Cyd-bwyllgor Corfforedig De-Ddwyrain Cymru | South East Wales Corporate Joint Committee

# SOUTH EAST WALES CORPORATE JOINT COMMITTEE

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| **SUMMONS TO ATTEND A MEETING OF THE CORPORATE JOINT COMMITTEE** | 6 OCTOBER 2025 |
| **GWŶS I FYNYCHU CYFARFOD CYD-BWYLLGOR CORFFORAETHOL** | 6 HYDREF 2025 |

You are summoned to attend a multi-location meeting of the **SOUTH EAST WALES CORPORATE JOINT COMMITTEE** which will be held via Microsoft Teams on Monday 6 October 2025 at 9.30am to transact the business set out in the agenda attached.

**Mark Watkins**
**Strategic Director Legal & Governance** 30 November 2025
**Monitoring Officer**

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**TO: The Members of the South East Wales Corporate Joint Committee**

Cllr Mary Ann Brocklesby (Chair)
Cllr Anthony Hunt (Deputy Chair)
Cllr Huw Thomas (Deputy Chair)
Cllr Dimitri Batrouni
Cllr Lis Burnett
Cllr Brent Carter
Cllr Andrew Morgan
Cllr John Spanswick
Mr Steve Rayner
Cllr Stephen Thomas

*This document is available in Welsh / Mae'r ddogfen hon ar gael yn Gymraeg*

# WEBCASTING

**This meeting will be filmed for live and/or subsequent broadcast on the Corporate Joint Committee's website. The whole of the meeting will be filmed, except where there are confidential or exempt items, and the footage will be on the website for 6 months. A copy of it will also be retained in accordance with the Corporate Joint Committee's data retention policy.**

**If you make a representation to the meeting, you will be deemed to have consented to being filmed.**

**If you have any queries regarding the filming of this meeting, please contact Cardiff Capital Region:**

**Email: democraticservices@cardiffcapitalregion.gov.uk**

*This document is available in Welsh / Mae'r ddogfen hon ar gael yn Gymraeg*

Cyd-bwyllgor Corfforedig De-Ddwyrain Cymru | South East Wales Corporate Joint Committee

# South East Wales
# Corporate Joint Committee

9:30am on Monday 6 October 2025
Microsoft Teams

## Agenda

**PART 1**

1. **Apologies for Absence**
   To receive apologies for absence.

2. **Declarations of Interests**
   To receive declarations of interest (such declarations to be made in accordance with the Members Code of Conduct).

3. **2023/24 Audited Statement of Accounts**
   Report of the Strategic Director of Resources.

*This document is available in Welsh / Mae'r ddogfen hon ar gael yn Gymraeg*

South East Wales Corporate Joint Committee

Cyd-bwyllgor corfforaethol De-Dwyrain Cymru

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| **Report for:** | ACTION |
| **Contains Confidential or Exempt Information** | NO |

| | |
|---|---|
| For Consideration By | South-East Wales Corporate Joint Committee |
| Report Title | 2023/24 Audited Statement of Accounts and Annual Governance Statement. |
| Report of | Liam Hull, Strategic Director Resources |
| Contact Details | Liam.Hull@cardiffcapitalregion.gov.uk |
| Date to be Considered | 6 October 2025 |
| Implementation Date | Immediate |
| Affected Council Areas | All |
| Keywords / Index | Finance; Statements of Accounts; Audited Accounts; Annual Governance Statement |

## Report Summary

1. To present the South-East Wales Corporate Joint Committee (the CJC) with the final, audited Statement of Accounts and the Annual Governance Statement in respect of the Cardiff Capital Region City Deal Joint Committee for the financial year 2023/24.

2. The International Standard on Auditing (ISA) 260 requires the Appointed Auditor to report to those charged with governance on key matters arising from the audit examination of the Statement of Accounts for the year ending 31st March 2024.

