at the same level as UK equivalents, annual turnover could be in region of £10 billion with an additional 52,000 jobs.

Annual Governance Statement (2019/20): COVID-19 Implications

Part 3 para 5 of the Accounts and Audit Regulations require that bodies must ensure that there is a sound system of internal control which facilitates the effective exercise of that body's functions and that bodies must conduct a review at least once in a year of the effectiveness of its system of internal control (i.e. the AGS)

The findings of the review referred must be considered in the case of Council's by the members of the body meeting as a whole or by a committee.

Following the review, the body or committee must approve a statement on internal control prepared in accordance with proper practices.

The relevant body must ensure that the statement accompanies any statement of accounts which it is obliged to prepare.

As a result of COVID-19 we expect some potentially significant changes to the content included within bodies' Annual Governance Statements this year. Although the pandemic may not have changed governance frameworks until the last few weeks of the year, it is essential the changes are reflected appropriately. Key questions that we will be considering are:

a. Does the statement set out the control frameworks before the pandemic and explain clearly what has changed in response to it?

The CCRC Regional Cabinet (Joint Committee) and its supporting governance arrangements have largely continued to operate normally since the on-set of the pandemic at the beginning of 2020. Since the introduction of the government's lockdown (around the 3rd week of March 2020), the following meetings have taken place (as at the 15th June), in-line with government guidelines and regulations:

- 3 x Formal Cabinet Meetings (inclusive of an AGM);
- 2 x Cabinet Briefings;
- 4 x Investment Panel Meetings;
- 2 x Regional Transport Authority (1 Briefing & 1 Formal Meeting);
- 2 x Regional Economic Growth Partnership Meeting;
- 1 x CSC Foundry Board Meeting;
- 1 x Regional Skills Partnership Meeting.

Changes resulting from the pandemic largely relate to the preparation of 'CCR Priorities for Responding to COVID-19 & Beyond' document, which will work alongside the existing Industrial & Economic Growth Plan and the Investment & Intervention Framework. This document was approved by Regional Cabinet at its meeting of the 18th May 2020.

b. Does the statement reference key regulator guidance which affects or directs changes to control frameworks and compliance with it?

CCRC is not regulated in an industry/service provision manner, so this statement is not direct applicable in this regard. However, the 'CCR Priorities for Responding to COVID-19 & Beyond' document has been shared with CCRC's funders and with Audit Wales (it's Financial and Performance Regulator) as part of the AGS process.

Key areas we would expect to be included are as follows:

c. Whether the Council or in the case of the Joint Cabinet has discharged its duties differently including details of committees stood down.

The CCRCD Cabinet has continued to discharge its duties in-line with its established governance protocols and frameworks, namely; the Joint Working Agreement and its Investment & Intervention Framework (its toolkit for appraising proposals received). There has been a seamless transition to digital meetings, which has meant that no committees or sub-committees have been stood down. Response to Question a above, sets out details of the meetings which have taken place during the lockdown as at the 15th June 2020.

d. Any escalation hierarchy of decision making in the absence of key players.

There has been no escalation hierarchy of decision making. All decisions have followed the established protocols and governance arrangements as outlined above. All Boards and Groups that support the agreed decision making framework have been engaged on proposals taken through the IIF since the onset of COVID-19, noting that all meetings have been 'virtual meetings and in some instances, consultation has taken place via e-mail.

e. How key legislative requirements such as meeting in public have been met?

The CCRCD Cabinet has fully complied with the regulations issued by Welsh Government (The Local Authorities (Coronavirus) (Meetings) (Wales) Regulations 2020). No meetings took place in advance of the regulations taking effect.

f. Whether systems of internal control have changed due to remote working, and assurance over their adequacy.

No systems of Internal Control have changed as a result of COVID-19 and/or as a result of staff having to work from home.

g. Internal audit coverage including incomplete work programmes and how/whether adequate assurance was obtained for the year.

The planned Internal Audit has commenced in-line with agreed timescales and is currently being finalised.

h. How risk appetite has changed, new risks emerging from the pandemic, impact on current risks, and how they are being managed.

See response to Question a above. Whilst priority has been given to certain initiatives as set out in the CCR Priorities for Responding to COVID-19 & Beyond' document, Risk tolerance levels have largely remained unchanged. All proposals are required to go through the IIF process and the necessary levels of due diligence are completed as would normally be the case. At its meeting of the 18th May, Cabinet approved one proposal on the following basis:

"In these unprecedented circumstances, time is very much of the essence and it is critical that CCR act swiftly so as not to delay the development of this proposal. This justifies and necessitates an accelerated CCR decision making process. Specifically, we propose to proceed directly to the development of an abridged form of Final Business Case. This approach is supported by the relatively low value and straightforward nature of the intervention (i.e. a short term repayable loan underwritten by a parent company guarantee from a plc organisation).

The Joint Working Agreement provides that CCR will adopt a best practice business case approach in line with HMT's Five Case Green Book Guidelines. It has, however, been recognised that the diverse range of project types, values and sectors encompassed within

the CCR will necessitate the Five Case Model being amended on a 'proportionate basis to reflect the scale, nature and scope of the relevant Application'. This forms part of the "A Proportionate Approach to the Five-Case Business Case Model" exercise that CCR are progressing with Local Partnership, Welsh Government and HM Treasury. Indeed, the Welsh Government Single Stage Business Case Template already recognises that variations of approach to the Five Case Model are appropriate under certain circumstances. Their website, 'Better Business Cases: Investment Decision Making Framework' proposes the use of two variations to the model, one for Low Value (below £250k) and the other for Medium Value (£250k to £2million). Significantly, both advocate a single stage abridged Business Case Proposal on which a funding decision is made (i.e. no SOC or OBC is required). Our proposed approach here is consistent with this direction of travel and approach and, with the urgency of the COVID-19 response, justified on that basis.

i. How COVID-19 has impacted on compliance with any Corporate Governance Framework.

Largely compliance has not been impacted on CCRCD's Corporate Governance Framework. The CCR Priorities for Responding to COVID-19 & Beyond document has been developed and approved through the normal decision making framework and sits alongside the Industrial & Economic Growth Plan and the Investment & Intervention Framework, as set-out above.

j. Impact and progress on other specifics required in the statement e.g. strategic planning, equalities duties etc.

Largely there has been no impact. Strategic planning has continued in the normal way and all equalities duties have been complied with.

k. Conclusion: overall review of effectiveness needs to reflect whether the pandemic has led to significant internal control or governance issues or not.

Conclusion: the pandemic has not led to any significant internal control issue. There has been one instance of the Investment Panel meeting unable to reach quorum due to the need to attend an urgent Public Health Wales meeting. The Terms of Reference for Investment Panel are being reviewed in-light of the current pandemic.

Annual Governance Statement: 2019/20 Controls, Ratings & Actions

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
1	<p>We have and effectively communicate codes of conduct to define standards of behaviour for members and staff, and we have policies for dealing with whistleblowing and conflicts of interest.</p> <p><u>2018/19 Rating</u></p> <p>AMBER</p> <p><u>2019/20 Rating</u></p> <p>GREEN/AMBER</p>			<p><i>The CCRCJ Joint Committee follows the Policies & Procedures of the Accountable Body, which includes amongst other matters - Member and staff Codes of Conduct, whistleblowing and conflicts of interest policies. These policies are supplemented with advice from the Accountable Body as required, to ensure these can be applied to specific Joint Committee requirements. There is a specific reference within the Joint Working Agreement (JWA) to Codes of Conduct and induction sessions are organised for the Joint Committee members (Regional Cabinet) on these matters, given their importance.</i></p> <p><i>Should instances arise between officers (or members) across the 10 Local Authorities regarding conduct then each officer (or member) is subject to their employing authority's code of conduct. The Accountable Body would always seek to assist in finding a resolution, and would be willing to mediate where this would assist.</i></p> <p><i>For the reasons outlined above, it is important that the employment status of all officers supporting City Deal is clear, including the clear identification of the employing authority where staff transfers/secondments are agreed. An action in this respect was completed by the Accountable Body in 2018/19 (Qtr 1).</i></p> <p><i>Member and staff Codes of Conduct, whistleblowing and conflicts of interest policies are in place (see Assurance Statement 3).</i></p> <p><u>Summary of Action taken in 2018/19 in respect of Declarations of Interest</u></p> <ol style="list-style-type: none"> <i>1. Information included in Investment & Intervention Framework Cabinet Report (10th June 2019);</i> <i>2. Formal correspondence issued to Members and Advisory Groups (5th June 2019);</i> <i>3. Declarations of Interests is a standard agenda item for all CCR meetings and the minutes seek to capture the nature of the any declarations made;</i> <i>4. Declarations of Interest forms completed and uploaded to the City Deal Website.</i> <p><u>Further Actions taken in 2019/20 (including response to WAO (now known as Audit Wales) recommendations set-out in its letter dated 19th September 2019)</u></p> <p><u>Recommendation (i): Remind all Regional Cabinet Members that it is their personal responsibility to ensure that they understand their obligations under the Model Code of Members Conduct. In</u></p>	<p><u>2019/20</u></p> <p>Ongoing review and update of Declarations of Interest</p> <p>Development of Ethical Investment Policy</p>

