Cardiff Capital Region City Deal Joint Committee
Audited Statement of Accounts

2021/22

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Cardiff Capital Region City Deal – Chair's Statement

"The Cardiff Capital Region City Deal is a unique programme of collaborative working which seeks to enable transformational economic change, through targeted investment in infrastructure, innovation, skills, and challenge-driven approaches to tackling industrial and societal issues. It is an investment in people and place and aims to bring fairness and opportunities for all, no matter where they live in the region.

It builds on the region's proud heritage, its liveability, its already substantial economic output, and unique sense of place. It seeks to enrich in other ways, improving public services, strengthening engagement with civic society, and enabling our workforce to adapt to the skills and capabilities required to drive the industries of the future. Our City Deal is built on partnership and instils democratic legitimacy through balancing strong local leadership with penetrative industrial and business engagement.

Our City Deal is adaptive to the continual changes we see around us and with the scarring effects on the economy now becoming more visible as the roll-out of the mass-vaccination process allows us to look forward, maintaining the ability to flex and respond will be critical. Through the pandemic period, our governance structures and systems have not just been tested – but enhanced. As restrictions end, Cardiff Capital Region City Deal operates in a much more agile environment in which digital, face-face and flexible approaches co-exist. This approach continues to drive continuation of a high productivity culture – critical, now that the South East Wales Corporate Joint Committee (CJC) is also in operation – albeit currently on a limited basis.

In terms of delivery, 2021/22 has been a critical year in both consolidating progress and further building the development pipeline and programme. From approvals for Media Cymru, the Cyber Innovation Hub, operationalisation of the Strategic Premises Fund and significantly, exchanging contracts on the sale of the former Aberthaw Power Station – the opportunity set is growing. It was further pleasing that through the Comprehensive Spending Review 2021, the Chancellor of the Exchequer announced the forward funding of the CCR City Deal – bringing forward £120M to distil delivery of the deal into a 15 year overall-period.

To date, we have focussed on building momentum. The focus now turns to delivery. The principles of Return on Investment, leveraging the resources of others and co-investing continues – and whilst this means CCR investment should be only used once and when others are also investing – we recognise the imperative to ensure approved programmes are delivering optimally. To this end, in 2021/22, CCR has started to develop its framework for benefits realisation, and I look forward to seeing this rolled out in the coming year.

Our five-year strategic business plan continues to guide our objectives and goals. Working alongside our regional partnerships, and in particular the Regional Economic Growth Partnership – we look forward to converting this to a revised Regional Economic and Industrial Growth Plan in 2022/23. This will be key as work continues

to shape the SE Wales CJC and forge an agenda of shared opportunity around new investment such as the Levelling-up Fund and Shared Prosperity Fund.

A key feature of 2021/22 in governance terms has also been the development of enhanced programme governance and monitoring – which continues into 2022/23. This will evolve into our revised Investment Strategy in 2022/23 and set the context for how we eventually, 'lift and shift' into the Corporate Joint Committee. The appointment of a dedicated lead for Governance and a new Head of Governance, Communications and Policy – help reinforce the importance attached to this ongoing.

As we look ahead, it is clear that 2021/22 has started to prepare CCR for what lies ahead in terms of post pandemic recovery and the importance of this being fair and equal – and the cost-of-living crisis, which is underpinned by issues of energy and food security and a cost of doing business crisis. These risks present potential significant threats, and it is therefore more vital than ever that our Enterprise Risk Strategy is a dynamic and living framework through which we can manage and mitigate pressures.

All this significant activity is value-adding and enriches our journey and narrative. We are building the competency to self-evaluate and be increasingly self-aware. From our professional advisory team to our partners, advisory bodies, and stakeholders with whom we engage and co-operate every day, we are building a networked and integrated approach. The more voices and diversity the better and I feel assured the model of highly adaptive engaged and collaborative leadership we are building – is an effective one capable of serving the needs and aspirations of those we are privileged to serve."

Councillor Anthony Hunt

Chair, Cardiff Capital Region City Deal

Narrative Report

Introduction

The Cardiff Capital Region (CCR) embraces the 10 local authority areas covering South East Wales: Blaenau Gwent; Bridgend; Caerphilly; Cardiff; Merthyr Tydfil; Monmouthshire; Newport; Rhondda Cynon Taf; Torfaen; and Vale of Glamorgan. It has a population of 1.5 million which equates to almost half the total population of Wales, accounts for approximately 50% of the total economic output of the Welsh economy, 49% of total employment and has over 38,000 active businesses. It is a diverse region comprising the two cities of Cardiff and Newport, a range of market towns, the industrial heartland of the South Wales Valleys, rural communities, and a coastal belt.

The Cardiff Capital Region is an area where people want to live and work. It is home to some of the fastest growing and most economically competitive places in the UK, but alongside some of the least competitive and most disadvantaged.

The City Deal sets out a transformative approach in how the Cardiff Capital Region will deliver the scale and nature of investment needed to support the area's growth ambitions and strategic priorities. Central to this is the 20 year £495 million Investment Fund, which the Cardiff Capital Region will use to invest in a wide range of projects in priority sectors to deliver up to 25,000 new jobs and bring forward at least £4 billion of additional investment by 2036.

However it is not just about economic growth in isolation, it is also about building sustainability and resilience into the economy of the region, about creation and

dissemination of wealth amongst the most disadvantaged, but also about innovation, not only to business and technology, but also to public services and civic society.

Connected.

A connector of people, their ambitions and the opportunities to fulfil their true potential. Nurturing the best conditions for business success and community cohesion, through targeted investment in world class digital communications. Creating cutting edge integrated transport infrastructure, connecting affordable and accessible spaces to live, work and play.

Competitive.

A catalyst for continuity investment, bringing key industry clusters to life. A trusted partner enabling companies to innovate and realise their full potential. A shaper of economically significant hubs, producing multiplier effects that fuel local and regional supply chains as well as the broader foundational economy.

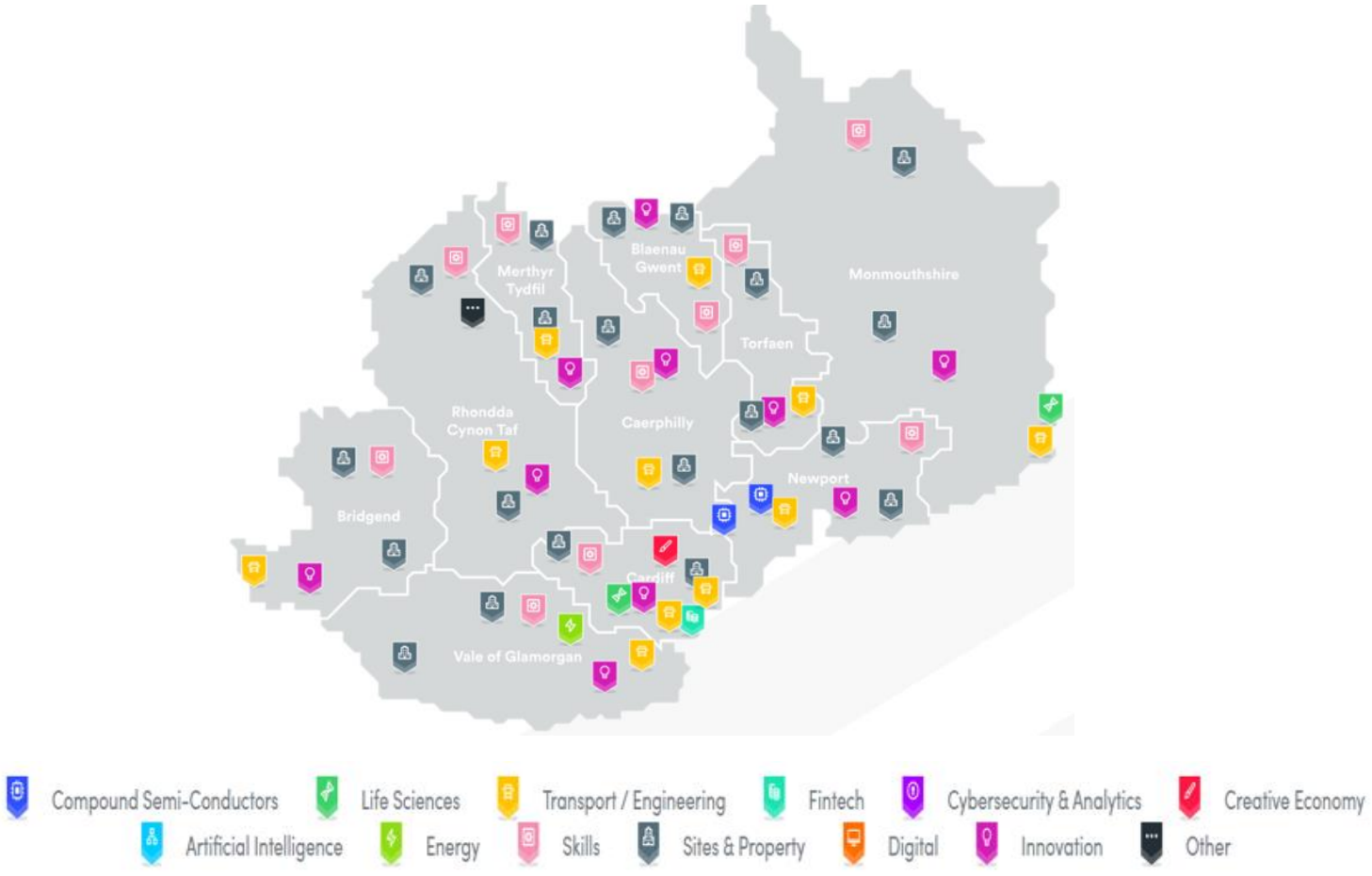
Resilient.

A focus for creating the conditions where our businesses and our people are best equipped to embrace the future. A keystone presence helping the region adapt, improvise and overcome periods of economic turbulence or social unrest.

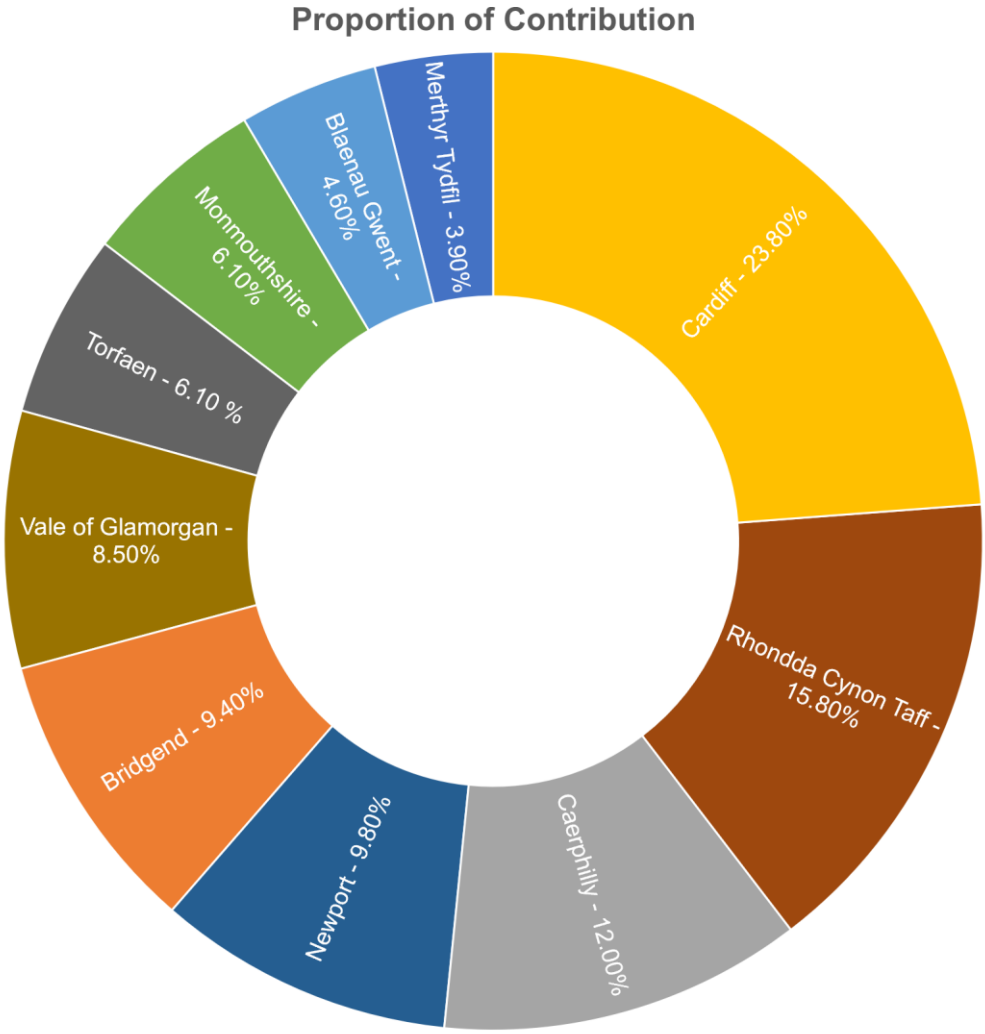
Background

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

Current Approved Projects – Wider Investment Fund



A five-year rolling business plan is produced with an annual budget. Operating costs as well as shares of contributions to the Wider Investment Fund are provided by each authority, based on population:



The Joint Committee is supported by the City Deal Office (CDO) led by the Director of the City Deal, with Cardiff Council appointed as the Accountable Body (AB), the legal entity responsible for discharging obligations in respect of the City Deal.