## Recommendations

3. It is recommended that the CJC:

   (1) notes that the Governance & Audit Sub-Committee considered the audited Statement of Accounts and Annual Governance Statement, together with the associated Audit Wales audit report at their meeting of 26th September 2025 and recommended that the CJC approves them.

   (2) approves the audited Statement of Accounts 2023/24 for Cardiff Capital Region City Deal (Appendix 2);

(3) approves the audited Annual Governance Statement 2023/24 (Appendix 3);

(4) notes the Audit reports of Audit Wales on the Statement of Accounts of Cardiff Capital Region City Deal for the year ending 31 March 2024 (Appendix 1a);

(5) notes the final Letters of Representation for South East Wales Corporate Joint Committee (Appendix 1b);

(6) notes that the following documents will be formally signed at the conclusion of the CJC meeting on 6 October 2025:

- Statement of Accounts for Cardiff Capital Region City Deal – Chair of Joint Committee and S151 Officer;
- Annual Governance Statement – Chair of Joint Committee and Programme Director;
- Audit Certificate for the Cardiff Capital Region City Deal – Appointed Auditor, Wales Audit Office. To be signed at a later date;
- Letter of Representation for the Joint Committee – Chair of Joint Committee and Programme Director.

**Reason for Recommendations and Background Information**

4. To advise the CJC of the conclusion and findings of the audit relating to the 2023/24 financial statements and Annual Governance Statement.

5. To comply with The Accounts and Audit (Wales) (Amendments) Regulations 2018.

Background

6. The audited Statement of Accounts for the Cardiff Capital Region City Deal Joint Committee for the financial year 2023/24 is included in Appendix 2. In accordance with the Accounts and Audit (Wales) (Amendments) Regulations 2018 the 'Responsible Finance Officer' is firstly required to sign draft accounts which are then required to be approved and published following an external audit.

7. Delays to the conclusion of the 2022/23 audit, alongside resource issues experienced across both parties resulted in the 30 November 2024 deadline for publication of the audited Statement of Accounts not being met.

8. The unaudited accounts were signed by the Section 151 Officer on 28 November 2024, provided to Audit Wales on that date and to the CJC to note at its meeting of 16 December 2024.

9. In addition, the accounts were made available for public inspection for a period of 4 weeks from 6-31 January 2025, as required by the Public Audit (Wales) Act 2004 and the Accounts and Audit (Wales) Regulations, 2014.

## Statement of Accounts

10. Following submission for audit on the 28 November 2024, Audit Wales have undertaken a thorough review of Regional Cabinet's draft 'Single Entity' Accounts and its 'Group' Accounts which include the consolidated balances of its subsidiaries, CCR Energy Ltd, CSC Foundry Ltd and Innovation Investment Capital LP.

11. As a result of delays to the draft financial statements being produced, the timeline for the audit needed to be accommodated within Audit Wales' work programme. This, along with the number of audit queries received and adjustments required, has led to a protracted audit.

12. A largely new Audit team, who took a different view on previously agreed issues, also contributed to delays to the audit being finalised.

13. Audit Wales have completed the audit work and its "Audit of Financial Statements Report" (referred to as the 'audit report') is attached at Appendix 1a. This outlines the intention to issue an unqualified audit report following receipt of the approved financial statements and the signed Letter of Representation, Appendix 1b. Appendix 3 of the audit report provides a summary of corrections made to the draft accounts following review and agreement which need to be drawn to the Joint Committee's attention.

14. Whilst the audit has been substantially completed, any adjustments through the 2024/25 audit (which is currently ongoing), that have an impact on 2023/24 would also need to be considered.

15. As part of the audit, one such item has been identified relating to the treatment of consolidated notional interest in the group accounts. This adjustment falls below the Audit Wales level for materiality and will be corrected in the 2024/25 financial statements. As such, it remains uncorrected in the 2023/24 accounts.