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
				<p>particular, they must act in a way that demonstrates that they both understand and are committed to meeting the high standards of conduct that is expected of them.</p> <p>CCR Director and Accountable Body Monitoring Officer delivered a briefing session to the Regional Cabinet at the Strategic Planning day on the 26th October 2019, where 5 (plus 2 deputies) of the 10 Regional Cabinet members were in attendance.</p> <p>A further session was held with 4 members (Cllrs Daniels, Marsden, Moore and O'Neil) on the 9th March 2020, whilst Cllr Thomas completed online training through the Accountable Body.</p> <p>Guidance notes on "The Code of Conduct for Members (Personal and Prejudicial Interests Briefing Note)" and "Declarations of Interest Flowchart and links to the Ombudsman's Guidance" have also been circulated to all Cabinet Members (5th June 2019).</p> <p>A comprehensive exercise has been carried out for 2020/21 to capture and update Disclosures of Interests for all CCR Committees, Sub-committees, Boards and key officer groups. Updated forms have been used which seek to capture interests on a regional, rather than local basis. This exercise is tracked via the 'Disclosure of Interests Register', which seeks to capture key information, such as: Date form issued/returned/uploaded onto the City Deal website, dates of any amendments submitted, changes to membership during the year etc.</p> <p>A summary of the 'Disclosure of Interests Register' is attached at Appendix 2a. This shows that as at the 9th June 2020, a 100.0% compliance rate has been achieved (forms issued, returned and uploaded to the website). As a minimum, an annual reminder will be issued to all Groups to ensure declarations remain up to date. Furthermore, annual updates will be provided to Cabinet.</p> <p><u>Recommendation (ii): Provides further training to Regional Cabinet Members in respect of situations where potential interests could affect public perception of Cabinet Members' ability to take decisions in the public interest and not for personal gain or benefit.</u></p> <p>A 'Code of Conduct Protocol' has been prepared and agreed by the 10 Monitoring Officers along with contact details of each authority's MO. This was agreed 3rd of March 2020.</p>	

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
				<p><i>Briefing sessions have been held with:</i></p> <ol style="list-style-type: none"> 1. <i>Regional Economic Growth Partnership – 16th July 2019 (Item 6);</i> 2. <i>Investment Panel – 19th November 2019 (Item 11);</i> 3. <i>CSC Foundry Board – 15th May 2020 (Item 3);</i> 4. <i>Regional Transport Authority – 21st May 2020 (Item 9);</i> <p><i>Recommendation (iii): Emphasises the need for Regional Cabinet Members to inform the Accountable Body’s Monitoring Officer of any potential interests at the same time as they notify their respective authority’s Monitoring Officer.</i></p> <p><i>These arrangements are clearly set out within the agreed Protocol.</i></p> <p><i>Recommendation (iv): Ensures that where regional or Joint Committee arrangements exist, there is sufficient communication between the authority’s Monitoring Officer and the accountable body so that it is satisfied that both the registration and declaration of member’s interests is appropriate and transparent. The Joint Working Agreement should therefore be amended to reflect this.</i></p> <p><i>These arrangements are clearly set out within the agreed Protocol.</i></p> <p><i>JWA has been updated as set out above and a deed of variation has been approved by all 10 Local Authorities (approved Cabinet at its October 2019 meeting).</i></p> <p><u><i>Other Actions taken/being progressed</i></u></p> <ol style="list-style-type: none"> 1. <i>Procurement processes require external providers of services e.g. Strategic Advisors etc. to act with integrity and in compliance with ethical standards expected by the organisation (Welsh Procurement Policy Statement (WPPS) and Welsh Government Code of Practice: Ethical Employment in Supply Chains);</i> 2. <i>Demonstrating strong commitment to ethical values – Policy on Ethical Investments to be developed and approved in 2020/21. Captured from feedback from members.</i> 	

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
2	<p>We ensure:</p> <ul style="list-style-type: none"> • Compliance with relevant laws and regulations; • Compliance with internal policies and procedures; • that expenditure is lawful. <p><u>2018/19 Rating</u></p> <p>AMBER</p> <p><u>2019/20 Rating</u></p> <p>AMBER</p>			<p><i>The CCRCD Joint Committee follows the Policies & Procedures of the Accountable Body, which are supplemented with advice from the Accountable Body as required, to ensure these can be applied to specific Joint Committee requirements e.g. Financial Procedures Rules, Contract Standing Orders etc. all of which are compliant with all relevant laws and regulations.</i></p> <p><i>A number of 'governance related protocols' have been developed and approved to ensure compliance with relevant laws and regulations, whilst due diligence work aims to ensure expenditure is lawful. Monitoring Officer and S151 Officer (or nominated deputies) are present at every Joint Committee meeting and are comfortable that existing controls minimise the risk of unlawful expenditure being incurred. The Joint Committee's Accounts in 2018/19 have been approved in full.</i></p> <p><i>The approval and implementation of the Investment & Intervention Framework (IIF) in 2019/20 has provided additional assurance against this Statement and therefore confidence that expenditure complies with relevant laws, regulations, internal policies & procedures and that expenditure is lawful. Further details of the IIF are set out in Statements 5, 6 & 7 below.</i></p> <p><i>In respect of the COVID-19 pandemic which escalated towards the end of the year, CCR acted swiftly and in-line with approved laws and regulations. The key change largely relates to the preparation of 'CCR Priorities for Responding to COVID-19 & Beyond' document, which will work alongside the existing Industrial & Economic Growth Plan and the Investment & Intervention Framework. This document was approved by Regional Cabinet at its meeting of the 18th May 2020 and is attached at Appendix 2b.</i></p> <p><i>Regular budget monitoring meetings take place throughout the year and are formally reported to the Joint Committee at appropriate intervals. Legal and financial implications written by appropriately qualified staff are included in all reports for decision to the Joint Committee. This is supplemented with external advice on a project by project basis to ensure that decisions taken are in compliance with internal policies and procedures and expenditure is lawful e.g. specific advice taken on State Aid etc.</i></p> <p><i>A Work Programme was developed during 2019/20 to assist with the planning of the large number of meetings that are needed in order support effective decision making i.e. Committees, Sub-Committees, Advisory Boards and Officer Groups etc. This has provided the CDO and Cabinet with greater visibility on the volume of meetings (and complexity of the interfaces) that must be serviced in order to comply with current governance arrangements.</i></p> <p><i>As a result, there continues to be instances where draft reports had been provided with insufficient time for the written comments included in the reports to be as comprehensive as is ideal. There is concern</i></p>	<p><u>2019/20</u></p> <p>CDO Task & Finish Group, including the recruitment of Business & Governance Manager and Admin Support</p>

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
				<p>regarding timescales and compliance with agreed governance protocol in respect of the preparation of formal reports.</p> <p>To address these shortcomings and to improve the decision making process further, the CDO Senior Leadership Team have identified the need to recruit a Business and Governance Manager to take responsibility for a key number of functions. In addition, general office support needs to be strengthened. The necessary HR processes to set-up and recruit to these posts are underway. In the short-term, a Task & Finish Group has been set-up in May 2020. A number of improvements have been made in a relatively short space of time. These include: a monthly Agenda Forward Planner, Reporting Cycle Process Note and Checklist (pre & post decision), Issues & Action Log and Cabinet Report Library. The introduction of these tools will seek to minimise some of the current issues and provide a platform from which the new roles identified above can build on, once appointed.</p> <p>It should be noted that legal and financial advice is available at all Joint Committee meetings and can be sought or given as required. Finally, all Cabinet reports are accompanied by a Wellbeing of Future Generations Assessment, to help apply the Act.</p>	
3	<p>We are committed to openness and acting in the public interest.</p> <p><u>2018/19 Rating</u></p> <p>GREEN/AMBER</p> <p><u>2019/20 Rating</u></p> <p>GREEN/AMBER</p>			<p>We comply with Local Government legislation on public meetings and aim is to ensure that decision making meetings are held in compliance with legislation and open to public. Where information is deemed to be confidential, the appropriate tests are applied and suitable disclosures are made on published agendas within the prescribed timescales.</p> <p>CCRCD follows the Accountable Body's policies for cabinet papers and related procedures. Minutes of the meetings are recorded and approved at the following meeting, with full publication and availability on the CCRCD website.</p> <p>Cabinet agendas and minutes are produced in Welsh as standard and all other reports and items are available in Welsh upon request. This protocol is applied to all policies, strategies, plans and consultation papers etc. as mandated by the regulations. Policies and procedures will be constantly updated to reflect the latest guidance and to ensure there is clarity regarding the services that are available in Welsh and accessibility is clearly visible to all.</p> <p>Furthermore CCRCD seeks to demonstrates that is committed to openness and acting in the public interest as follows:</p> <ul style="list-style-type: none"> • Through a comprehensive approach to seeking, capturing and making available its Register of Interests (see Statement 1); • Through effective Communication and Engagements with key stakeholders (see Statement 4);' 	<p><u>2019/20</u></p> <p>Ongoing review of RTA and Joint Scrutiny Meetings and paper being made publicly available via the CCR website</p>