Funding and Projects

The funding agreement with the UK and Welsh Governments totals £1.2 billion, of which £734 million is allocated to the Metro and is directly managed by Welsh Government. The remaining £495 million is the responsibility of the Joint Committee and relates to what is called the 'Wider Investment Fund'. This is made up of:

- £375 million cash grant over 20 years, with £50 million revenue grant paid in years 1-5, followed by £325 million of capital grant between years 6-20;
- £120 million Council contributions in the form of capital funding, being drawn down as required.

Up to 3% of the Wider Investment Fund has been earmarked to support the work of Regional Bodies and to meet the costs of Programme Development and Support. This is referred to as the Wider Investment Fund 'Top-Slice'.

The balance of the Wider Investment Fund (circa £480 million) is to be used to for investment in the region's key priorities with the main priorities and strategic themes, as set out in the Cardiff Capital Region Strategic Business Plan 2021-2026 being:

- Build Back Better – playing our part in economic recovery and building resilience;
- Becoming a City Region – strengthening regional economic governance;
- Scaling-up and delivering the City Deal 'peak' Wider Investment Fund pipeline and programme;
- Making the case for Levelling-up CCR;
- Developing the plan for industrial-scale clusters and innovation-led growth.

Gateway Reviews

An outcome-based Gateway Review will be undertaken by HM Treasury every 5 years. Funding for financial years 2021/22 to 2025/26 has been confirmed following the successful passing of the first Gateway Review, which covered the period up to 31 March 2021, whilst any unspent funding may be subject to repayment if any subsequent Gateway Review is not passed.

Where funds have been committed and/or there is a clear intention to spend, carry forward of funding to future years will be permitted. Carry forward in respect of the final year (2025/26), will also be permitted providing that the Gateway Review is passed.

Annual Review, Future Plans and Developments

These can be found in the following documents:

Cardiff Capital Region Cabinet 2021/22 Joint Committee Revenue Budget Final Outturn Position which sets out financial performance against the approved revenue budget for the financial year. In summary (subject to Audit), the approved budget of

£2,220,988 was underspent by £254,548 allowing a reduction in the budgeted drawdown of Wider Investment Fund 'Top-Slice' funding.

item-5-outturn.pdf (cardiffcapitalregion.wales)

Cardiff Capital Region Cabinet 2021/22 Annual Business Plan – Quarter 4 Performance Report which reports actual expenditure against the approved Wider Investment Fund budgets as set out in the Annual Business Plan for the financial year. This shows (subject to Audit) net expenditure of £1,034,512 against the approved 'Top-Slice' budget of £1,450,000 and expenditure of £8,153,782 on approved projects. Unused annual allocations are carried forward to fund future projects.

item-7-quarter-4.pdf (cardiffcapitalregion.wales)

Cardiff Capital Region Cabinet Wider Investment Fund – Annual Business Plan 2022/23 which, as a requirement of City Deal Joint Working Agreement outlines key priorities for the financial year and beyond, and the resources to be used to achieve them. This sets out anticipated total project related expenditure for 2022/23 and the medium term, setting out how this is expected to be funded.

item-4-abp.pdf (cardiffcapitalregion.wales)

Establishment of Corporate Joint Committee and Reframing the Approach to Developing the South East Wales Corporate Joint Committee. These reports provide the background, progress and future developments which will allow the Cardiff Capital Region City Deal to transition to becoming a part of the new South East Wales Corporate Joint Committee.

item-6-cjc-without-exempt-appendix-1.pdf (cardiffcapitalregion.wales)

item-4-cjc-without-exempt-appendix.pdf (cardiffcapitalregion.wales)

Financial Performance 2021/22

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

Table 1: 2021/22 Joint Committee Revenue Budget & Outturn Position

Joint Committee Revenue Budget	2021/22 Budget £	2021/22 Out-turn £	2021/22 Variance £
Expenditure:			
City Deal Office	1,899,346	1,647,405	(251,941)
Accountable Body Support Services	321,642	319,035	(2,607)
Total	**2,220,988**	**1,966,440**	**(254,548)**
Funded by:			
WIF 'Top-Slice' Contribution - Reserve	(1,060,930)	(806,382)	254,548
Partner Contributions	(1,160,058)	(1,160,058)	0
Total	**(2,220,988)**	**(1,966,440)**	**254,548**

Net Position	**0**	**0**	**0**

The Joint Committee budget underspend for 2021/22 was utilised by reducing the budgeted funding required from the Wider Investment Fund 'Top-Slice'. Reasons for the underspend are set out in the Final Outturn Position report, to which there is a link above.

Table 2: 2021/22 Wider Investment Fund 'Top-Slice' Budget & Outturn Position

Wider Investment Fund Top-Slice	2021/22 Budget £	2021/22 Out-turn £	2021/22 Variance £
Gross Expenditure:			
Regional Bodies	70,000	37,416	(32,584)
Programme Development & Support	319,070	190,714	(128,356)
Contribution to CDO Budget	1,060,930	806,382	(254,548)
	1,450,000	1,034,512	(415,488)
Investment Income	0	0	0
Net Expenditure	**1,450,000**	**1,034,512**	**(415,488)**
Funded by:			
HMT Revenue Grant	(1,450,000)	(1,034,512)	415,488
Total	**(1,450,000)**	**(1,034,512)**	**415,488**

The Wider Investment Fund 'Top-Slice' is an allocation of 3% of the total Wider Investment Fund (£495m) budgeted for use across the 20-year lifespan of the City Deal. Its use is set out above with the underspend carried forward for use in future years. Further detail of the expenditure in 2021/22 and anticipated 2022/23 spend are provided in the other reports for which links are provided above.

Table 3: 2021/22 Wider Investment Fund 'Balance of Funding' Budget & Out-turn

Wider Investment Fund 'Balance of Funding'	2021/22 Budget £	2021/22 Out-turn £	2021/22 Variance £
Capital Expenditure:			
In Year Project Resources	48,428,000	5,330,706	(43,097,294)
Sub Total	48,428,000	5,330,706	(43,097,294)
Revenue Expenditure:			
In Year Project Resources	3,369,000	2,823,076	(545,924)
Sub Total	3,369,000	2,823,076	(545,924)
Total	**51,797,000**	**8,153,782**	**(43,643,218)**
Funded By			
HMT Revenue Grant	(3,369,000)	(2,412,230)	956,770
HMT Capital Grant	(22,000,000)	(3,630,000)	18,370,000
ULEV Grant	0	(2,111,552)	(2,111,552)
Temporary Borrowing 'Cost of Carry'	0	0	0
Council Contributions	(26,428,000)	0	26,428,000
Total	**(51,797,000)**	**(8,153,782)**	**43,643,218**

Table 3 details the anticipated use of the Wider Investment Fund for approved and potential future projects during the year, as set out in the 2021/22 Annual Business Plan. Capital and Revenue project expenditure was significantly lower than anticipated in setting the forecast for 2021/22. Variances are as a result of timing of expenditure against Joint Committee Approvals with all allocated resources carried forward for use in future years, or from projects expected to come to fruition when setting the Business Plan which were subsequently aborted. Further detail on this is included in the Annual Business Plan – Quarter 4 Performance Report referenced above.

Key expenditure in 2021/22 was on the following approved projects:

- £2.67m Capital loan to ZipWorld
- £2.11m Capital and Revenue expenditure on the Ultra-Low Emission Vehicle taxi pilot scheme, funded by Welsh Government Grant
- £0.81m Capital expenditure on the acquisition of the Aberthaw site
- £0.57m Revenue expenditure on the Housing Viability Gap Fund
- £0.57m Revenue expenditure on the Challenge Fund
- £0.40m contribution to Betsi Cadwaladr University Health Board's Tracheostomy training challenge via the CCR Challenge Fund, part funded by SBRI Grant and treated as Revenue Expenditure Funded by Capital under Statute (REFCUS)
- £0.18m Revenue contribution to Cardiff University's provision of a Cyber Masters qualification

There has been limited impact on the 2021/22 accounts as a result of the COVID-19 Pandemic. In terms of future years, it is also not felt that there will be a significant impact upon projected expenditure and the approved budgets.

Financial Position as at 31 March 2022

The Joint Committee's Balance Sheet position is summarised below and provides details of its assets and liabilities as at 31 March 2022.

Summary of Balance Sheet	31 March 2021 £	31 March 2022 £
Long Term Assets : Property, Plant & Equipment, Long Term Investments, Long Term Debtors	41,890,169	42,127,434
Current Assets & Liabilities: Short Term Debtors, Cash & Cash Equivalents, less Short-Term Creditors	41,169,189	26,034,553
Long Term Liabilities	(41,836,518)	(22,578,935)
Net Assets	**41,222,840**	**45,583,052**
Usable Reserves Unusable Reserves	253,952 40,968,888	2,027,421 43,555,631
Financed by	**41,222,840**	**45,583,052**

Pensions Liabilities

The Joint Committee is not a legal entity in its own right and therefore cannot enter into contracts for goods or services. Officers supporting the activities of the Joint Committee are contractually employed through one of the partnering authorities or other public sector organisations. The employing body is responsible for all current and future pension liabilities that may arise from these arrangements. The Joint Committee reimburses all salary related costs, including employer related pension contributions and accounts for these in its Income & Expenditure Account. Therefore, no liability for future pension payments or benefits is recognised in the Joint Committee's Balance Sheet.

Balances and Reserves

As at 31 March 2022, the Joint Committee held Usable Reserves of £2,027,421. These are carried forward as a General Reserve of £212,080 to supplement Joint Committee Revenue Budget resources available in future years, and Earmarked Reserves of £208,120 in relation to accumulated interest on investments which is intended to be used to fund future project expenditure, £227,221 in relation to CJC Transition expenses to be incurred in 2022/23, £30,000 in relation to future Gateway Review costs and a usable Capital Receipts reserve of £1,350,000 from recycled funding (CSC Foundry Ltd) to be used to fund future project expenditure.

Annual Governance Statement

The Joint Committee's governance arrangements are set out in the Joint Working Arrangement and comprise the systems, processes, culture, and values in place to deliver the intended outcomes as reviewed through application of the CIPFA / SOLACE Governance Framework.

The Joint Committee has arrangements in place through the City Deal Office and the Accountable Body, which are designed to deliver strong governance and an effective system of internal control.

The annual assessment of governance takes place following a review of a number of best practice statements and resulting actions where deemed required. This assessment includes changes in governance arrangements in 2020/21 as a result of the Covid-19 pandemic continued in 2021/22, these changes included the continuation of:

- Adaptations to reflect new ways of working, stakeholder engagement and emergency arrangements
- Changes to strategic priorities and plans as a result of the impact of the pandemic on stakeholders and the region.

The Annual Governance Statement will set out how Covid 19 has impacted on Governance and systems of internal control using a risk based and proportionate approach, particularly where some of the usual sources of assurance may be more limited than in previous years.

Financial year 2021/22 required full implementation of CIPFA's Financial Management (FM) Code. A key goal of the FM Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management. As such, the 2021/22 review builds on the initial assessment undertaken in 2020/21 (shadow year) outlining the extent to which the Joint Committees financial management arrangements comply with the FM Code.

The Joint Committee's separately published Annual Governance Statement summarises the assessment of governance arrangements in place for the Joint Committee and can be found on the Cardiff Capital Region website.