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				<ul style="list-style-type: none"> • <i>Through its established 'Joint Scrutiny Arrangements' (see Statement 16).</i> <p><i>Audit Wales published their report on the CSC Foundry investment decision and Regional Cabinet has formally considered the findings and published its response. The 2019/20 Work Programme included relevant actions in respect of the 8 Lessons Arising from that report, whilst this AGS also seeks to incorporate the findings of Audit Wales' second report – 'Review of Governance Arrangements CCRC'D', which was finalised in May 2019. City Deal will continue to action proposals for improvements. We are committed to openness and acting in the public interest.</i></p> <p><i>In 2019/20 further consideration has been given to:</i></p> <p><i>(1) Rotation of meeting locations to assist with accessibility across the region and</i> <i>(2) Live webcasting of Regional Cabinet meetings.</i></p> <p><i>Having considered the above, it was concluded that the trade-off is finding a suitable venue with web cast facilities – as balanced with a location that is publicly accessible. This requirement will be kept under continual review.</i></p>	
4	<p>We have established clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.</p> <p><u>2018/19 Rating</u></p> <p>AMBER/RED</p>			<p><i>CCRC'D has put in place a variety of measures aimed at establishing 'clear channels of communication' and 'encouraging open consultation'. These include:</i></p> <ul style="list-style-type: none"> • <i>Regular press coverage managed through an arrangement with an external communications company;</i> • <i>Relaunched website with key stats being measured, monitored and reported on;</i> • <i>Attendance and presence at Wales in London Week, with associated press and media coverage;</i> • <i>Attendance and presence at national and international events in conjunction with the Regional Business Council and a range of companies that operate within the region.</i> <p><i>In 2019/20 further consideration has been given to the effectiveness of communications with the 10 partnering authorities to-date, and in-turn how local authorities are communicating 'City Deal' to their local communities and other stakeholders (including fire, health, 3rd sector etc.). This is seen as key to ensuring accountability and encouraging open consultation.</i></p> <p><i>To address this point a set of strategic communications objectives have been agreed along with an appropriate strategy for their execution. A monthly rolling content plan is in place consisting of editorial columns with key people in the region, thought leadership articles on topical issues, priority</i></p>	<p><u>2019/20</u></p> <p>Review of CCRC'D Website and content in 2020/21</p>

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
	<p><u>2019/20 Rating</u></p> <p>GREEN/AMBER</p>			<p><i>sector/industry specific articles, city deal decision updates or PR releases and CCRC D company profiling features illustrating regional achievements/ successes.</i></p> <p><i>The content is written for public consumption and is distributed via a dedicated to CCRC D news platform provided by Business News Wales. All content is similarly updated onto the CCRC D website and is signposted to via social channels, including the recent addition of Facebook. All relevant local authority content is tagged to them and issued direct to them for re-purposing. Further details are provided under Statement 5.</i></p> <p><i>Whilst a partial review and upgrade to the CCRC D website took place during 2019/20, it is acknowledged that the website requires further improvement. This is scheduled to take place in the 2nd half of 2020. Further improvements will be made with a view to providing more granular level information pertaining to the pipeline of projects that are in development and moving through the IIF. This will include more transparency and detail on the investment application process and a much clearer way of categorising and finding the substantial number of news updates that are now on the website. Overall navigation will be further improved PLUS a clearer delineation of papers that are produced for public meetings and documents that are more generic to the CCR/ City Deal e.g. business plans, the industrial and economic plan and publications such as Connected, Competitive and Resilient publications.</i></p> <p><i>A number of officer groups are in place, which meet to discuss and resolve key operational matters. For example Programme Board, S151 Officer Group (and Technical Sub-group), Peer Officer Group for Transport matters.</i></p> <p><i>The advisory groups/bodies e.g. Regional Economic Growth Partnership (REGP), Regional Transport Authority (RTA) etc. have been operating for some time now and are consulted on IIF proposals and any other relevant matters. However, further work is needed to develop the working relationships and understanding with the Skills Partnership Board, whilst a review is taking place on the role and purpose of the Regional Business Council. Further work on developing the working relationship with these bodies can be found under Statement 20 in this document.</i></p> <p><i>Arrangements are in place for regular meetings, consultations and exchanges of information with Welsh and UK Governments, SQW (who are leading the Gateway Review assessment) and with Audit Wales. As part of their review, SQW are carrying out, iterative rounds of key stakeholders interviews to gather 'impact evidence' and to assess 'emerging capacity development and partnership evaluation evidence'.</i></p>	

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				<p><i>Finally, Wellbeing of Future Generations assessments are carried out and appended to all public reports. Dialogue is maintained with the Commissioner's office regarding key CCRCO developments and its natural evolution.</i></p>	
5	<p>We have developed and communicated a vision, which specifies intended outcomes for citizens and service users, which is used as a basis for planning.</p> <p><u>2018/19 Rating</u></p> <p>GREEN</p> <p><u>2019/20 Rating</u></p> <p>GREEN</p>			<p><i>5 yr Joint Working Agreement (JWA) Business Plan agreed by Regional Cabinet and adopted by all 10 Councils in March 2018 and sets vision, aims & objectives.</i></p> <p><i>The approval of the Annual Business Plan translates the 5yr JWA Business Plan into a tangible Work Programme each financial year. A new format was adopted in 2019/20 for Quarterly Performance Reporting against the annual Work Programme which provides the mechanism for monitoring progress against individual Work Programme items and actions, throughout the year.</i></p> <p><i>The approved Regional Industrial & Economic Plan is a key example of how the City Deal vision and its intended outcomes have been communicated to citizens and services users. The Plan offers a clear sense of direction, has been shaped by industry and business and is underpinned by an up-to-date evidence base. The sectoral analysis work undertaken as part of the developing the Plan was continued through 2019/20 and converted in to three key CCRCO publications 'Connected', 'Competitive' and 'Resilience'. The plan itself must be subject to regular review as economic and social factors are fast-changing and dynamic.</i></p> <p><i>2019/20 saw the approval and launch of the Investment & Intervention Framework (IIF) and accompanying Prospectus. The IIF is centre stage, and will take forward the work done to-date, in terms of planning and delivery of the Wider Investment Funds. This will assist with designing outcomes with service users and the wider business community in mind. A key aspect of the work developed during 2019/20 relates to CCRCO 'Economic Inclusion' objectives and the approved Housing Fund provides and an example of how this objective will work alongside commercial objectives to ensure that proposals meets Regional Cabinet members' political aspirations for their communities.</i></p> <p><i>Progress against the CCRCO's vision, which specifies intended outcomes for citizens and service users is communicated in the following ways:</i></p> <ol style="list-style-type: none"> <i>1. The website contains a range of published documents which articulate: <ul style="list-style-type: none"> <i>• The longer-term strategic intent most notably within in the Industrial and Economic Growth plan. NB: This now has an addendum which articulates the post COVID-19 recommendations and 10 priority areas of focus. This addendum was influenced by a research exercise undertaken with For Cardiff at the end of March 20102 to assess the immediate impact of COVID -19 on the CCR business community;</i> </i> 	<p><u>2019/20</u></p> <p>Subject to ongoing review</p>