The Financial Statements

The Statement of Accounts for the Cardiff Capital Region City Deal Joint Committee are set out in this document, accompanied by a Statement of Responsibilities for the Statement of Accounts and the Audit Report.

The core statements of the Joint Committee are:

- Comprehensive Income and Expenditure Statement which provides information on how it has performed throughout the year and as a result, whether or not its operations have resulted in a surplus or a deficit.
- Movement in Reserves Statement which shows the changes to our reserves over the course of the year. Reserves are divided into 'useable', which can be invested in capital projects or service improvements and 'unusable', which must be set aside for specific purposes.
- Balance Sheet which provides a 'snapshot' of assets, liabilities, cash balances and reserves at the year-end date.
- Cash Flow Statement shows the reasons for changes in cash balances during the year and whether that change is due to operating activities, new investment, or financing activities.

Notes to the Core Financial Statements accompany the main financial statements and provide an additional tier of information and context.

Group Accounts combine the Joint Committees own financial statements with its material interests in subsidiaries, associates and/or joint ventures, in this case CSC Foundry Limited.

Statement of Responsibilities for the Financial Statements

Cardiff Capital Region City Deal Joint Committee's responsibilities

The Joint Committee is required to:

- make arrangements for the proper administration of its financial affairs and secure that an appropriate officer has the responsibility for the administration of those affairs. This is the Corporate Director Resources and Section 151 Officer of Cardiff Council who holds the role of Cardiff Capital Region City Deal Section 151 Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the statement of accounts.

Cllr Anthony Hunt **Date:** 27 March 2023

Chair of Cardiff Capital Region Joint Committee

Section 151 Officer responsibilities

The Section 151 Officer is responsible for the preparation of the Joint Committee's financial statements in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code).

In preparing these financial statements, the Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently, except where policy changes have been noted in these accounts;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code.

The Section 151 Officer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Section 151 Officer Certificate

The financial statements for the Cardiff Capital Region City Deal Joint Committee give a true and fair view of its income and expenditure for the financial year 2021/22 and the financial position at 31 March 2022.

Christopher Lee **Date** 28 March **2023**

Section 151 Officer

Audit of Financial Statements Report

I have audited the financial statements of:

- Cardiff Capital Region City Deal Joint Committee; and
- Cardiff Capital Region City Deal Joint Committee Group

for the year ended 31 March 2022 under the Public Audit (Wales) Act 2004.

Cardiff Capital Region City Deal Joint Committee 's financial statements comprise the Expenditure and Funding Analysis, the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes, including a summary of significant accounting policies.

Cardiff Capital Region City Deal Joint Committee's Group financial statements comprise the Group Expenditure and Funding Analysis, the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet, the Group Cash Flow Statement and the related notes, including a summary of significant accounting policies.

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

In my opinion the financial statements:

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

Basis of opinion

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

the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

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

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

Other Information

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

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

I have nothing to report in this regard.

Report on other requirements

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

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

Matters on which I report by exception

In the light of the knowledge and understanding of Cardiff Capital Region City Deal Joint Committee and the group and its environment obtained in the course of the audit, I have not identified material misstatements in the narrative report or the Annual Governance Statement.

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

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

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for the preparation of the statement of accounts, including Cardiff Capital Region City Deal Joint Committee's Group financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

My procedures included the following:

- enquiring of management, Cardiff Capital Region City Deal Joint Committee Joint Committee's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to

Cardiff Capital Region City Deal Joint Committee and group's policies and procedures concerned with:

  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in revenue recognition and posting of unusual journals;
- Obtaining an understanding of Cardiff Capital Region City Deal Joint Committee and group's framework of authority as well as other legal and regulatory frameworks that Cardiff Capital Region City Deal Joint Committee and group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Cardiff Capital Region City Deal Joint Committee .

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

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

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

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

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

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Cardiff Capital Region City Deal Joint Committee and group in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton

Auditor General for Wales

31 March 2023

24 Cathedral Road

Cardiff

CF11 9LJ

Accounting Policies used when formulating the accounts

The Statement of Accounts summarises the Joint Committee's income and expenditure for the year ended 31 March 2022 and its financial position at that date. The accounts are prepared in accordance with proper accounting practices as contained in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code).

The accounts have been prepared on a going concern basis. The accounting convention adopted is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1. Accounting Standards issued but not yet adopted

The main change to the Code will be the requirements of International Financial Reporting Standard 16 – Leases adopted in the 2022/23 Code. The required date of application and the date that the Joint Committee will adopt IFRS 16 is 1 April 2024 IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for most leases with a term of more than 12 months unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. This is expected to have no impact on the Joint Committee Accounts.

2. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not when the cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed.
- Services received are recorded as expenditure when the services are received, rather than when the payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debtors are not considered to be collectable the balance is reduced by a provision for doubtful debt.

3. Cash and Cash Equivalents

The Joint Committee does not operate its own Bank Account, instead all cash transactions are administered by Cardiff Council in its role as Accountable Body. An approved Treasury Management strategy is in place to manage the Joint Committee's cash balances for the prudent management of its financial affairs.

Treasury arrangements consist of short-term investments through approved counterparties on the basis of security, liquidity and then yield.

4. Contingent assets and liabilities

These are potential benefits or obligations that arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Joint Committee's control. Contingent assets and liabilities are not recognised in the accounting statements but are disclosed in a note to the accounts where deemed material.

5. Disposals and Capital Receipts

When assets are disposed of or derecognised, the value of those assets included in the Balance Sheet along with any proceeds from disposal are used to calculate a gain or loss on disposal.

6. Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding financial assets and their cash flow characteristics.

The main classes of financial assets held are measured at:

- amortised cost - Achieve objectives by collecting contractual cash flows e.g. principal and interest.
- fair value through other comprehensive income (FVOCI) - Achieve objectives by any other means than collecting contractual cash flows and where the Joint Committee has designated that this is the case.

In terms of the value of financial assets recognised in the accounts, the primary business model is to hold investments to collect contractual cash flows, however loans and equity instruments may be provided as revenue or capital expenditure to achieve service objectives. Depending on the rationale for holding such financial assets, the Joint Committee may designate such items to be measured at fair value through other comprehensive income.

Fair value measurement techniques are defined within the final section of this policy.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Joint Committee becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument in accordance with any investment or loan agreement. The amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest). Any gains or losses that arise on the derecognition of an asset are credited/debited to the CIES. Expected Credit Loss Model Impairment losses are calculated to reflect the expectation that future cash flows might not take place because the borrower could default on their obligations. Such a review would take place on an individual financial asset or collective basis, based on materiality and cost benefit of individual assessment. The Joint Committee undertakes a review of expected credit losses on all financial assets held at amortised cost either on a 12-month or lifetime basis. Where provision for such losses is not already undertaken e.g. as part of a provision for bad debts, adjustments to the value of financial assets disclosed in the accounts would be made. Credit risk plays a crucial part in assessing expected credit loss. Where risk has increased significantly since a financial asset was initially recognised, provision for losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, provision for losses are assessed on the basis of 12-month expected loss.

Financial Assets Measured at Fair Value through other comprehensive income (FVOCI)

Financial assets that are measured as FVOCI are initially measured and carried at fair value on the Balance Sheet. Treating such assets under this category will require a 'Designation' by the Joint Committee. These are likely to be equity holdings held as part of a service objective. Fair value gains and losses are recognised in Other Comprehensive Income and the change in the amount of the investment in the balance sheet is matched with an entry in the Financial Instruments Revaluation Reserve. Upon derecognition, any balance on the Financial Instruments Revaluation Reserve is recycled through the Surplus or Deficit on the Provision of Services.

Fair Value Measurement of Financial Assets

Fair value measurements for the above financial asset classes measured at fair value are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis

The inputs to the measurement techniques are categorised in accordance with the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 – unobservable inputs for the asset.

7. Grants and Contributions

Grants and other contributions are accounted for on an accruals basis and recognised when:

- there is reasonable assurance that the Joint Committee will comply with the conditions for their receipt and
- there is reasonable assurance that the grant or contribution will be received.

Revenue

Grants, for which conditions have not yet been satisfied, are carried in the Balance Sheet as Long-Term and Short-Term Creditors. When conditions have been satisfied, the grant or contribution is credited to the Grant Income Line in the Comprehensive Income and Expenditure Statement. Where there is no longer any reasonable assurance that the conditions will be met, sums received will not be recognised as a receipt of grant but as a repayment due to the awarding body and held on the Balance Sheet as a liability if it remains unpaid.

Where the conditions of a revenue grant or contribution have been complied with, but it is yet to be used to fund expenditure for the purpose stipulated in the grant agreement, it is set aside in an Earmarked Reserve.

Capital

Grants and contributions that are applied in the year to fund capital schemes that are Revenue Expenditure Funded by Capital under Statute (REFCUS) are treated as revenue income and credited to the Comprehensive Income and Expenditure Statement to the relevant service line.

Capital Grants and Contributions applied in paying for other capital works are credited to the Taxation and Non-Specific Grant Income line in the Comprehensive Income and Expenditure Statement. Where a specific capital grant or contribution has been received but remains unapplied, this is deemed to represent a condition and is shown as a creditor, as the unused element could be returned to the funder. Where a non-specific grant were to remain unapplied, it would be held as Capital Grants Unapplied Reserve.

Capital grants and contributions are identified separately on the Balance Sheet.

8. Interests in Companies and Other Entities

The Joint Committee has interests in companies and other entities. Subject to the level of materiality and exposure to risk, these are consolidated to produce Group Accounts.

9. Property, Plant, Equipment

These assets are those that have physical substance used in the production or supply of goods or services, those intended to be held indefinitely and those for the promotion of culture and knowledge and expected to be used during more than one financial year.

Recognition

Expenditure on the acquisition, creation or enhancement of such assets is capitalised on an accruals basis. All expenditure incurred on existing assets is assumed to result in enhancement of the asset and will be shown in the accounts as an addition to the asset.

Expenditure that maintains but does not add to an asset's potential to deliver benefits or service potential (i.e. repairs and maintenance) is charged to revenue as it is incurred.

Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the specific asset into working condition for its intended use, excluding borrowing costs which are not capitalised. A full year's depreciation is charged on capital expenditure incurred in the year. No depreciation is charged in the year of disposal. Assets are subsequently carried on the balance sheet as per the following:

Asset Type	Measurement	Valuation Frequency	Last Valuation	Surveyor for Last Valuation	Next Valuation	Depreciation
Vehicles, Plant, Furniture & Equipment	Depreciated Historical Cost	n/a	n/a	n/a	n/a	5-15 years
Assets under Construction	Depreciated Historical Cost	n/a	n/a	n/a	n/a	n/a

Disposal

When assets are disposed of or decommissioned, the value of those assets included in the Balance Sheet along with any proceeds from disposal are used to calculate a gain or loss on disposal. Disposals are treated as capital receipts and are credited to the Capital Receipts Reserve.

10. Investment Property

Investment properties are those held solely to earn rentals and/or for capital appreciation such as ground leases, land held for future development as strategic sites and other land and buildings that meet investment property criteria.

Investment properties are measured at fair value, based on the market value that would be received to sell an asset in an orderly transaction between market participants at the measurement date, reflecting the asset's highest and best use. A full valuation is undertaken periodically with the most recent valuation having taken place during the preparation of the 2021/22 accounts.

Investment properties are not depreciated. Gains and losses on revaluation and disposal are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The valuation of the Investment Property included in the Joint Committee's Group Accounts has been provided by external valuers engaged by Monmouthshire County Council as part of its role as the host Authority for the CSC Foundry Ltd. project.

11. Provisions

Provisions are charged as expenditure to the Comprehensive Income and Expenditure Statement in the year that the Joint Committee becomes aware of the obligation, measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision, which is held on the Balance Sheet. Provisions are reviewed at the end of each financial year and where no longer required are credited back to the relevant service line.

12. Reserves

The Joint Committee sets aside amounts as usable reserves for future policy purposes or to cover contingencies. Certain reserves are maintained to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits. These do not represent usable resources for the Joint Committee

13. Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions, but that does not result in the creation of a non-current asset, has been charged as expenditure to the relevant service line in the Comprehensive Income and Expenditure Statement. Where the Joint Committee has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the Joint Committee Fund Balance to the Capital Adjustment Account then reverses out the amounts charged.

14. Value Added Tax (VAT)

VAT payable is excluded from expenditure except where it is not recoverable from HMRC. VAT receivable is excluded from income.

2021/22 Comprehensive Income & Expenditure Statement

This statement records all of the Joint Committee's income and expenditure throughout the year and consequently shows the accounting cost of providing services during the year in-line with generally accepted accounting practices.

2020/2021 £		Notes	2021/2022 £
	Cost of Services		
1,160,647	Staff Costs		1,751,398
15,434	Premises	2	15,965
3,663	Transport	3	889
2,188,028	Supplies & Services	4	3,065,098
1,086,000	Revenue Expenditure funded from Capital Under Statute	5	400,000
188,927	Support Services	6	347,364
0	Capital Charges	12	412,773
4,642,699	**Operating Expenditure**		**5,993,487**
(2,190,817)	Contributions from Local Authorities	7,10	(1,160,058)
(2,183,693)	Grant Income	7	(4,562,130)
(129,661)	Fees and Charges	7	(94,556)
(4,504,171)	**Operating Income**		**(5,816,744)**
138,528	**Net Cost of Services**		**176,743**
(155,991)	Interest & Investment Income	15	(166,248)
(155,991)	**Financing & Investment Income & Expenditure**		**(166,248)**
(4,474,938)	Recognised Capital Grants & Contributions	21	(4,370,706)
(4,474,938)	**Taxation and Non-Specific Grant Income**		**(4,370,706)**
(4,492,401)	**(Surplus) / Deficit on Provision of Services**		**(4,360,211)**
0	Other Comprehensive Income & Expenditure		0
(4,492,401)	**Total Comprehensive Income & Expenditure**		**(4,360,211)**

2021/22 Movement in Reserves Statement

This statement is split into both Usable and Unusable Reserves. Usable Reserves are those that the Joint Committee can use to provide services whereas Unusable Reserves such as the Capital Adjustment Account cannot, as they are for accounting purposes only.

Movements in Reserves	General Fund Balance £	General Fund Earmarked Reserves £	Usable Capital Receipts Reserve £	Total Usable Reserves £	Capital Adjustment Account £	Accumulated Absence Account £	Total Unusable Reserves £	Total Reserves £
Balance at 31st March 2021 Carried Forward	**212,080**	**41,872**	**0**	**253,952**	**40,993,297**	**(24,409)**	**40,968,888**	**41,222,840**
Movements in Reserves During 2021/22								
Surplus / (Deficit) on the Income and Expenditure Account	4,360,211	0	0	**4,360,211**	0	0	**0**	**4,360,211**
Total Comprehensive Income and Expenditure	**4,360,211**	**0**	**0**	**4,360,211**	**0**	**0**		**4,360,211**
Adjustments between Accounting Basis and Funding Basis	(3,936,742)		0	(3,936,742)	3,957,932	(21,190)	**3,936,742**	**0**
Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves	**423,469**	**0**	**0**	**423,469**	**3,957,932**	**(21,190)**	**3,936,742**	**4,360,211**
Transfers to/(from) Reserves	**(423,469)**	**423,469**	**1,350,000**	**1,350,000**	**(1,350,000)**		**(1,350,000)**	**0**
Increase/(Decrease in Year)	**0**	**423,469**	**1,350,000**	**1,773,469**	**2,607,932**	**(21,190)**	**2,586,742**	**4,360,211**
Balance at 31st March 2022	**212,080**	**465,341**	**1,350,000**	**2,027,421**	**43,601,229**	**(45,599)**	**43,555,630**	**45,583,051**

Movements in Reserves	General Fund Balance £	General Fund Earmarked Reserves £	Usable Capital Receipts Reserve £	Total Usable Reserves £	Capital Adjustment Account £	Accumulated Absence Account £	Total Unusable Reserves £	Total Reserves £
Balance at 31 March 2020 Carried Forward	**212,080**	**0**	**0**	**212,080**	**36,518,359**	**0**	**36,518,359**	**36,730,439**
Movements in Reserves During 2020/21								
Surplus / (Deficit) on the Income and Expenditure Account	4,492,402	0	**0**	4,492,402	0	0	**0**	**4,492,402**
Total Comprehensive Income and Expenditure	**4,492,402**	**0**	**0**	**4,492,402**	**0**	**0**		**4,492,402**
Adjustments between Accounting Basis and Funding Basis	(4,450,529)			(4,450,529)	4,474,938	(24,409)	**4,450,530**	**0**
Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves	**41,872**	**0**	**0**	**41,872**	**4,474,938**	**(24,409)**	**4,450,530**	**4,492,402**
Transfers to/(from) Earmarked Reserves	**(41,872)**	**41,872**	**0**	**0**	**0**	**0**	**0**	**0**
Increase/(Decrease in Year)	**0**	**41,872**	**0**	**41,872**	**4,474,938**	**(24,409)**	**4,450,530**	**4,492,402**
Balance at 31 March 2021	**212,080**	**41,872**	**0**	**253,952**	**40,993,297**	**(24,409)**	**40,968,889**	**41,222,841**

Balance Sheet as at 31 March 2022

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

31 March 2021 £		Notes	31 March 2022 £
2,474,938	Property, Plant & Equipment - Assets Under Construction	12	1,286,236
0	Property, Plant & Equipment	12	2,476,635
2,000,000	Long Term Investments	15	2,000,000
37,415,231	Long Term Debtors	15	36,364,563
41,890,169	**Long Term Assets**		**42,127,434**
6,677,207	Short Term Debtors	13	6,957,078
47,803,597	Cash & Cash Equivalents	14	65,300,564
54,480,804	**Current Assets**		**72,257,642**
(13,287,206)	Short Term Creditors	17	(46,177,490)
(24,409)	Accumulated Absences	16	(45,599)
(13,311,615)	**Current Liabilities**		**(46,223,089)**
(41,836,518)	Long Term Creditors	17	(22,578,935)
(41,836,518)	**Long Term Liabilities**		**(22,578,935)**
41,222,840	**Net Assets**		**45,583,052**
253,952	Usable Reserves	18,19	2,027,421
40,993,297	Capital Adjustment Account	21	43,601,230
(24,409)	Accumulated Absences	16	(45,599)
41,222,840	**Total Reserves**		**45,583,052**

2021/22 Cash Flow Statement

This statement shows how the Joint Committee generates and uses cash and cash equivalents by classifying the cash flows as arising from operating, investing and financing activities.

31 March 2021 £		Notes	31 March 2022 £
(4,492,401)	Net (Surplus) / Deficit on the provision of services		(4,360,211)
6,396,696	Adjust net surplus or deficit on the provision of services for non-cash movements	20	4,894,633
1,904,295	**Net cash flows from operating activities**		**534,422**
6,571,810	Investing activities	20	4,829,459
(12,250,000)	Financing activities	20	(22,860,848)
(3,773,894)	**Net (increase) / decrease in cash and cash equivalents**		**(17,496,968)**
(44,029,702)	Cash and cash equivalents at the beginning of the reporting period		(47,803,596)
(47,803,597)	**Cash balance as at 31 March**		**(65,300,564)**

1. Remuneration

Officers supporting the activities of the Joint Committee are contractually employed through one of the partnering authorities or other public sector organisations.

In accordance with International Accounting Standard 19 – Employee Benefits, the employing body is required to disclose certain information concerning the income and expenditure of its pension scheme and its related assets and liabilities. As the Joint Committee does not directly employ staff, these statutory disclosures do not apply (instead staff pension liabilities etc. of the relevant officers will be disclosed in the financial statements of each employing body).

In line with the Accounts and Audit (Wales) Regulations 2014, the Joint Committee also discloses, on a voluntary basis:

- the number of employees whose remuneration is over £60,000 per annum disclosed within bands of £5,000.
- the remuneration and job title of senior employees who form part of the senior management team and whose salary is £60,000 or more per annum.

These are shown in the tables below.

Remuneration Band	Number of Employees	
£	2020/21	2021/22
115,000 - 119,999	1	1
90,000 - 94,999	0	1
85,000 - 89,999	1	0
70,000 - 74,999	1	1
65,000 - 69,999	1	1
Total	**4**	**4**

Post Title	Salary, fees, and allowances £	Employers Pension Contributions £	Total £	Notes
City Deal Director	118,554	27,386	145,940	Post commenced August 2018.
Chief Operating Officer	90,320	18,696	109,016	Post commenced August 2019.
Head of Finance, Risk and Assurance	72,292	14,964	87,257	Post commenced August 2019.
Head of Inclusive Growth & Business Development	74,442	14,289	88,731	Post commenced July 2019. Annual salary 21-22 of £69,030, balance paid relates to adjustments relating to 20-21 pay.

Head of Governance, Policy & Communications	32,957	6,822	39,779	Post commenced October 2021. Annualised Salary £65,914.
Head of Innovation & Clusters	49,166	10,177	59,344	Post commenced August 2021. Annualised Salary £72,292.
Head of Digital & Data Innovation	38,450	7,959	46,409	Post commenced September 2021. Annualised Salary £65,914.
Total Senior Staff	**476,181**	**100,295**	**576,476**	

Note: Accumulated Absence Accrual costs for these Officers total £18,992 and Employers NI Contributions total £57,847.

Prior Year for Comparison:

Post Title	Salary, fees and allowances £	Employers Pension Contributions £	Total £	Notes
City Deal Director	116,802	26,981	143,783	Post commenced August 2018.
Chief Operating Officer	88,985	18,420	107,405	Post commenced August 2019. Annualised Salary £86,603.
Head of Finance, Risk and Assurance	71,224	14,743	85,967	Post commenced August 2019. Annualised Salary £69,317.
Head of Inclusive Growth & Business Development	63,331	11,255	74,587	Post commenced July 2019.
Total Senior Staff	**340,342**	**71,400**	**411,742**	

2. Premises

The following table analyses premises expenditure for the year.

2020/21 £	Premises	2021/22 £
15,120	Rents	15,000
314	Other Premises Related Expenditure	965
15,434	**Total**	**15,965**

3. Transport

The following table analyses transport expenditure for the year.

2020/21 £	Transport	2021/22 £
2,440	Car Allowances	(84)
1,224	Travel Expenses	973

3,663	**Total**	**889**

4. Supplies and Services

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

2020/21 £	Supplies & Services	2021/22 £
36,466	ICT, Telephones, Printing & Software	25,992
22,607	Meeting Room Hire & Other Meeting Costs	29,409
136,686	Marketing, Branding & Communications	104,732
1,659,506	Programme Development & Support*	1,847,917
150,000	Revenue Project Grants**	341,208
182,763	Other Supplies & Services Costs	715,841
2,188,028	**Total**	**3,065,098**

* Programme Development & Support covers a range of professional advice and support needed to ensure that all projects taken forward are robust and have undergone the necessary level of challenge and independent verification to comply with requirements of the Assurance Framework. This includes legal consultancy, due diligence, market testing and costs incurred in the preparation of HM Treasury compliant Business Cases.

** Revenue Project Grants	2021/22 £
FinTech Wales	150,000
Cyber Masters - Cardiff University	178,500
Media.Cymru	12,708
Total	**341,208**

5. Revenue Expenditure funded from Capital under Statute (REFCUS)

The following revenue amounts were treated as capital expenditure to be paid for from capital resources. The table includes expenditure on items that do not result in the creation or enhancement of an asset for the Joint Committee.

2020/21 £	Revenue Expenditure funded from Capital under Statute (REFCUS)	2021/22 £
1,086,000	Metro Central Project Contribution	0
0	BCUHB Tracheostomy Challenge	400,000
1,086,000	**Charged to Income & Expenditure Statement**	**400,000**
	Funded by:	0
(1,086,000)	Grants and Contributions	(400,000)
(1,086,000)	**Total**	**(400,000)**

6. Support Services

The following table analyses support service expenditure for the year.

2020/21 £	Support Services	2021/22 £
8,570	HR People Services	18,456
68,267	Accountancy Support	130,212
4,857	Exchequer, Internal Audit & Insurance	4,857
60,540	Legal & Governance Support	121,060
13,534	ICT, Information & Governance	20,231
0	Translation Services	8,270
30,882	External Audit	44,073
2,277	Other Support	205
188,927	**Total**	**347,364**

7. Income

The following table analyses income accounted for during the year.

2020/21 £	Income	2021/22 £
(2,190,817)	Contributions from Local Authorities	(1,160,058)
(129,661)	Fees and Charges	(94,556)
(2,183,693)	Grant Income	(4,562,130)
(4,504,171)	**Total**	**(5,816,744)**

Contributions from Local Authorities are in respect of the Joint Committee Revenue Budget from the ten partnering authorities (£1,160,058).