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				<ul style="list-style-type: none"> • <i>The highlights/ key achievements of 2019 in an easy to read newsletter style update;</i> • <i>A 12 month horizon business plan for 2020/21 that breaks down the longer term plan into an annual plan of activity;</i> • <i>A set of “State of the Region” documents that articulate the current regional “state of play” against the 3 underpinning pillars of the Industrial and Economic Plan – Connected, Competitive and Resilient. These act as a baseline for both assessing improvements over time and for providing additional context into the investment decision making process;</i> <ol style="list-style-type: none"> 2. <i>All of these documents have been written up into article style publications, and in the case of the state of the Region publications subject to 30 minute podcast audio to assist with bringing the messages to life in digestible format;</i> 3. <i>All of the publications referred to above, i.e. the decomposition of strategic documents into bite size features written to appeal to, and be digestible for the business and community audience, have been uploaded onto the CCR website, have been subject to considerable social media activity;</i> 4. <i>Additionally, each quarter, in a magazine style format, all that quarters articles/ press releases/ updates and industry features are curated into a single publication which is circulated to a wide audience including the LA’s, all key stakeholder bodies and is also available to download from our website;</i> 5. <i>Feedback to date on the quantum and quality of our material is positive</i> 	
6	<p>We have translated the vision into courses of action for our function, its partnerships and collaborations.</p> <p><u>2018/19 Rating</u></p> <p>GREEN</p> <p><u>2019/20 Rating</u></p> <p>GREEN</p>			<p><i>The approval of the Annual Business Plan translates the 5yr JWA Business Plan into a tangible Work Programme for each financial year. A new format has been adopted in 2019/20 for Quarterly Performance Reporting against the annual Work Programme which also provides the mechanism for monitoring progress against the agreed deliverables throughout the year.</i></p> <p><i>As outlined in Statement 5 - the Regional Industrial & Economic Plan translates the City Deal vision into courses of action for the Joint Committee, its sub-committees, partnerships and advisory boards. The plan offers a clear sense of direction, has been shaped by industry and business and is underpinned by an up-to-date evidence base (Sectoral Analysis commissioned from the end of 2018 and much of 2019/20).</i></p> <p><i>As outline in Statement 2 above, the COVID-19 pandemic which escalated towards the end of 2019/20 led to the preparation of ‘CCR Priorities for Responding to COVID-19 & Beyond’ document. This will work alongside the existing Industrial & Economic Growth Plan, the Investment & Intervention Framework and the annual business planning function to translate the CCRC D vision into courses of action for its function, its partnerships and collaborations. The CCRC D document has been submitted to the Welsh Affairs Select Committee Inquiry into the economic impact of COVID-19 on the Welsh economy.</i></p>	<p><u>2019/20</u></p> <p>Subject to ongoing review</p>

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				<p><i>In order to further understand and influence the policy arena within Wales, CCRCD has responded to the Regional Investment in Wales consultation, which has been submitted to Welsh Government and to UK Government's Welsh Affairs Select Committee in May 2020.</i></p> <p><i>The IIF has been operationalisation for about 10 months and a '1 year review is planned' at the end of the summer to assess its effectiveness and to set the direction for the next 12 months. This will be done in the context of attempting to understand how the new future may look in terms of the impact of the COVID-19 pandemic, but also as the work of existing partnerships and collaborations are reviewed (Regional Business Council, and partnerships are created (Western Gateway).</i></p> <p><i>Statement 5 above, sets out how this work is clearly communicated to the various partnerships and collaborations.</i></p>	
7	<p>We have mechanisms in place to review the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality.</p> <p><u>2018/19 Rating</u></p> <p>GREEN/AMBER</p> <p><u>2019/20 Rating</u></p>			<p><i>Completion and approval of the AGS proforma by those responsible for and supporting CCRCD's governance arrangements and the resulting Action Plan, demonstrates that a mechanism for reviewing effectiveness is in place.</i></p> <p><i>Assurance Framework has been accepted by UK & Welsh Government and all investment proposals must comply with the Assurance Framework, whilst the 5yr Gateway Reviews act as a mechanism for challenge and review of decisions made and outcomes achieved. Quarterly liaison meetings with UK and Welsh Government are in place.</i></p> <p><i>The above is supplemented by the Investment and Intervention Framework (IIF), which is designed to ensure that there is a clear read-across from the priorities set out in the Industrial Growth Plan (and more recently the CCR Priorities for Responding to COVID-19 & Beyond' document) and the projects that are selected to enter the IIF. The IIF firstly perform a filtering or sift process (Stage 1A) to assess 'Strategic Fit' and if deemed 'appropriate', proposals then move into the formal IIF assessment process.</i></p> <p><i>The process for assessment is robust, independent and comprises due diligence and the proportionate application of the five case model. There is a clear line of sight and reporting into an Investment Panel whose role is to test, challenge and scrutinise proposals and subsequent progress. The Investment Panel make recommendations to Regional Cabinet, who remain the decision making body. The implementation of the IIF has been recognised and highlighted as significant by SQW Ltd - the UK Government's consultants on the Gateway Review. CCRCD's baseline reports and local evaluation framework was considered by Regional Cabinet at its meeting of the 10th June 2019, with the One Year out Report being considered in May 2020.</i></p>	<p><u>2019/20</u></p> <p>Subject to ongoing review</p>

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	GREEN			<p><i>Work has now been completed to establish a series of measures on the economic and social make-up and performance of the region, as well as a baseline against which future performance can be assessed. This sectoral analysis data will inform the Gateway Review process and facilitate more effective decision making, through a better understanding of the region's strengths, and the opportunities which exist to make strategic interventions that are likely to have the greatest impact. As outline above this work has been published as 3 key documents ('Connected', 'Competitive' and 'Resilient').</i></p> <p><i>The approved IIF includes clear roles and input for the REGP, Investment Panel and Programme Board. It also provides the key decision-making gateways for Regional Cabinet. As outlined above, the effectiveness of the IIF will be reviewed at the end of the summer 2020. Amongst other measures of effectiveness, the review will consider:</i></p> <ul style="list-style-type: none"> • <i>Assessment of how IIF is assisting in meeting the City Deal Targets of Jobs, Leverage, GVA and wider City Deal outcomes;</i> • <i>SQW reviews and assessments;</i> • <i>Gateway Review (WG and HMT endorsement);</i> • <i>Internal and External audit reports</i> <p><i>The 'bedding down' of the Joint Scrutiny function during 19/20 will introduce a further mechanism of decision making review and challenge (see Statement 16).</i></p> <p><i>With regard to the effectiveness of the communications activity; subsequent to the creation of a strategic communications plan - the results in Q4 2019/20 are as follows:</i></p> <ol style="list-style-type: none"> 1. <i>Produced, distributed and promoted:</i> <ul style="list-style-type: none"> • <i>8 podcasts;</i> • <i>9 "Board" opinion/ thought leadership pieces;</i> • <i>8 Industry specific features;</i> • <i>7 News releases including 3 all media releases;</i> • <i>3 Brochures – Connected, Competitive, Resilient;</i> 2. <i>When compared with the previous quarter, achievement of:</i> <ul style="list-style-type: none"> • <i>50% increase in overall website visitor traffic;</i> • <i>130% increase in traffic to our news pages;</i> • <i>167% increase in engagement with our twitter account;</i> • <i>100% increase in Linked In followers;</i> 	

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				<ul style="list-style-type: none"> • 290% increase in engagement with our linked in account; <p>3. CCRCDC responded to COVID-19 and our Business Impacts survey by:</p> <ul style="list-style-type: none"> • Launching a dedicated COVID-19 web section with FAQ's, handy links, and guidance notes; • Posting key updates daily via social channels; • Switching media focus to ensure a COVID dimension to all thought leadership and industry features including a series profile corporate responses to COVID in our key sectors; <p>4. And finally, contributed to the production of a CCR investment prospectus for MIPIM. The intention is to repurpose this prospectus for general use in due course.</p>	
8	<p>We measure the performance of services and related projects and ensure that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money.</p> <p><u>2018/19 Rating</u> GREEN/AMBER</p> <p><u>2019/20 Rating</u> GREEN/AMBER</p>			<p><i>Whilst the City Deal is maturing and strengthening its working arrangements all the time, it is still relatively at an infancy stage of development. In 2019/20, Full Business Cases were approved in respect of the Graduate Programme and the Housing Viability Gap Fund. In addition, a number of Metro Plus projects are beginning to draw down funding, whilst CSC Foundry continues through its 'delivery and implementation' stage.</i></p> <p><i>As set out in Statement 7 above, the Intervention & Investment Framework (IIF) requires all projects to go through a formal business case development process and the financial assessment done as part of that process considers matters such as deliverability, value for money and compliance with funding terms and conditions. For example, business case development will assist by clearly articulating each proposal's 'benefits' and the management case will clearly set-out the benefits realisation strategy, whilst the monitoring & evaluation arrangements will measure and assess each projects defined outputs and outcomes.</i></p> <p><i>An appropriate level of resources (capacity and capability) have been identified to support these activities. Regular bi-monthly meetings with UK and Welsh Government, supplemented by the 5 year Gateway Review process adds appropriate challenge and review mechanisms. In that regard, the Regional Industrial & Economic Plan and the IIF have been recognised and highlighted as significant by SQW in its reports and the local evaluation framework.</i></p> <p><i>Quarterly Performance Reports are presented to Regional Cabinet with provide an update on progress against the Annual Business Plan and Work Programme. In particular, the report covers the position against the:</i></p> <ol style="list-style-type: none"> 1. Balance Scorecard; 2. City Deal Logic Model agreed with SQW; 	<p><u>2019/20</u></p> <p>Develop appropriate Evaluation and Reporting mechanisms for Projects that are in the Delivery Phase</p>

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				<p>3. AGS and Internal Audit Action Plans; 4. Wider Investment Fund financial position.</p> <p>The City Deal Office continually monitors and evaluates the format, relevance and usefulness of the information provided to Regional Cabinet and other stakeholders and seeks to continually develop its reporting mechanisms, as the City Deal evolves. For example, as the number of projects approved under the IIF increases, there will need to be a greater emphasis (and resource allocation) on reporting against the 'Monitoring and Review' function of each project. In particular, the need to capture progress against the Benefits Realisation Plan and to take corrective action where projects fall behind their expected benefits plans.</p>	
9	<p>We have defined and documented the roles and responsibilities of members and management, with clear protocols for effective communication in respect of the authority and partnership arrangements.</p> <p><u>2018/19 Rating</u></p> <p>GREEN/AMBER</p> <p><u>2019/20 Rating</u></p> <p>GREEN</p>			<p>The JWA sets out the roles and responsibilities of members and officers including S151 Officer and Monitoring Officer roles. This is supplemented by a number of 'working protocols' that have been agreed by the x10 Local Authority partners and through the development of clear Terms of References for the various Groups/Boards etc. that have been set-up. In addition, the Accountable Body's role and responsibilities are further detailed through a range of SLAs, which are agreed annually and which clearly set out the level of support that will be provided.</p> <p>The operation of the IIF has led to enhanced working arrangements, strengthening of partnerships and aligning the flow, sequence and order of these, to better reflect the nature of business and how it needs to be done, have been key features of our work in 19/20. This again, reflects arrival of certain maturation points such as the activation of the Investment and Intervention Framework, the re-purposing of Programme Board and the establishment and operation of the Investment Panel.</p> <p>Other 'Governance Related Work', primarily the work of the Internal Audit function will seek to assess the effectiveness of the current arrangements in place and outline any opportunities for improvement going forward. In addition, dialogue with External Audit will be maintained through regular liaison meetings.</p> <p>In terms of 'clear protocols for effective communication', details have been set out in Statements 4, 5 & 7 above. In addition to those points, it is worth noting that:</p> <ul style="list-style-type: none"> • Good working relationships exist between the CDO internal communications team and partnership bodies, most notable the Regional Economic Growth Partnership, who have been featured regularly in our thought leadership publications; • Same principle will apply to the Business Council subsequent to its re-instatement; • All meetings of the Regional Transport Authority are attended by the CDO team and updates for media distribution have been produced subsequent to each meeting; 	<p><u>2019/20</u></p> <p>Subject to ongoing review</p>

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				<ul style="list-style-type: none"> Regular dialogue exists with the Regional skills team to identify areas of common interest and overlap and to share learning. Longer term intention is to collaborate on the production of an integrated communications plan; Any additional partnership/sponsorship agreements approved will have a full communications plan associated with it e.g. Global Welsh, which is currently being developed etc. 	
10	<p>Our financial management arrangements conform to all relevant legislative and best practice requirements.</p> <p><u>2018/19 Rating</u></p> <p>GREEN</p> <p><u>2019/20 Rating</u></p> <p>GREEN/AMBER</p>			<p>Financial management arrangements conform to all relevant legislative and best practice requirements. Full budget cycle (budget setting, monitoring and accounts closure) completed in accordance with statutory and internal deadlines.</p> <p>Regular budget monitoring meetings took place throughout the year and were formally reported to Regional Cabinet at appropriate intervals. Formal financial advice provided on all public reports to Regional Cabinet and Regional Transport Authority. A range of SLAs are in place which outline the financial management support and services that will be provided throughout the year, with the SLA to be reviewed during 2020/21.</p> <p>Close working relationship maintained with Welsh Government and Audit Wales to ensure City Deal expenditure is appropriately accounted for under the relevant legislative powers in the current year and going forward as each project is approved. Statement of accounts for 2018/19 were prepared, made available for public inspection and approved after an external audit, in line with statutory requirements and CIPFA accounting Code requirements.</p> <p>The WG / HMT grant terms and conditions of funding require projects to be approved after a green book compliant process. As new types of projects are considered or where a condensed approach may be deemed necessary due to timescales, consideration of what is a proportionate business case should be undertaken, documenting the approach. The acceptability and approach to proportionate business cases, as well as resulting risks or mitigations will need to be considered as part of project approval processes, with a report to Regional Cabinet Setting out the process to be followed. This is to ensure that the approach adopted poses no risk to HMT / WG grant funding.</p> <ol style="list-style-type: none"> Approval of IIF, set out proposed arrangements going forward i.e. Invest Panel, IIF Process, Support from External Consultants, Local Partnership's work re: Assurance and proportionate business case report; Annual Budget prepared and approved which seeks to capture resources going forward; Short and medium term budgeting, planning and forecasting is carried. The original financial model on which the CCRC was predicated at conception needs to be updated in 2020/21 as the level of 	<p><u>2019/20</u></p> <p>Update CCRCD Affordability Model and Quarterly Performance Reporting</p> <p>Need earlier consideration of accounting and financial management arrangements in respect of proposed investments e.g. loans, equity and joint ventures etc.</p> <p>Relevant CDO staff to complete mandatory VAT training module</p>

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
				<p><i>actual expenditure types of projects and pipeline of approved projects speeds up. The format of the Quarterly Performance Reporting needs to reflect the projects passing through the IIF;</i></p> <p>4. <i>The Annual Business Plan considers the potential use of a range of financial interventions, such as loans, equity and joint ventures. Complex accounting and financial management arrangements need to continue to be considered at the outset in the development of such proposals in the IIF to ensure no adverse financial implications;</i></p> <p>5. <i>Support of external advisors and peer review role undertaken by Local Partnership will seek to mitigate the funding risks outline above.</i></p> <p><i>A VAT Training module is to be rolled out by the Accountable body shortly and is deemed mandatory for all staff who have a SAP user role which is connected with either ordering goods / services or making payments or raising bills. CDO to arrange for completion.</i></p>	
11	<p>We have effective arrangements in place to discharge the monitoring officer function.</p> <p><u>2018/19 Rating</u></p> <p>GREEN</p> <p><u>2019/20 Rating</u></p> <p>GREEN</p>			<p><i>A Monitoring Officer representative is at all Joint Committee meetings and is able to contact senior staff and raise any concerns. A formal SLA is in place which outlines the support that will be provided to the City Deal Joint Committee, its sub-committees and any advisory partnerships and/or boards.</i></p>	<p><u>2019/20</u></p> <p>Subject to ongoing review</p>
12	<p>We have effective arrangements in place to discharge the head of paid service function.</p> <p><u>2018/19 Rating</u></p> <p>GREEN</p> <p><u>2019/20 Rating</u></p>			<p><i>There is no 'Head of Paid Service' function as the Joint Committee is not a statutory body in its own right. Employees that are seconded from other Local Authorities are subject to their respective Head of Paid Service arrangements. The appointed City Deal Director has overall responsibility for HR/staffing issues in respect of the City Deal Office.</i></p>	<p><u>2019/20</u></p> <p>Subject to ongoing review</p>

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
	GREEN				
13	<p>We provide relevant induction training and have mechanisms in place to identify the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.</p> <p><u>2018/19 Rating</u></p> <p>AMBER</p> <p><u>2019/20 Rating</u></p> <p>GREEN/AMBER</p>			<p><i>Member induction training is provided following each Local Government election process and each Local Authority leader has the benefit of their own Local Authority training. Annual review of Member Induction and Development requirements undertaken following the AGM and there is a rolling programme for new Member inductions and training for new City Deal Office (CDO) staff.</i></p> <p><i>Training for CDO (and wider) staff has been undertaken and provision for training has been allocated within the budget. Training provided to CDO staff on financial matters including budget matters e.g. chart of accounts, purchasing, ordering and payment of invoices. As part of the in year monitoring meetings, Accountable Body staff meet with CDO to offer advice and guidance on financial management matters as well as dealing with any recurring issues. Staff are unable to access financial systems or secure a licence until all necessary training has been completed.</i></p> <p><i>There is a need to put in place arrangements for Personal Performance Development Reviews (PPDRs) for all City Deal Office staff (including for the Director) has been identified. This will contribute to the development of a CDO Training Plan and be in place once the new CDO structure has been fully implemented.</i></p>	<p><u>2019/20</u></p> <p>Subject to ongoing review</p>
14	<p>We have mechanisms to review the effectiveness of our framework for identifying and managing risks and performance and for demonstrating</p>			<p><i>A 'Risk Register' has been in place since the latter part of 2018/19. In the report to Cabinet approved on 18th May 2020, the 'one year out' review undertaken by National Evaluation Panel lead, SQW was presented to Cabinet. This was used as the basis to begin setting out a number of wider risks and issues that are both emergent and present in relation to the macro-economic environment (and include COVID-19) and also, to the programme itself. The report sets out that given this new operating environment and given the impact on some of the risks surrounding Gateway Review, work would be undertaken to develop a wider Risk Management Strategy and Risk Policy, which would involve a high level Risk Register and a programme level risk log. This will be brought back comprehensively to Cabinet later in the year. This work will not include commentary on changes to the external environment and their knock-on effect to the CCCRCD Programme – but an assessment of the risk environment, appetite, monitoring and escalation processes.</i></p>	<p><u>2019/20</u></p> <p>Accountable Body report on CDO Resourcing to Cabinet (15th June)</p> <p>Completion of Review on wider Risk Management</p>