Fees and Charges Income relates to costs incurred by City Deal which are rechargeable to other bodies, for example, staff cost reimbursements, or work which is funded by grants allocated to other bodies and therefore invoiced on to them.

Grant Income is the drawdown of funding provided by the HM Treasury Revenue Grant:

2020/21 £	Grants and Contributions Credited to Operating Income	2021/22 £
(2,183,693)	WIF HM Treasury Revenue Grant	(4,562,130)
(2,183,693)	**Total**	**(4,562,130)**

2020/21 £	Grants and Contributions Receipts in Advance	2021/22 £
(4,569,000)	WIF HM Treasury Grant - Short Term Creditor	(43,469,300)
(250,000)	SBRI Challenge Fund Grant	(200,000)
(4,819,000)	**Sub Total**	**(43,669,300)**
(42,086,518)	WIF HM Treasury Grant - Long Term Creditor	(17,778,935)
0	Housing Viability Gap Funding - Long Term Creditor	(5,000,000)
(42,086,518)	**Sub Total**	**(22,778,935)**
(46,905,518)	**Total**	**(66,448,235)**

Classification of Grant Creditor balances between those to be utilised on a short-term or long-term basis is undertaken on the basis of resources set out to be available for use in the next financial year (short term) or thereafter (long term) in the published Annual Business Plan for the relevant period. This is subject to the approval and timing of expenditure on projects and is reported as part of the Quarterly updates provided to the Joint Committee.

8. Expenditure and Funding Analysis

The Expenditure and Funding Analysis demonstrates how the funding available to the Joint Committee has been used to provide services in comparison with those resources consumed or earned under Generally Accepted Accounting Practices (GAAP).

Expenditure and Funding Analysis 2021/22	Net Expenditure Chargeable to General Fund Balances £	Adjustments between accounting and funding basis - Capital £	Adjustments between accounting and funding basis - Other £	Comprehensive Income & Expenditure 2021/22 £
Staff Costs	1,730,208	0	21,191	1,751,398
Premises	15,965	0	0	15,965
Transport	234,383	0	0	889
Supplies & Services	2,815,315	0	0	3,065,098
Revenue Expenditure funded from Capital Under Statute	400,000	0	0	400,000
Support Services	347,364	0	0	347,364
Capital Charges		(412,773)	0	412,773
Contributions from Local Authorities	(1,160,058)	0	0	(1,160,058)
Grant Income	(4,578,894)	0	0	(4,562,130)
Fees and Charges	(117,424)	0	0	(94,556)
Net Cost of Services	**(313,141)**	**(412,773)**	**21,191**	**176,742**
Interest & Investment Income	(166,248)	0	0	(166,248)
Recognised Capital Grants & Contributions	0	5,180,706	0	(5,180,706)
(Surplus) or Deficit	**(479,389)**	**4,767,933**	**21,191**	**(5,170,212)**
Opening Usable Reserves Balance 1 April 2021	(253,952)			
Plus Surplus on Usable Reserves Balance in Year				
Transfer, General Fund to Earmarked Reserves	(423,469)			
Transfer, Capital Adjustment Account to Usable Capital Receipts Reserve	(1,350,000)			
Closing Usable Reserves Balance 31 March 2022	**(2,027,421)**			

2020/21 for Comparison	Net Expenditure Chargeable to General Fund Balances £	Adjustments between accounting and funding basis - Capital £	Adjustments between accounting and funding basis - Other £	Comprehensive Income & Expenditure 2020/21 £
Staff Costs	1,136,238	0	24,409	1,160,647
Premises	15,434	0	0	15,434
Transport	3,663	0	0	3,663
Supplies & Services (Including REFCUS)	3,274,028	0	0	3,274,028
Support Services	188,927	0	0	188,927
Contributions from Local Authorities	(2,190,817)	0	0	(2,190,817)

Grant Income	(2,183,693)	0	0	(2,183,693)
Fees and Charges	(129,661)	0	0	(129,661)
Net Cost of Services	**114,119**	**0**	**24,409**	**138,528**
Interest & Investment Income	(155,991)	0	0	(155,991)
Recognised Capital Grants & Contributions	(4,474,938)	0	0	(4,474,938)
Other Income and Expenditure from the Funding Analysis	4,474,938	(4,474,938)	0	0
(Surplus) or Deficit	**(41,872)**	**(4,474,938)**	**24,409**	**(4,492,401)**

Opening Usable Reserves Balance 1st April 2020	(212,080)
Plus Surplus on Usable Reserves Balance in Year	(41,872)
Closing Usable Reserves Balance 31 March 2021	**(253,952)**

9. Adjustments between Accounting Basis and Funding Basis under Regulation

This note details the adjustments that are made to the total comprehensive income and expenditure, recognised by the Joint Committee in the year, in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Joint Committee to meet future capital and revenue expenditure.

2021/22	General Fund Movement £	Capital Adjustment Account Movement £	Accumulated Absence Account Movement £	Total Reserves Movement £
Capital Adjustment Account:				
Capital Grants and Contributions credited to the CIES that have been applied to capital financing	(5,180,706)	5,180,706	0	**0**
Charges for depreciation and impairment of Non-Current assets	412,773	(412,773)	0	**0**
Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	21,190		(21,190)	**0**
Total	**(4,746,743)**	**4,767,933**	**(21,190)**	**0**

2020/21 for Comparison	General Fund Movement £	Capital Adjustment Account Movement £	Accumulated Absence Account Movement £	Total Reserves Movement £
Capital Adjustment Account:				
Capital Grants and Contributions credited to the CIES that have been applied to capital financing	(4,474,938)	4,474,938	0	**0**
Accumulated Absences Account:				

Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	24,409		(24,409)	**0**
Total	**(4,450,529)**	**4,474,938**	**(24,409)**	**0**

10. Related Parties

The Joint Committee is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Joint Committee or to be controlled or influenced by the Joint Committee. Disclosure of these transactions allows readers to assess the extent to which the Joint Committee might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Joint Committee.

Funding of expenditure by the ten constituent Local Authorities is in line with the City Deal Joint Working Agreement and approved by the leader of each Authority by decision at Regional Cabinet meetings.

Welsh Government has the ability to effect influence on the Joint Committee via legislation and grant funding. Grants received in 2021/22 are detailed in note 7.

Such transactions are detailed below.

Related Party Transactions	**Revenue**	**Capital**	**2021/22**
	£	**£**	**£**
Blaenau Gwent CBC	(53,592)	0	(53,592)
Bridgend CBC	(109,498)	0	(109,498)
Caerphilly CBC	(138,837)	0	(138,837)
City of Cardiff Council	(275,233)	0	(275,233)
Merthyr Tydfil CBC	(45,716)	0	(45,716)
Monmouthshire County Council	(71,263)	0	(71,263)
Newport City Council	(113,873)	0	(113,873)
Rhondda Cynon Taf CBC	(182,952)	0	(182,952)
Torfaen CBC	(70,770)	0	(70,770)
Vale of Glamorgan Council	(98,324)	0	(98,324)
Sub Total: Local Authority Contributions	**(1,160,058)**	**0**	**(1,160,058)**
HMT Capital Grant Funding (via Welsh Government)	0	(22,000,000)	(22,000,000)
Ultra-Low Emission Vehicle Grant Funding	(410,846)	(1,700,706)	(2,111,552)
SBRI Challenge Fund Grant	(200,000)	0	(200,000)
CJC Grant	(250,000)	0	(250,000)
Sub Total: Contributions from Other Parties	**(860,846)**	**(23,700,706)**	**(24,561,552)**
Total	**(2,020,904)**	**(23,700,706)**	**(25,721,610)**

For Comparison - Related Party Transactions 2020/21	Revenue	Capital	2020/21
	£	£	£
Blaenau Gwent CBC	(101,210)	(92,395)	(193,605)
Bridgend CBC	(206,792)	(188,780)	(395,572)
Caerphilly CBC	(262,199)	(239,362)	(501,561)
City of Cardiff Council	(519,788)	(474,515)	(994,303)
Merthyr Tydfil CBC	(86,336)	(78,817)	(165,153)
Monmouthshire County Council	(134,584)	(122,862)	(257,445)
Newport City Council	(215,054)	(196,323)	(411,376)
Rhondda Cynon Taf CBC	(345,513)	(315,419)	(660,932)
Torfaen CBC	(133,652)	(122,011)	(255,664)
Vale of Glamorgan Council	(185,689)	(169,516)	(355,205)
Sub Total: Local Authority Contributions	**(2,190,817)**	**(2,000,000)**	**(4,190,817)**
HMT Revenue Grant Funding (via Welsh Government)	(10,000,000)	0	(10,000,000)
SBRI Challenge Fund Grant	(250,000)	0	(250,000)
Ultra-Low Emission Vehicle Grant Funding	(2,474,938)	0	(2,474,938)
Sub Total: Contributions from Other Parties	**(12,724,938)**	**0**	**(12,724,938)**
Metro Central REFCUS Expenditure (Welsh Government)	0	1,086,000	1,086,000
Sub Total: Related Party Expenditure	**0**	**1,086,000**	**1,086,000**
Total	**(14,915,755)**	**(914,000)**	**(15,829,755)**

Registration and Declarations of Interests

A register has been developed to track, capture, and update Declarations of Interests for all CCR Committees, Sub-committees, Boards and key officer groups.

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

The review of the declarations made has not required any related party disclosures needing to be set out in the Statement of Accounts.

11. External Audit Costs

2020/21 £	External Audit Costs	2021/22 £
24,500	Joint Committee Financial Audit	29,043
20,748	Joint Committee Performance Audit	21,515
45,248	**Total**	**50,558**

Note 11 records the Audit Fee proposed for the year's audit as per the Audit Plans presented to Regional Cabinet and differ from those shown in the Comprehensive Income and Expenditure Statement and Note 6 above which show in year actual costs, made up of accruals for planned costs along with differences between planned and

actual costs. Final costs for the 2021/22 audit will be charged following the completion of audit work.

12. Property, Plant and Equipment

Property, Plant and Equipment	Other Land & Buildings	Vehicles, Plant & Equipment	Vehicles, Plant & Equipment Under Construction	Total Property, Plant & Equipment
Movements in Cost or Values	**£**	**£**	**£**	**£**
01-Apr-20	**0**	**0**	**0**	**0**
Additions	0	0	2,474,938	**2,474,938**
31-Mar-21	**0**	**0**	**2,474,938**	**2,474,938**
Additions	0	414,470	1,286,236	**1,700,706**
Other Reclassifications - Transfers	0	2,474,938	(2,474,938)	**0**
31-Mar-22	**0**	**2,889,408**	**1,286,236**	**4,175,644**

Movements in Depreciation/Impairment	**£**	**£**	**£**	**£**
01-Apr-20	**0**	**0**	**0**	**0**
Depreciation Charge	0	0	0	**0**
31-Mar-21	**0**	**0**	**0**	**0**
Depreciation Charge	0	412,773	0	**412,773**
31-Mar-22	**0**	**412,773**	**0**	**412,773**

Net Book Value	**£**	**£**	**£**	**£**
At 31 March 2021	**0**	**0**	**2,474,938**	**2,474,938**
At 31 March 2022	**0**	**2,476,635**	**1,286,236**	**3,762,871**

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

13. Short Term Debtors

31 March 2021 £	Short Term Debtors	31 March 2022 £
0	Central Government Bodies	249,509
4,800,243	Other Local Authorities	1,548,465
1,876,964	Other Entities and Individuals	5,159,104
6,677,207	**Total**	**6,957,078**

The main components of the Debtor Balances with Other Local Authorities as at 31 March 2022 are a result of timings of recharges being made at Financial Year End and principally comprise of £1.519m in Ultra Low Electric Vehicle WG grant funding to be passported to CCR from Merthyr Tydfil County Borough Council.

The Debtor Balance with Other Entities and Individuals consists mainly of repayments of loans made to CSC Foundry (£3,628,171) and ZipWorld (£500,625) due in 2022/23

along with a payment in escrow of £810,000 in relation to the deposit element of CCR Energy's pending purchase of Aberthaw Power Station.

14. Cash and Cash Equivalents

The Joint Committee does not operate its own Bank Account, instead all cash transactions are administered by Cardiff Council in its role as Accountable Body in-line with its treasury management strategy. Interest received is recognised in the Comprehensive Income and Expenditure Statement.