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
	<p>clear accountability.</p> <p><u>2018/19 Rating</u></p> <p>AMBER</p> <p><u>2019/20 Rating</u></p> <p>GREEN/AMBER</p>			<p><i>The report to Cabinet of 18th May started to outline, in illustrative form, how the new approach to risk would be developed and set out. The report also highlighted more immediate risks that jeopardise programme and delivery continuity such as those concerning staffing and resources. This is now being addressed via the actions of the Accountable Body and a report to be taken to Regional Cabinet on 15th June 2020.</i></p> <p><i>Beyond addressing risk via frameworks and policies, a risk-aware and risk-ready culture is also an area of focus. This links with the performance culture driven through the new Annual Business Plan; more focussed priorities, including 'logic model' frameworks consistent with National Evaluation Panel requirements and ensuring these drive a whole culture of productivity and self-awareness. This will be driven through a whole programme risk and performance approach as well as more specific-level risks and issues related to individual projects and investment programmes.</i></p> <p><i>In terms of developments in 19/20:</i></p> <ul style="list-style-type: none"> • <i>The IIF process went live – setting out the way we will do business and ensuring HMT compliance with green book;</i> • <i>Securing support from Local Partnerships with proportionate business case development – ensuring appropriate checks and balances are in place;</i> • <i>SQW has delivered both its baseline and first review report and the one-year out report with the final evaluation document due in December 2020;</i> • <i>There is a sequence of reporting and reporting alignment in the run-up to Regional Cabinet formal decisions that ensures all reports progress through Investment Panel, REGP and Programme Board and where appropriate, CSC Foundry Ltd and the Regional Transport Authority;</i> • <i>Quarterly performance monitoring is undertaken against the Annual Business Plan and this is submitted to UK and Wales Governments, as well as other key stakeholders;</i> • <i>Process mapping and enhancements to the back office are being taken forward to ensure key structures and systems are in place to provide 'scaffolding' to the programme;</i> • <i>Arrangements are reviewed with the Accountable Body to ensure the level of support provided is commensurate to needs and requirements, particularly as these evolve.</i> 	<p>Strategy and Risk Policy</p>
15	<p>We ensure effective counter fraud and anti-corruption arrangements are</p>			<p><i>SLA in place with the Accountable Body's Internal Audit section, which incorporates a 5 year rolling audit plan, based on a risk assessment. As the City Deal activity ramps up the Audit Plan will be developed and updated accordingly. The second City Deal Internal Audit was completed in March 2019, offering an audit opinion of 'Effective' and with no formal recommendations issued. The audit objectives covered the adequate reporting of project performance, financial management provisions for the evaluation and</i></p>	<p><u>2019/20</u></p> <p>Conclusion of Internal Audit (commenced in March 2020) and</p>

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
	<p>developed and maintained.</p> <p><u>2018/19 Rating</u></p> <p>GREEN</p> <p><u>2019/20 Rating</u></p> <p>GREEN</p>			<p><i>approval of funds released to projects, and internal controls and processes surrounding income collection and recovery.</i></p> <p><i>A further Internal Audit commenced in March 2020, to consider business case governance, declaration and disclosure processes, compliance and control in commissioning and procurement and payroll, and the progression of matters identified through the AGS and associated assurance statements. The findings and any associated recommendations will be reported for management consideration in the financial year 2020/21.</i></p> <p><i>The purchasing of goods & services must follow the Accountable Body's policies and procedures and City Deal Office staff, have undergone training and have access to the relevant financial and administrative systems. Clearly identified financial authorisation limits are in place, along with segregation of duties. The Accountable Body provided training slides on 'effective counter fraud and anti-corruption arrangements' and these have been disseminated to all CDO staff.</i></p> <p><i>The accounts of CSC Foundry Ltd are externally audited to provide independent assurance and review.</i></p> <p><i>A "Know Your Customer" process is being developed by the Accountable Body, which is of interest at a time when City Deal has increasing use of loans and alternative financial products. This will be discussed and if appropriate extended to the City Deal, which will sit alongside/supplement the due diligence that is already completed as part of the IIF approval process. This will seek strengthen risk mitigation measures in respect of financial support provided.</i></p>	<p>response to any Recommendations</p> <p>Consideration of "Know Your Customer" process developed by the Accountable Body</p>
16	<p>We have an effective scrutiny function in place.</p> <p><u>2018/19 Rating</u></p> <p>GREEN/AMBER</p> <p><u>2019/20 Rating</u></p> <p>GREEN/AMBER</p>			<p><i>Since the implementation of Scrutiny arrangements in 2018/19, the CCRCD Joint Scrutiny Committee has to date met on 6 occasions and in 2019//20, met on 3 occasions. The venues for holding meetings of the CCRCD Joint Scrutiny Committee rotate around the 10 local authorities, and have been held in Bridgend, Caerphilly, Cardiff, Newport and Rhondda Cynon Taff to date.</i></p> <p><i>During 2019/20, the CCRCD Joint Scrutiny Committee has been supported by the Programme Director of CCRD and other officers of the CCRCD as appropriate. Members of the CCRCD Cabinet have also attended meetings and have presented a report on the Investment & Intervention Framework.</i></p> <p><i>The Committee at each of its meetings has received, considered and scrutinised reports on the performance of the Business Plan for City Deal. These reports show how the reporting requirements of the Assurance Framework are discharged and also provides an update of actual expenditure at each quarter. The Committee has also received a report showing the restructure and resourcing plan of the City Deal office.</i></p>	<p><u>2019/20</u></p> <p>Subject to ongoing review</p>

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
				<p><i>The Committee has also had the opportunity of scrutinising progress and the expenditure to date of the Metro Plus project. It has also scrutinised a paper on Developing a Skilled Workforce and Tackling Unemployment and in so doing so commenting on the skills initiatives. The Committee has also reviewed the Initial Industrial and Economic Growth Plan which sets out the scope and substance of CCR's initial Industrial and Economic Plan, as developed by the Regional Economic Growth Partnership in conjunction with the City Deal Office. Going forward, the CCRCD Joint Scrutiny Committee will receive reports for consideration on the Investment & Intervention Framework, at future meetings.</i></p> <p><i>The Joint Scrutiny Committee has a Forward Work Programme which is reviewed at each meeting of the Committee. Its purpose is to identify items for future prioritisation and consideration by the Joint Overview and Scrutiny Committee. It is also a medium to identify any invitees to attend future meetings to contribute to discussions and deliberations, to identify any training requirements required by the JOSc and to agree a schedule of meetings of the Joint Overview and Scrutiny Committee.</i></p> <p><i>The Forward Work Programme is flexible and is revisited at each meeting by Members and officers. A scrutiny criteria form accompanies the Forward Work Programme report and its purpose is to allow Members to propose further items for the FWP which the Committee can then consider for prioritisation at a future meeting. The criteria form emphasises the need to consider issues such as impact, risk, performance, budget and community perception when identifying topics for investigation and to ensure a strategic responsibility for Scrutiny and that its work benefits those in the CCRCD areas.</i></p> <p><i>In addition, to holding formal meetings, the CCRD Joint Scrutiny Committee has held training sessions. As part of its training programme, a training session has been delivered by Public Governance Wales focusing on Enhancing Shared outcomes through effective Joint Scrutiny. The Welsh Local Government Association has also delivered training to the Chairperson and Vice-Chairperson of the Committee on effective chairing skills.</i></p> <p><i>Responsibility for the coordination of the CCRD Joint Scrutiny Committee has now passed to Rhondda Cynon Taff Council with effect from March 2020 as Bridgend County Borough Council's two year term for the co-ordination of the Committee's activities had come to an end.</i></p> <p><i>It should be noted that as the 'body being scrutinised', it is not the role of the City Deal Office to put in place the process, framework and work programme for Joint Scrutiny. This is a matter for the Joint Scrutiny Committee itself. The City Deal Office will provide any information requested to allow the agreed processes to be completed and an appropriate judgement on effectiveness to be concluded.</i></p>	

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
17	<p>Our internal audit assurance arrangements conform to Public Sector Internal Audit Standards and relevant best practice.</p> <p><u>2018/19 Rating</u></p> <p>GREEN</p> <p><u>2019/20 Rating</u></p> <p>GREEN</p>			<p><i>SLA in place with the Accountable Body's Internal Audit section, which incorporates a 5-year rolling audit plan, which is based on an assessment of risk. As the City Deal activity ramps up, the Audit Plan will be developed and updated accordingly as part of the annual SLA process.</i></p> <p><i>The Audit Manager has reported the Internal Audit Section's ongoing conformance with the Public Sector Internal Audit Standards and relevant best practice through processes for ongoing assurance and annual internal review. Conformance is required to be endorsed by a 5-yearly external peer review, which was completed by RCT in March 2018.</i></p> <p><i>Accountable Body and CDO to review the adequacy of the level resources available to carry out annual internal audits as the IIF pipeline matures. This review will need to consider the scope of Audit Wales' Annual Audit Plan to ensure these work in a complimentary manner.</i></p>	<p><u>2019/20</u></p> <p>Review adequacy of Internal Audit Resources</p>
18	<p>We have arrangements in place for the delivery of the core functions of an audit committee.</p> <p><u>2018/19 Rating</u></p> <p>GREEN</p> <p><u>2019/20 Rating</u></p> <p>GREEN</p>			<p><i>There is no statutory requirement for a Joint Committee to have its own audit committee. Regional Cabinet is the body charged with governance and therefore the 'core functions' of an audit committee are being delivered through a combination of roles and responsibilities'.</i></p> <p><i>Effective financial management and internal controls, preparing its accounts and submission for audit is discharged by Regional Cabinet through its appointed s151 Officer. Providing independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes is achieved via a SLA with the Accountable Body's Internal Audit section and through the annual external audit plan.</i></p> <p><i>No further updates or actions proposed at this time, but a 'watching brief' will be maintained on this matter, particularly as the level of City Deal activity increases. In addition to the points outlined above, this conclusion is further supported in view of:</i></p> <ol style="list-style-type: none"> <i>1. Quarterly Performance Reports prepared and considered by Regional Cabinet, which are then sent on to Funders (UK and Welsh Governments), Audit Wales and SQW (Gateway Review Assessors);</i> <i>2. Full external audit undertaken on the Joint Committee's accounts and those of its subsidiary;</i> <i>3. Joint Scrutiny arrangements are in place and operating (see Statement 16).</i> 	<p><u>2019/20</u></p> <p>Subject to ongoing review</p>

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
19	<p>We provide timely support, information and responses to external auditors and properly consider audit findings and recommendations.</p> <p><u>2018/19 Rating</u></p> <p>GREEN</p> <p><u>2019/20 Rating</u></p> <p>GREEN</p>			<p><i>An open two-way relationship is maintained with Audit Wales, with regular update meetings taking place throughout the year. Audit Wales have made available a Technical Manager to observe the work of the City Deal Technical Sub-group and to assist with resolving issues as they arise.</i></p> <p><i>In respect of the 2018/19 accounts, a full ISA260 compliant audit was completed and there were no mis-statements identified in the financial statements that remained uncorrected. The report of the external auditor on the 2018/19 Statement of Accounts acknowledges that timely support, information and responses were provided to its auditors, as part of the audit. Findings and Recommendations relating to the 2018/19 external audit have either been fully implemented or are in the process of being implemented</i></p> <p><i>The 2020 Audit Plan considered by Regional Cabinet in May 2020, outlining the approach to the audit of the accounts in respect of financial year 2019/20 and performance audit for 2020/21.</i></p> <p><i>Timely support and information and responses have been provided to internal audit in respect to any recommendations and requests for information.</i></p>	<p><u>2019/20</u></p> <p>Subject to ongoing review</p>
20	<p>We incorporate good governance arrangements in our partnerships and other joint working arrangements.</p> <p><u>2018/19 Rating</u></p> <p>GREEN/AMBER</p> <p><u>2019/20 Rating</u></p> <p>GREEN</p>			<p><i>Joint Committee governance arrangements are set out in the JWA and have been approved by all ten partnering Authorities. Depending on the nature of the partnerships and other joint working arrangements, different governance structures are required, but in the main their Terms of Reference are agreed by Cabinet.</i></p> <p><i>Enhancing working arrangements, strengthening of partnerships and aligning the flow, sequence and order of these, to better reflect the nature of business and how it needs to be done, have been key features of our work in 19/20. This again, reflects arrival of certain maturation points such as the activation of the Investment and Intervention Framework, the re-purposing of Programme Board and the establishment and operation of the Investment Panel.</i></p> <p><i>Under the IIF, the following is now in place and it should be noted that this process works in sequence to ensure optimal lines of communication and that advice and recommendations are lined up, tested and consulted upon, prior to cabinet decision making:</i></p> <ul style="list-style-type: none"> <i>Investment Panel has been established with 5 private sector reps of REGP and 5 public sector reps of Programme Board. This has a clear terms of reference, a strong operating model and in 19/20 from the beginning of October, has met monthly, with ongoing engagement and participation ongoing on key matters such as project due diligence;</i> 	<p><u>2019/20</u></p> <p>Complete Review of RBC and implement agreed Recommendations</p>

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
				<ul style="list-style-type: none"> • <i>REGP continues to perform its role in thought and strategic leadership – policy forming, economic strategy, publications, data and research. In addition, it has a role in considering the recommendations and advice of Investment Panel regarding investment proposals;</i> • <i>Programme Board is now re-purposed with CEO representation. Programme Board plays a strategic role in monitoring programme-level issues and, like REGP and because of its 'fit' with Investment Panel also considers advice and recommendations of Investment Panel;</i> • <i>The Regional Business Council has been subject to a comprehensive review process – the commissioning for which began in 2019/20. This is important in terms of finding the new fit and contribution of the group, in the light of the IIF;</i> • <i>The Regional Transport Authority arrangements have been strengthened in line with progress on key projects and programmes – such as Metro Plus and Metro Central. Beyond considering investment proposals and receiving advice of Investment Panel – programme monitoring, establishing linkages with TfW and working across both the Metro and Wider Investment Fund aspects of City Deal;</i> • <i>CSC Foundry Board continues to perform its role in relation to the delivery of the project and the landlord role in respect of the Development Agreement for Lease. In 2019/20, all monitoring and evaluation arrangements have been brought in line with the logic model for the National Evaluation Panel, ensuring all performance reporting is consistent and in line with gateway requirements;</i> • <i>Cabinet – continues to meet in accordance with the planning schedule and also undertakes regular briefings, at which point, all of the information, advice and recommendations from the above are distilled and shared. Cabinet also held a planning day in 2019/20, ahead of the production of the Annual Business Plan. Cabinet's role is evolving and their clear function is to steer ship and deliver strategic and distributed leadership, by ensuring all of its sub-groups and supporting partnerships, are playing their full role in delivery.</i> <p><i>In terms of external partnerships and events, the CCR has contributed to scores of events, partnerships, groups, policy developments and strategic initiatives in 2019/20. These include, Regional Investment Wales Steering Group, Ministerial Advisory Groups on the Valleys Task Force and Foundational Economy, policy think tanks such as NESTA, IPPW and What Works Wales as well as UK-government level representation at UKRI level. CCR will continue its extensive engagement with Welsh Government's emerging regional framework and, in particular with the Chief Regional Officer for South-East Wales.</i></p>	

	Assurance Statement			Controls in Place and Supporting Documentation (Consolidated Response)	Actions
				<p><i>Arrangements exist with both Welsh and UK Governments as well as with SQW (HM Treasury's appointed consultants that are leading the work on the Gateway Review). This requires participation in national and UK-level steering groups and policy fora.</i></p> <p><i>Good governance requires clear channels of communication to be established with partnerships and other joint working arrangements and it is recognised that further work is required to build on the work done to-date and respond to any feedback that is received. In 19/20 a Communications and Engagement professional has been appointed as well as new contractual arrangements for a City Deal portal presence within Business News Wales. Combined with improvements to the overall engagement strategy, website and social media changes. There has been a three-fold increase in reach and sentiment.</i></p>	

2019/20 AGS Action Plan

Table 1. below outlines the actions captured as part of a formal 2019/20 Action Plan, with a responsible officer and review period identified in respect of each action. The quarterly performance reports to Regional Cabinet will be used as the mechanism for providing progress updates and review against the Target Date.

Table 1. AGS 2019/20 Action Plan

Action No	Assurance Statement	Suggested Action	Responsible Officer/s	Target Date
1 & 2	We have and effectively communicate codes of conduct to define standards of behaviour for members and staff, and we have policies for dealing with whistleblowing and conflicts of interest (Statement 1).	1. Ongoing review and update of Declarations of Interest. 2. Development of Ethical Investment Policy.	City Deal Office City Deal Office	To be completed by Qtr 2. To be completed by Qtr 3.
3	We ensure: <ul style="list-style-type: none"> • Compliance with relevant laws and regulations; • Compliance with internal policies and procedures; • that expenditure is lawful (Statement 2). 	3. CDO Task & Finish Group, including the recruitment of Business & Governance Manager and Admin Support	City Deal Office	To be completed by Qtr 3.
4	We are committed to openness and acting in the public interest (Statement 3).	4. Ongoing review of RTA and Joint Scrutiny Meetings and paper being made publicly available via the CCR website	City Deal Office	To be completed by Qtr 2.
5	We have established clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation (Statement 4).	5. Review of CCRCD Website and content in 2020/21	City Deal Office	To be completed by Qtr 3.
6	We measure the performance of services and related projects and ensure that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money (Statement 8).	6. Develop appropriate Evaluation and Reporting mechanisms for Projects that are in the Delivery Phase	City Deal Office & Accountable Body (Finance)	To be completed by Qtr 2.