The amount of £65,300,564 shown as Cash and Cash Equivalents in the Balance is represented by monies held with Cardiff Council as investments and inter-authority cash on behalf of the Joint Committee and immediately available for the Joint Committee's use.

31 March 2021 £	Cash and Cash Equivalents	31 March 2022 £
47,803,597	Cardiff Council Inter-Co Cash	65,300,564
47,803,597	**Total**	**65,300,564**

15. Financial Instruments

The Joint Committee's 'Financial Instruments' consist of Financial Assets in the form of loans, equity and amounts detailed within the Cash and Cash Equivalents note (Note 14) above. Loans and equity are held or acquired for Joint Committee policy purposes and have been elected to be accounted for as Fair Value through Other Comprehensive Income.

'Equity' refers to CCRCD's £2.00m investment in Healthcare Evaluation Associates Ltd (previously Pharmatelligence Ltd) and their 'Project Livingstone' supporting the commercialisation and roll out of an analytical software product in the medical data arena. The investment provides CCRCD with a 16.67% shareholding, which does not represent any form of 'control'.

A loan to Compound Semi-Conductor Foundry Ltd (CSC Foundry Ltd.) funded the acquisition (from Welsh Government) of the Foundry building, its refurbishment, fit-out and initial start-up costs. Loans amounting to £24.66m were drawn down in 2017/18 and £12.46m in 2018/19. The loan is profiled to be repaid over an 11-year term and loan repayments commenced in August 2021. The loan repayments will be recycled back into the Wider Investment Fund and used to fund future City Deal projects. During the year, a repayment of £1.35m was made resulting in a revised balance of £35.77m outstanding on CCRCD's balance sheet as at 31 March 2022.

A loan of £2.06m was made to Creo Medical Ltd to support the development of cool plasma sterilisation and decontamination technology. The loan was drawn down in July 2020, has a backstop repayment date of July 2025 and an interest-free period to

October 2021. Notional interest of £60,170 (2020/21: £41,872) has been accrued and accounted for within the Comprehensive Income & Expenditure Statement.

A further loan of £2.67m was made to ZipWorld Ltd to create an Outdoor Adventure Tourism attraction within the region. The loan was drawn down in August 2021 and has a backstop repayment date of August 2026. Interest is due from year one, however interest payments will not be received until August 2022 as set out in the loan agreement. On this basis, notional interest of £75,711 has been accrued and accounted for within the Comprehensive Income & Expenditure Statement.

Equity, Loans and Cash and Cash Equivalents are shown in the accounts at their carrying value.

During the year Arlingclose were commissioned to undertake a fair value calculation for all CCRCD equity investments and loans. The table below sets out the carrying amounts, the fair value amounts and the movements between for 2021/22.

In prior years accounts, equity and loans were disclosed as fair value which was also equal to their carrying value. Fair value calculations are required for accounting purposes. Figures are provided here for accounting information purposes and only the carrying value is recognised within CCRCD's balance sheet.

31 March 2021			31 March 2022		
Carrying Amount (CA) £	Fair Value (FV) £		Carrying Amount (CA) £	Fair Value (FV) £	Movements between CA and FV £
2,000,000	2,000,000	Long Term Investment - Equity	2,000,000	6,123,289	4,123,289
2,096,872	2,096,872	CREO Medical Ltd Loan	2,158,042	2,200,016	41,974
37,118,359	37,118,359	CSC Foundry Ltd Loan	35,768,358	37,899,069	2,130,711
0	0	ZipWorld Ltd Loan	2,745,711	2,940,422	194,711
47,803,597	47,803,597	Cash and Cash Equivalents	65,300,564	65,300,564	0
89,018,828	**89,018,828**	**Total**	**107,972,675**	**114,463,360**	**6,490,685**

The fair value estimate for the equity investment in Healthcare Evaluation Associates Ltd has been calculated using the cashflow in perpetuity method as at 31 March 2022 and is based on the company's projected revenue and costs to 2026/27 and its current financial statements. It is not based on quoted prices as the company is not listed. The valuation may change subject to the company's actual performance in terms of profit and income along with the relevant multipliers in the industry within the company's areas of operation, technical accounting adjustments and the economic climate and any accounting valuation information should be used with caution.

Additionally, the fair value estimates for CREO medical Ltd, CSC Foundry Ltd and ZipWorld Ltd have all been calculated by discounting future cashflows.

Financial Instrument Gains/Losses

Interest amounting to £30,366 (2020/21: £114,119) was earned on the Joint Committee's Cash balances held by the Accountable Body during the year.

The structure of the loan made to CSC Foundry Ltd was agreed as part of the extensive due diligence and associated State Aid advice undertaken to approve the investment proposal. This confirmed that the investment would not carry any coupon/interest charge and therefore the loan has generated no gains or losses during the year.

The terms of the loan made to CREO Medical Ltd mean that an accrual of £60,170 (2020/21: £41,872) and interest accrued for ZipWorld Ltd of £75,711 in recognition of future interest payments to be received has been included in the Joint Committee's accounts for 2021/22.

The Nature and Extent of Risks arising from Financial Instruments

The Joint Committee's 'Cash and Cash Equivalents' are managed by Cardiff Council in accordance with its overall Treasury Management Strategy.

Cardiff Council places deposits only with banks and building societies that have the Fitch minimum criteria of F1. Ratings are regularly reviewed and to date, the Council has not experienced default of any institution and this is not deemed to be a significant risk for investments held. In respect of 2021/22, it has been determined that no provisions for expected credit losses are required.

The recoverability of the loans made to CSC Foundry Ltd are subject to regular reviews by CCRCD board members. Quarterly project updates are provided to CCRCD by both boards for CREO Medical Ltd and ZipWorld Ltd and are subject to regular reviews by CCRCD board members and in all cases also by CCRCD Project Officers and the City Deal Director. This range of measures provide the framework for the ongoing review of the loan value; accordingly, no impairment is considered to be required in respect of the outstanding loan value as at 31 March 2022.

16. Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the Joint Committee Balance from accruing for compensated absences earned but not taken in the year e.g., annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the Joint Committee Balance is fully offset by transfers to and from the Account.

2020/21 £	Accumulated Absences Account	2021/22 £
0	**Balance as at 1 April**	(24,409)
(24,409)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with accounting requirements.	(21,190)
(24,409)	**Balance as at 31 March**	**(45,599)**

17. Creditors

Short term £	Long Term £	31 March 2021 £	Creditors	Short term £	Long Term £	31 March 2022 £
10,131,601	41,836,518	51,968,119	Central Government Bodies	43,549,870	22,578,935	66,128,805
94,303	0	94,303	Other Local Authorities	34,961	0	34,961
3,061,303	0	3,061,303	Other Entities and Individuals (Inc. Public Corporations)	2,592,659	0	2,592,659
13,287,206	**41,836,518**	**55,123,724**	**Total**	**46,177,490**	**22,578,935**	**68,756,425**

HM Treasury Capital Grant totalling £22.00m was received during the year in respect of the fifth year of City Deal funding. The grant is passported through Welsh Government (the grant paying body) following acceptance of their grant terms & conditions.

Welsh Government have confirmed that in any year, where funds have been committed and/or there is a clear intention to spend, carry forward of funding to future years will be permitted. £6,042,230 of the funding available has been drawn down to cover eligible expenditure during the financial year.

18. Usable Reserves

Total Usable Reserves 2020/21 £	General Fund 2020/21 £	Earmarked Reserves 2020/21 £	Usable Capital Receipts Reserve 2020/21 £	Usable Reserves	General Fund 2021/22 £	Earmarked Reserves 2021/22 £	Usable Capital Receipts Reserve 2020/21 £	Total Usable Reserves 2021/22 £
212,080	212,080	0	0	**Balance as at 1 April**	212,080	41,872	0	**253,952**
				Movements during year:				
4,492,401	4,492,401	0	0	Surplus on Provision of Services	4,360,211	0	0	**4,360,211**
(4,474,938)	(4,474,938)	0	0	Financing of Expenditure, Capital Adjustment Account	(3,936,742)	0	0	**(3,936,742)**
0	0	0	0	Transfer from Capital Adjustment Account	0	0	1,350,000	**1,350,000**
24,409	24,409	0	0	Financing of Expenditure, Accumulated Absences Account	0	0	0	**0**
0	(41,872)	41,872		Transfer from General Fund to Earmarked Reserves	(423,469)	423,469	0	**0**
253,952	**212,080**	**41,872**	**0**	**Balance as at 31 March**	**212,080**	**465,341**	**1,350,000**	**2,027,421**

19. Earmarked Reserves

Total Earmarked Reserves 2020/21 £	2020/21 £	Earmarked Reserves	2021/22 £	Total Earmarked Reserves 2021/22 £
	0	**Balance as at 1 April**	**41,872**	
		Movements during year:		
41,872	41,872	Accumulated Investment Interest Reserve	166,247	**208,119**
0	0	CJC Preparation Costs Reserve	227,222	**227,222**
0	0	Gateway Review Costs Reserve	30,000	**30,000**
41,872	**41,872**	**Sub Total: Earmarked Reserves**	**423,469**	**465,341**
0	0	Capital Loan Repayment Received, transferred from Capital Adjustment Account	1,350,000	1,350,000
0	**0**	**Sub Total: Usable Capital Receipts Reserve**	**1,350,000**	**1,350,000**
41,872	**41,872**	**Balance as at 31 March**	**1,815,341**	**1,815,341**

20. Notes to the Cash Flow Statement

2021/22 £	Operating Activities	2021/22 £
2,496,166	Increase / (Decrease) in Creditors	26,763
(4,709,170)	(Increase) / Decrease in Debtors	3,598,667
0	Capital Charges	412,773
(2,000,000)	Capital grants / contributions recognised in I&E	(4,370,706)
(2,183,693)	Revenue grants / contributions recognised in I&E	(4,562,130)
(6,396,697)	**Adjustments to net surplus or deficit on the provision of services for non-cash movements**	**(4,894,633)**

2021/22 £	Investing Activities	2021/22 £
2,000,000	Long Term Investments	0
2,474,938	Purchase of Property, Plant and Equipment	1,700,706
2,096,872	Long Term Debtors	3,128,753
6,571,810	**Adjustments to net surplus or deficit on the provision of services for investing activities**	**4,829,459**

2021/22 £	Financing Activities	2021/22 £
(10,000,000)	HMT Grant received	(22,000,000)
(250,000)	SBRI Grant	(200,000)
0	ULEV Grant	(410,846)
0	CJC Grant	(250,001)
(2,000,000)	Capital contribution received	0
(12,250,000)	**Adjustments to net surplus or deficit on the provision of services for financing activities**	**(22,860,847)**

21. Capital Adjustment Account

The Capital Adjustment Account reflects differences between normal accounting practice and statutory requirements. This includes treatment of depreciation, gains or losses on the value of investments, and it is credited with the amounts used as finance for capital expenditure.

2020/21 £	Capital Adjustment Account	2021/22 £
36,518,359	**Balance as at 01 April**	**40,993,297**
	Capital financing applied in the year:	
4,474,938	Capital Grants and Contributions recognised in Comprehensive Income & Expenditure Statement	4,370,706
0	Capital Loan Repayment Received, transferred to Usable Capital Receipts Reserve	(1,350,000)
0	Depreciation Charge	(412,773)
40,993,297	**Balance as at 31 March**	**43,601,230**

Group Accounts

Introduction

The group accounts that follow comply with the requirement of the 2021/22 Code of Practice, that a local authority with interests in subsidiaries, associates and joint ventures should prepare group accounts in addition to its single entity accounts. These accounts consolidate the operating results and balances of Cardiff Capital Region City Deal Joint Committee and its subsidiary, Compound Semi-Conductor Foundry Ltd (CSC Foundry Ltd).

A second Special Purpose Vehicle, CCR Energy Limited, was incorporated 3 March 2022 and will be used to administer the purchase, remediation, and development of Aberthaw Power Station, which is in the process of being purchased, subject to the transfer of certain environmental permits. This company is currently dormant, with no financial transactions but is expected to be in operation during 2022/23 and will be treated as a subsidiary of Cardiff Capital Region City Deal Joint Committee and consolidated into these group accounts in the same way as the CSC Foundry Ltd. balances are.

Accounting Policies Applicable to the Group Accounts

Basis of Consolidation

The group accounts have been prepared on the basis of a full consolidation of the financial transactions and balances of the Cardiff Capital Region City Deal Joint Committee and CSC Foundry Ltd. Inter-group transactions and balances between the Joint Committee and its subsidiary have been eliminated in full.

Accounting policies

CSC Foundry Ltd is a private company, limited by shares, domiciled in England and Wales, registration number 10888081. The registered office is Tredomen Innovation & Technology Centre, Tredomen Park, Ystrad Mynach, Hengoed, Wales CF82 7FN. Its accounts have been prepared in accordance with the provisions of FRS102 Section 1A small entities.

The Group Accounts are prepared in accordance with the Code, using uniform accounting policies for like transactions and other events in similar circumstances. The policies to be applied are those specified for the single entity financial statements of the reporting authority, requiring realignment of the policies applied by other group members where they have materially different effect.

Therefore, the financial statements in the group accounts are prepared in accordance with the policies set out in the Statement of Accounting Policies.

2021/22 Group Comprehensive Income & Expenditure Statement

2020/21 £		Notes	2021/22 £
	Cost of Services		
1,198,815	Staff Costs		1,765,951
15,434	Premises	23	15,965
3,663	Transport	24	889
2,206,806	Supplies & Services	25	3,087,803
1,086,000	Revenue Expenditure funded from Capital Under Statute		400,000
207,427	Support Services	26	366,164
0	Capital Charges		412,773
4,718,145	**Operating Expenditure**		**6,049,545**
(2,190,817)	Contributions from Local Authorities	28/29	(1,160,058)
(2,183,693)	Grant Income	28	(4,562,130)
(2,911,253)	Fees and Charges	28	(2,830,523)
(7,285,763)	**Operating Income**		**(8,552,711)**
(2,567,618)	**Net Cost of Services**		**(2,503,166)**
(156,682)	Interest & Investment Income	34	(167,764)
7,550,589	Change in Fair Value of Investment Properties	35	111,699
7,393,907	**Financing & Investment Income & Expenditure**		**(56,065)**
(4,474,938)	Recognised Capital Grants & Contributions	39	(4,370,706)
(920,313)	Corporation Tax	27	488,248
(5,395,251)	**Taxation and Non-Specific Grant Income**		**(3,882,458)**
(568,962)	**(Surplus) / Deficit on Provision of Services**		**(6,441,689)**
0	Other Comprehensive Income & Expenditure		0
(568,962)	**Total Comprehensive Income & Expenditure**		**(6,441,689)**

2021/22 Group Movement in Reserves Statement

Movements in Reserves	General Fund Balance £	General Fund Earmarked Reserves £	Usable Capital Receipts Reserve £	Total Usable Reserves £	Capital Adjustment Account £	Accumulated Absence Account £	Share Capital £	Total Unusable Reserves £	Total Reserves £
Balance at 31st March 2021 Carried Forward	**9,890,767**	**41,872**	**0**	**9,932,639**	**34,054,226**	**(24,409)**	**10**	**34,029,827**	**43,962,467**
Movements in Reserves During 2021/22									
Surplus / (Deficit) on the Income and Expenditure Account	6,441,689	0	0	6,441,689	0	0	0	**0**	**6,441,689**
Total Comprehensive Income and Expenditure	**6,441,689**	**0**	**0**	**6,441,689**	**0**	**0**	**0**	**0**	**6,441,689**
Adjustments between Accounting Basis and Funding Basis	(3,825,044)	0	0	(3,825,044)	3,846,234	(21,190)	0	**3,825,044**	**0**
Called up Share Capital	0	0	0	0	0	0	0	**0**	**0**
Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves	**2,616,645**	**0**	**0**	**2,616,645**	**3,846,234**	**(21,190)**	**0**	**3,825,044**	**6,441,689**
Transfers to/(from) Reserves	**(423,469)**	**423,469**	**1,350,000**	**1,350,000**	**(1,350,000)**	**0**	**0**	**(1,350,000)**	**0**
Increase/(Decrease in Year)	**2,193,176**	**423,469**	**1,350,000**	**3,966,645**	**2,496,234**	**(21,190)**	**0**	**2,475,044**	**6,441,689**
Balance at 31st March 2022	**12,083,943**	**465,341**	**1,350,000**	**13,899,285**	**36,550,460**	**(45,599)**	**10**	**36,504,871**	**50,404,156**

Movements in Reserves	General Fund Balance £	General Fund Earmarked Reserves £	Usable Capital Receipts Reserves £	Total Usable Reserves £	Unusable Reserves £	Accumulated Absence Account £	Share Capital £	Total Unusable Reserves £	Total Reserves £
Balance at 31 March 2020 Carried Forward	**6,263,618**	**0**	**0**	**6,263,618**	**37,129,877**	**0**	**10**	**37,129,887**	**43,393,505**
Movements in Reserves During 2020/21									
Surplus / (Deficit) on the Income and Expenditure Account	568,961	**0**	**0**	568,961	0	0	0	**0**	**568,961**
Total Comprehensive Income and Expenditure	**568,961**	**0**	**0**	**568,961**	**0**	**0**	**0**	**0**	**568,961**
Adjustments between Accounting Basis and Funding Basis	3,100,060	**0**	**0**	3,100,060	(3,075,651)	(24,409)	0	**(3,100,060)**	**0**
Called up Share Capital	0	**0**	**0**	0	0	0	0	**0**	**0**
Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves	**3,669,021**	**0**	**0**	**3,669,021**	**(3,075,651)**	**(24,409)**	**0**	**(3,100,060)**	**568,962**
Transfers to/(from) Reserves	**(41,872)**	**41,872**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Increase/(Decrease in Year)	**3,627,149**	**41,872**	**0**	**3,669,021**	**(3,075,651)**	**(24,409)**	**0**	**(3,100,060)**	**568,962**
Balance at 31 March 2021	**9,890,767**	**41,872**	**0**	**9,932,639**	**34,054,226**	**(24,409)**	**10**	**34,029,827**	**43,962,467**

Group Balance Sheet as at 31 March 2022

31st March 2021 £		Notes	31st March 2022 £
29,000,000	Investment Properties		28,950,000
2,474,938	Property, Plant & Equipment - Assets Under Construction		1,286,236
0	Property, Plant & Equipment		2,476,635
2,000,000	Long Term Investments		2,000,000
12,985,451	Long Term Debtors	31	16,278,567
46,460,389	**Long Term Assets**		**50,991,438**
6,642,064	Short Term Debtors	31	6,966,556
1,318,423	Deferred Tax Asset	27	1,339,646
51,356,967	Cash & Cash Equivalents	33	68,734,461
59,317,454	**Current Assets**		**77,040,663**
(15,149,071)	Short Term Creditors	36	(49,830,862)
(24,409)	Accumulated Absences	32	(45,599)
(15,173,480)	**Current Liabilities**		**(49,876,461)**
(44,680,788)	Long Term Creditors	36	(25,280,904)
(1,961,109)	Provision for Liabilities	27	(2,470,580)
(46,641,897)	**Long Term Liabilities**		**(27,751,484)**
43,962,466	**Net Assets**		**50,404,156**
253,952	Usable Reserves	37	2,027,421
10	Called up Share Capital		10
9,678,677	Profit and Loss Account	37	11,871,864
34,054,236	Capital Adjustment Account	39	36,550,460
(24,409)	Accumulated Absences	32	(45,599)
43,962,466	**Total Reserves**		**50,404,156**

2021/22 Group Cash Flow Statement

31 March 2021 £		Notes	31 March 2022 £
(568,961)	Net (Surplus) / Deficit on the provision of services		(6,441,689)
2,428,194	Adjust net surplus or deficit on the provision of services for non-cash movements	38	7,033,884
1,859,233	**Net cash flows from operating activities**		**592,195**
6,633,510	Investing activities	38	4,891,159
(12,250,000)	Financing activities	38	(22,860,847)
(3,757,257)	**Net (increase) / decrease in cash and cash equivalents**		**(17,377,494)**
(47,599,710)	Cash and cash equivalents at the beginning of the reporting period		(51,356,967)
(51,356,967)	**Cash balance as at 31 March**		**(68,734,460)**

22. Remuneration

The CSC Foundry subsidiary accounts do not include any direct remuneration to any officers. Note 1 covers remuneration costs for Cardiff Capital Region City Deal employees.

23. Premises Costs

The following table analyses Premises expenditure for the year.

2020/21 £	Premises Costs	Joint Committee £	CSC Foundry Ltd £	2021/22 £
15,120	Rents	15,000	0	15,000
314	Other Premises Related Expenditure	965	0	965
15,434	**Total**	**15,965**	**0**	**15,965**

24. Transport Costs

The following table analyses Transport expenditure for the year.

2020/21 £	Transport Costs	Joint Committee £	CSC Foundry Ltd £	2021/22 £
2,440	Car Allowances	(84)	0	(84)
1,223	Travel Expenses	973	0	973
3,663	**Total**	**889**	**0**	**889**

25. Supplies and Services

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

2020/21 £	Supplies and Services	Joint Committee £	CSC Foundry Ltd £	2021/22 £
36,466	ICT, Telephones, Printing & Software	25,992	0	25,992
22,607	Meeting Room Hire & Other Meeting Costs	29,409	0	29,409
136,686	Marketing, Branding & Communications	104,732	0	104,732
1,659,505	Programme Development & Support*	1,847,917	0	1,847,917
150,000	Revenue Project Grants**	341,208	0	341,208
201,543	Other Supplies & Services Costs	715,841	22,705	738,546
2,206,807	**Total**	**3,065,098**	**22,705**	**3,087,803**

* Programme Development & Support covers a range of professional advice and support needed to ensure that all projects taken forward are robust and have undergone the necessary level of challenge and independent verification to comply with requirements of the Assurance Framework. This includes legal consultancy, due diligence, market testing and costs incurred in the preparation of HM Treasury compliant Business Cases.

** Revenue Project Grants	2021/22 £
FinTech Wales	150,000
Cyber Masters - Cardiff University	178,500
Media.Cymru	12,708
Total	**341,208**

26. Support Service Costs

The following table analyses Support Service expenditure for the year.

2020/21 £	Support Service Costs	Joint Committee £	CSC Foundry Ltd £	2021/22 £
8,570	HR People Services	18,456	0	18,456
83,267	Accountancy Support	130,212	15,000	145,212
4,857	Exchequer, Internal Audit & Insurance	4,857	0	4,857
60,540	Legal & Governance Support	121,060	0	121,060
13,534	ICT, Information & Governance	20,231	0	20,231
0	Translation Services	8,270	0	8,270
34,382	External Audit (Inc. Technical Advice)	44,073	3,800	47,873
2,277	Other Support	205	0	205
207,427	**Total**	**347,364**	**18,800**	**366,164**

27. Deferred Corporation Tax

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

The following table analyses reconciles the £488,288 tax charge recognised in 2021/22 financial year to the movement on the tax liability and deferred tax asset.

Movement 2021/22	Provision for Tax Liability £	Deferred Tax Asset £	Movement
Opening Balance 1 April 2021	(1,961,109)	1,318,423	
Movement:			
Additional Tax Provision	(509,470)	0	(509,470)
Deferred Tax	0	21,223	21,223
Closing Balance 31 March 2022	**(2,470,579)**	**1,339,646**	**(488,247)**

Prior Year for Comparison	Provision for Tax Liability £	Deferred Tax Asset £	Movement
Opening Balance 1 April 2020	(1,562,998)	0	
Movement:			
Additional Tax Provision	(398,111)	0	(398,111)
Deferred Tax	0	1,318,423	1,318,423
Closing Balance 31 March 2021	**(1,961,109)**	**1,318,423**	**920,312**

28. Income

The following table analyses Income accounted for during the year.

2020/21 £	Income	Joint Committee £	CSC Foundry Ltd £	2021/22 £
(2,190,817)	Contributions from Local Authorities	(1,160,058)	0	(1,160,058)
(2,183,693)	Fees and Charges	(94,556)	(2,735,967)	(2,830,523)
(2,911,253)	Grant Income	(4,562,130)		(4,562,130)
(7,285,763)	**Total**	**(5,816,744)**	**(2,735,967)**	**(8,552,711)**

CSC Foundry Ltd. Fees and Charges income relates to the rental payments on its Investment Property.

29. Related Parties

Joint Committee Related Party transactions are set out in note 10 above.

During the financial year, CSC Foundry Ltd had 10 directors, each of whom represented a Local Authority which forms part of the Cardiff Capital Region City Deal. CSC Foundry Ltd has received an interest free loan of £35,768,359 (2021 £37,118,359) by way of partner authority contributions related to the Cardiff Capital Region City Deal. The Company also uses the services of a Project Manager from the City Deal Management Office and uses Monmouthshire County Council to assist in its financial administration under a Service Level Agreement.