Action No	Assurance Statement	Suggested Action	Responsible Officer/s	Target Date
7 - 9	Our financial management arrangements conform to all relevant legislative and best practice requirements (Statement 10).	<p>7. Update CCRCDC Affordability Model and Quarterly Performance Reporting</p> <p>8. Need earlier consideration of accounting and financial management arrangements in respect of proposed investments e.g. loans, equity and joint ventures etc.</p> <p>9. Relevant CDO staff to complete mandatory VAT training module</p>	<p>Accountable Body (Finance)</p> <p>City Deal Office & Accountable Body (Finance)</p> <p>City Deal Office & Accountable Body (Finance)</p>	<p>To be completed by Qtr 2.</p> <p>To be completed by Qtr 2.</p> <p>To be completed by Qtr 4.</p>
10 & 11	We have mechanisms to review the effectiveness of our framework for identifying and managing risks and performance and for demonstrating clear accountability (Statement 14).	<p>10. Accountable Body report on CDO Resourcing to Cabinet (15th June)</p> <p>11. Completion of Review on wider Risk Management Strategy and Risk Policy</p>	<p>Accountable Body</p> <p>City Deal Office & Accountable Body</p>	<p>To be completed by Qtr 1.</p> <p>To be completed by Qtr 2.</p>
12 & 13	We ensure effective counter fraud and anti-corruption arrangements are developed and maintained (Statement 15).	<p>12. Conclusion of Internal Audit (commenced in March 2020) and response to any Recommendations</p> <p>13. Consideration of "Know Your Customer" process developed by the Accountable Body</p>	<p>City Deal Office & Accountable Body</p> <p>City Deal Office & Accountable Body</p>	<p>To be completed by Qtr 2.</p> <p>To be completed by Qtr 4.</p>
14	Our internal audit assurance arrangements conform to Public Sector Internal Audit Standards and relevant best practice (Statement 17).	14. Review adequacy of Internal Audit Resources	City Deal Office & Accountable Body	To be completed by Qtr 2.
15	We incorporate good governance arrangements in our partnerships and other joint working arrangements (Statement 20).	15. Complete Review of RBC and implement agreed Recommendations	City Deal Office	To be completed by Qtr 2.

Audit Title: Cardiff Capital Region City Deal
Audit Assurance: Effective with opportunity for improvement

REF	RECOMMENDATIONS	RISK RATING	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	ACTION DATE (dd/mm/yyyy)
1	As part of the decision making process, the Sift Score assessment should be built into the Strategic Outline Case and Business Case.	Red / Amber	Agreed. Noted and will be implemented.	Chief Operating Officer / Head of Finance, Risk and Assurance	30/11/2020
2	For the sample selected, and for post assurance purposes, Management should forward Internal Audit evidence of sift scoring records for Axione (Full Fibre to the Premise) and Garrison Barclay Estates (Cardiff Edge - Life Sciences Innovation Park)	Red / Amber	Agreed. Noted - scoring will be forwarded to Internal Audit for post audit assurance.	Chief Operating Officer / Head of Finance, Risk and Assurance	31/10/2020
3	Consideration should be given to using a project checklist, a useful tool to support the IIF tracker database and which serves as a reminder of what needs to be done and assurance of compliance of what has been done once the items are checked off the list in a central record.	Amber / Green	Agreed. The project checklist is partially complete and has been a feature of learning in the first year of operation and will form part of the IIF review work.	Business support and partnerships	31/01/2020
4	Ongoing monitoring should be carried out during the year to ensure declarations of interest expressed at meetings are captured within the standing Officer's Personal Interest Declaration forms and the website.	Red / Amber	Agreed. Records have been updated and final checks will be made to ensure consistency across meetings and personal declarations.	Business support and partnerships	31/01/2020
5	Management should clearly define and communicate roles and responsibilities for and the importance to update the Contract Schedule and Tracker.	Amber / Green	Agreed. This is in progress.	Business support and partnerships	31/01/2020
6	In order to effectively manage and monitor contracts, it is important that this information is populated, maintained and kept up to date.	Red / Amber	Agreed. New responsibility given to Head of Infrastructure to ensure update and compliance.	Head of Finance, Risk and Assurance / Head of Infrastructure	31/12/2020
7	Whilst the majority of projects are in the infancy, in order to reduce the level of future non Procurement Approved contracts, single source tenders and expired contracts, the use of the Contract Schedule and Tracker in conjunction with early engagement with the Strategic Category Manager for expected procurement activities will increase compliance with the CSOPR for those projects in the pipeline as the project portfolio expands.	Red / Amber	Agreed. New responsibility given to Head of Infrastructure to ensure update and compliance.	Head of Finance, Risk and Assurance / Head of Infrastructure	31/12/2020
8	For the sample selected, and for post assurance purposes, Management must forward Internal Audit evidence of contract Pre tender documentation for NESTA and Imperial Park Technical Due Diligence Study.	Red / Amber	Agreed. Will be provided.	Head of Infrastructure / Director	31/10/2020
9	Management should consider the level of training required for commission and procurement for staff require within City Deal Office.	Green	Agreed. This is in progress.	Director	31/12/2020
10	In accordance with best practice, management should consider establishing an arrangement for independent review of the Annual Governance Statement prior to approval by Regional Cabinet. This could be achieved by either the Scrutiny Committee or a separate function.	Amber / Green	Agreed. Good suggestion and will implement - but dependent upon views and work programme priorities of Scrutiny Committee	Director / Head of Finance, Risk and Assurance	31/07/2020

Assurance Level	Definition
Effective	<ul style="list-style-type: none"> • The controls evaluated are adequate and appropriate • The control environment appears sound to provide reasonable assurance that all high level risks are adequately controlled • No findings noted (or a small number of low risk recommendations)
Effective with opportunity for improvement	<ul style="list-style-type: none"> • A few specific control weaknesses and/or opportunities for improvement were noted • Controls evaluated are otherwise adequate and appropriate to provide reasonable assurance that risks are adequately controlled
Insufficient with major improvement needed	<ul style="list-style-type: none"> • Some high level risks are not adequately controlled • Numerous specific control weaknesses were noted • Although immediate soundness and safety are not threatened, the control environment requires improvement as it does not provide reasonable assurance that all high level risks are adequately controlled • There may be a risk of exposure to fraud or security vulnerabilities
Unsatisfactory	<ul style="list-style-type: none"> • The control environment is not adequate and is below standard • The control environment is considered unsound • A lack of attention could lead to significant losses

Rating	Criteria
High / Red	<p>This is a high priority issue and immediate attention is required. This is a serious internal control or risk management issue that, if not mitigated, may (with a high degree of certainty) lead to:</p> <ul style="list-style-type: none"> • Substantial losses, possibly in conjunction with other weaknesses in the control framework of the organisational entity or process being audited • Serious violation of Council strategies, policies or values • Serious reputational damage • Significant adverse or regulatory impact, such as loss of operating licenses or material fines <p>Examples are:</p> <ul style="list-style-type: none"> • A policy / procedure does not exist for significant Council processes • Preventative, detective and mitigating controls do not exist • Council reputation or financial status is at risk • Fraud or theft is detected • Council is not in compliance with laws and regulations
Medium / Red Amber	<p>This is a medium priority issue and timely management action is warranted. This is an internal control or risk management issue that could lead to:</p> <ul style="list-style-type: none"> • Financial losses • Loss of controls within the organisational entity or process being audited • Reputation damage • Adverse regulatory impact, such as public sanctions or immaterial fines <p>Examples are:</p> <ul style="list-style-type: none"> • A policy exists but adherence is inconsistent • Preventative and detective controls do not exist, but mitigating controls do exist • The Council's compliance with laws and regulations requires additional evaluation and review • There is a possibility of inappropriate activity
Medium / Amber Green	<p>This is a low priority issue and routine management attention is warranted. This is an internal control or risk management issue, the solution to which may lead to improvement in the quality and / or efficiency of the organisational entity or process being audited.</p> <p>Examples are:</p> <ul style="list-style-type: none"> • A policy exists, but was not adhered to on an exception basis • Preventative controls do not exist, but detective and mitigating controls exist • There is a remote possibility of inappropriate activity
Low / Green	Best Practice

REPORT CONTEXT

This report has been prepared for the internal use of the Council and is prepared in relation to internal audit, under the requirements as set out in the Council's Financial Procedure Rules which are based on best practice principles as set out in the Public Sector Internal Audit Standards (PSIAS).

Reports are prepared by the staff of the Internal Audit Section based within Resources, where they serve to inform the Section 151 Officer and senior managers across the Council on governance arrangements, primarily around managing risks, the soundness of the control environment and the efficient and effective use of resources.