Payments for services to Cardiff County Council during the period amounted to £14,552 (2021 £38,168). Payments to Monmouthshire County Council during the period amounted to £15,000 (2021 £15,000).

30. External Audit Costs

2020/21 £	External Audit Costs	Joint Committee £	CSC Foundry Ltd £	2021/22 £
24,500	Joint Committee Financial Audit	29,043	0	29,043
20,748	Joint Committee Performance Audit	21,515	0	21,515
3,500	Audit of Accounts	0	3,800	3,800
48,748	**Total**	**50,558**	**3,800**	**54,358**

Note 30 records the Audit Fee proposed for the year's audit as per the Audit Plans presented to Regional Cabinet and differ from those shown in the Comprehensive Income and Expenditure Statement and Note 25 above which show in year actual costs, made up of accruals for planned costs along with differences between planned and actual costs. Final costs for the 2021/22 audit will be charged following the completion of audit work.

31. Debtors

Joint Committee £	CSC Foundry Ltd £	Total 31st March 2021 £	Debtors	Joint Committee £	CSC Foundry Ltd £	Total 31st March 2022 £
			Short Term:			
0	0	0	Central Government Bodies	249,509	0	249,509
4,800,243	0	4,800,243	Other Local Authorities	1,548,465	0	1,548,465
1,876,964	(35,143)	1,841,821	Other Entities and Individuals	5,159,104	9,478	5,168,582
6,677,207	**(35,143)**	**6,642,064**	**Short Term Debtors**	**6,957,078**	**9,478**	**6,966,556**
			Long Term:			
77,015	12,908,436	12,985,451	Other Entities and Individuals	4,224,375	12,054,192	16,278,567
77,015	**12,908,436**	**12,985,451**	**Long Term Debtors**	**4,224,375**	**12,054,192**	**16,278,567**
6,754,222	**12,873,293**	**19,627,515**	**Total Debtors**	**11,181,453**	**12,063,670**	**23,245,123**

32. Accumulated Absences Account

The CSC Foundry subsidiary accounts do not include any direct remuneration to any officers. Note 16 covers the Accumulated Absences Account for Cardiff Capital Region City Deal employees.

33. Cash and Cash Equivalents

The Joint Committee does not hold its own bank account, so all income and expenditure is managed by Cardiff Council in its role as the Accountable Body, through its own bank balance. Therefore, the amount of £65,300,564 shown as cash in the balance sheet represents the inter-authority cash held by the Accountable Body on behalf of the Joint Committee along with balances held by CSC Foundry Ltd.

31 March 2021 £	Cash and Cash Equivalents	Joint Committee £	CSC Foundry Ltd £	Total 31 March 2022 £
3,553,370	Bank	0	3,433,897	3,433,897
47,803,597	Cardiff CC Inter-Co Cash	65,300,564	0	65,300,564
51,356,967	**Total**	**65,300,564**	**3,433,897**	**68,734,461**

34. Financial Instruments

In addition to the Financial Assets of the Joint Committee, CSC Foundry Ltd holds Cash and Cash Equivalents amounting to £3,433,897 (2020-21: £3,553,370).

The loan between the Joint Committee and CSC Foundry Ltd is neutralised on consolidation and ceases to be a Financial Instrument in the Group Accounts.

Financial Instrument Gains/Losses

Net interest of £30,366 (2020/21: £144,810) has been earned on balances held, in line with each organisation's policies.

The Nature and Extent of Risks arising from Financial Instruments:

Cash and Cash Equivalents are managed by Cardiff Council, by CSC Foundry Ltd and by Monmouthshire County Council as host Authority for the CSC Foundry Ltd project in accordance with each organisation's Treasury Management Strategy. No provisions or losses are to be recognised.

35. Investment Property

The Investment property held at the balance sheet date is valued on the basis of Fair Value, defined as: Investment property: valued to fair value (FRS 102 section 16 or IFRS 13) assuming that the property would be sold subject to any existing leases.

The property was valued at fair value at the balance sheet date, by the independent external valuers, Jones Lang LaSalle Ltd. The valuation was subject to the existing tenancy at the balance sheet date.

The CIPFA Code requires revaluation gains and losses to be transferred from the General Fund to the capital adjustment account and reported in the MiRS.

36. Creditors

Joint Committee £	CSC Foundry Ltd £	Total 31st March 2021 £	Creditors	Joint Committee £	CSC Foundry Ltd £	Total 31st March 2022 £
			Short Term:			
10,131,601	0	10,131,601	Central Government Bodies	43,549,870	0	43,549,870
94,303	0	94,303	Other Local Authorities	34,961	0	34,961
3,061,303	1,861,864	4,923,167	Other Entities and Individuals	2,592,659	3,653,372	6,246,031
13,287,207	**1,861,864**	**15,149,071**	**Short Term Creditors**	**46,177,490**	**3,653,372**	**49,830,862**
			Long Term:			
41,836,518	0	41,836,518	Central Government Bodies	22,578,935	0	22,578,935

0	2,844,270	2,844,270	Other Entities and Individuals	0	2,701,969	2,701,969
41,836,518	**2,844,270**	**44,680,788**	**Long Term Creditors**	**22,578,935**	**2,701,969**	**25,280,904**
55,123,725	**4,706,134**	**59,829,859**	**Total Creditors**	**68,756,425**	**6,355,341**	**75,111,766**

37. Usable Reserves

General Fund 2020/21 £	Earmarked Reserves 2020/21 £	CSC Foundry Ltd P&L 2020/21 £	Usable Capital Receipts Reserve 2020/21 £	Total Usable Reserves 2020/21 £	Usable Reserves	General Fund 2021/22 £	Earmarked Reserves 2021/22 £	Usable Capital Receipts Reserve 2021/22 £	CSC Foundry Ltd P&L 2021/22 £	Total Usable Reserves 2021/22 £
212,080	**0**	**6,051,538**	**0**	**6,263,618**	**Balance as at 1 April**	**212,080**	**41,872**	**0**	**9,678,687**	**9,932,639**
					Movements during year:					
4,492,401	0	(3,923,440)	0	**568,961**	Surplus / (Deficit) on Provision of Services	4,360,211	0	0	2,081,478	**6,441,689**
(4,474,938)	0	7,550,589	0	**3,075,651**	Financing of Expenditure, Capital Adjustment Account	(3,936,742)	0	0	111,699	**(3,825,043)**
0	0	0	0	**0**	Transfer from Capital Adjustment Account	0	0	1,350,000	0	**1,350,000**
24,409	0	0	0	**24,409**	Financing of Expenditure, Accumulated Absences Account	0	0	0	0	**0**
(41,872)	41,872	0	0	**0**	Transfer from General Fund to Earmarked Reserves	(423,469)	423,469	0	0	**0**
212,080	**41,872**	**9,678,687**	**0**	**9,932,639**	**Balance as at 31 March**	**212,080**	**465,341**	**1,350,000**	**11,871,864**	**13,899,285**

38. Notes to the Cash Flow Statement

2020/21 £		2021/22 £
3,000,358	Increase / (Decrease) in Creditors	(812,348)
(8,795,448)	(Increase) / Decrease in Debtors	2,186,828
0	Depreciation	412,773
7,550,589	Change in Fair Value of Investment Properties	111,699
(2,000,000)	Capital grants / contributions recognised in I&E	(4,370,706)
(2,183,693)	Revenue grants / contributions recognised in I&E	(4,562,130)
(2,428,194)	**Adjustments to net surplus or deficit on the provision of services for non-cash movements**	**(7,033,884)**

2020/21 £	Investing Activities	2021/22 £
2,000,000	Long Term Investments	0
2,536,638	Purchase of Property, Plant and Equipment	1,762,406
2,096,872	Long Term Debtors	3,128,753
6,633,510	**Adjustments to net surplus or deficit on the provision of services for investing activities**	**4,891,159**

2020/21 £		2021/22 £
(10,000,000)	HMT Grant received	(22,000,000)
(250,000)	SBRI Grant received	(200,000)
0	ULEV Grant received	(410,846)
0	CJC Grant received	(250,001)
(2,000,000)	Capital contribution received	0
(12,250,000)	**Adjustments to net surplus or deficit on the provision of services for financing activities**	**(22,860,847)**

39. Capital Adjustment Account

The Capital Adjustment Account reflects differences between normal accounting practice and statutory requirements. This includes treatment of depreciation, gains or losses on the value of investments, and it is credited with the amounts used as finance for capital expenditure.

2020/21 £	Capital Adjustment Account	2021/22 £
37,129,877	**Balance as at 01 April**	**34,054,227**
	Capital financing applied in the year:	
4,474,938	Grants and contributions	4,370,705
(7,550,588)	Revaluation of Investment Property	(111,699)
	Return on Investment	(1,350,000)
0	Depreciation Adjustment	(412,773)
34,054,227	**Balance as at 31 march**	**36,550,460**

Glossary of Relevant Local Government Accountancy Terms

Knowledge of basic accountancy terminology is assumed. However, there are certain specialist terms related to local government finance, which are described below:

Accruals Basis

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

Asset Under Construction

An asset that is not yet complete.

Borrowing

Loans taken out to pay for capital expenditure or for the prudent management of the Joint Committee's financial affairs.

Capital Adjustment Account

The Account accumulates (on the debit side) the write-down of the historical cost of non-current assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (revenue expenditure funded by capital under statute). The balance on the account thus represents timing differences between the amount of the historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

Capital Expenditure

Capital expenditure pays for improvements to existing and new assets used in the delivery of services as well as other items determined by Regulation. Capital resources are scarce, costly and also have long term revenue implications over many years and even generations where capital expenditure is funded by borrowing. Hence the requirement of the Prudential Code to ensure what is charged as Capital Expenditure is Prudent, Sustainable and Affordable.

The statutory definition of capital expenditure is given in the Local Government Act 2003, the Local Authorities (Capital Finance) Regulations 2003 and 2004 amended. Statute relies on the accounting measurement of cost in IAS 16 to determine whether expenditure is eligible to be capitalised or whether it should be treated as revenue expenditure. Key to what is eligible as capital spend are the following words in IAS 16 - 'Costs directly attributable to bringing the specific asset into working condition for its intended use'.

Carrying Amount

The Balance Sheet value recorded of either an asset or a liability.

Cash and Cash Equivalents
Sums of money available for immediate use and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Chartered Institute of Public Finance & Accountancy (CIPFA)
CIPFA is the leading professional accountancy body which determines accounting standards and reporting standards to be followed by Local Government.

Creditors
Amounts owed by the Joint Committee for work done, goods received or services rendered, for which payment has not been made at the date of the balance sheet.

Current Value
The current value of an asset reflects the economic environment prevailing for the service or function the asset is supporting at the reporting date.

Debtors
These are sums of money due to the Joint Committee that have not been received at the date of the Balance Sheet.

Earmarked Reserves
Amounts set aside to be used to meet specific, known or predicted future expenditure.

External Audit
The independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Joint Committee has made proper arrangements to secure value for money in its use of resources.

Fair Value
Fair Value is the price that would be received to sell and asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.

Impairment
A reduction in the value of assets below its value brought forward in the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in an asset's market value or recoverability and evidence of obsolescence or physical damage to the asset.

Investments
The purchase of financial assets in order to hold temporary cash balance, receive income and/or make capital gain at a future time, however with the prime concern being security of the initial sum invested.

Liabilities
These are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

Prior Period Adjustments
These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

Property, Plant and Equipment (PPE)
Tangible assets (i.e., assets that have physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one year.

Provisions
Amounts set aside in respect of liabilities or losses which are likely or certain to be incurred, but in relation to which the exact amount and date of settlement may be uncertain.

Related Parties
Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, Elected Members, all senior officers from Director and above. For individuals identified as related parties, the following are also presumed to be related parties:

- members of the close family, or the same household; and
- partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

Reserves
Reserves are also amounts set aside for future use. Reserves may be for a specific purpose in which case they are referred to as 'earmarked reserves' or they may be general reserves (or balances) which every organisation must maintain as a matter of prudence.

Revenue Expenditure funded from Capital Under Statute (REFCUS)
Represents expenditure that may properly be capitalised under statutory provisions, but which creates no tangible asset for the Joint Committee.

Treasury Management
The process by which the Joint Committee controls its cash flow and lending activities.