16. At its meeting of 26 September 2025, the Governance & Audit Sub-Committee considered the audited Statement of Accounts and Annual Governance Statement, together with the associated audit report from Audit Wales and recommended that they are approved by the CJC.

Post Balance Sheet Event

17. Included in the audited accounts is a post-balance sheet event relating to the Aberthaw procurement challenge, which details global settlement costs of £5.25m and associated own legal and professional costs of £909k.

18. These costs have been included in the 2023/24 accounts and Note 23 of the accounts has been added to include further detail.

Matters Considered by Audit Wales

19. During the audit, Audit Wales considered a number of matters relating to the accounts, with a view to reporting any significant issues arising. Four such issues, along with the related Audit Wales recommendations and Management responses on behalf of Cardiff Capital Region City Deal are set out in Appendix 4 of Appendix 1a and below:

**Matter arising 1 — Quality of draft Statement of Accounts**

| | |
|---|---|
| Findings | Our review of the draft accounts identified significant concerns regards their accuracy and quality. Of particular concern was the following:<br><br>• the number of casting and cross casting errors in the draft accounts;<br>• the high number and value of manual adjustments and the lack of a quality audit trail to support them;<br>• audit trails including hard coded numbers where cross referencing is appropriate.<br><br>As in 2022-23, the accounts preparation process for 2023-24 continued to be heavily reliant on one individual. As a result, there was limited opportunity for separation of duty or peer review and audit queries were initially fielded by one person. |
| Priority | High |
| Recommendation | • The capacity and capability of the finance department is reviewed to ensure it is able to deliver high quality accounts, supported by robust working papers.<br>• As part of the accounts' preparation process, due consideration is given to seeking appropriate technical accountancy advice on the more complex areas.<br>• Issues highlighted and discussed in previous years are fully addressed, and these, together with any key judgements, are documented and presented for audit alongside the draft accounts for future audits.<br>• A closing plan is put in place that has key tasks assigned and a deliverable timetable.<br>• A robust quality assurance review is incorporated into the closing processes and completed prior to the draft being submitted for audit. |
| Accepted in full by management | Yes |
| Management response | Many of the recommendations raised are as a result of the lack of capability and capacity under the |

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| | Accountable Body model previously charged with the production of City Deal Accounts.<br><br>Since being established as a public body, CCR has significantly increased the technical competence and capacity within the team, which has led to us producing a higher quality set of draft accounts in a more timely manner for 2024/25.<br><br>The development of a comprehensive suite of working papers formed part of the production of the 2024/25 accounts and a robust quality assurance and analytical review process was undertaken prior to the certified accounts being submitted to Audit Wales.<br><br>This process was documented and submitted as part of the working papers. |
| Implementation date | Implemented |

**Matter arising 2 — Accounting for property, plant and equipment**

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|---|---|
| Findings | CCRCD have not been maintaining an adequate fixed asset register to support the accounting for property, plant and equipment.<br><br>As a result, we were unable to initially satisfy ourselves of the completeness of the Property, Plant and Equipment. A full review of fixed assets was subsequently undertaken by CCRCD following which we were able to satisfy ourselves of the completeness of the PPE note.<br><br>The PPE note was restated as a result of the review. |
| Priority | High |
| Recommendation | A review of the capital accounting arrangements is completed to ensure they are adequate and support the preparation of the capital elements of the annual accounts. |
| Accepted in full by management | Yes |
| Management response | As part of the audit process, refinements were made to our fixed asset register to provide Audit Wales with the necessary assurance regarding the completeness of the Property, Plant & Equipment note. |

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| | This working paper has been replicated and further refined for 2024/25 and a full working paper of CCR's fixed asset register has been provided. |
| Implementation date | Implemented |

**Matter arising 3 — Accounting for financial instruments**

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|---|---|
| Findings | Errors and gaps were identified in the information provided to the external valuer of financial instruments. |
| Priority | High |
| Recommendation | The source data provided to the valuer of financial instruments is reviewed prior to submission to ensure it is complete and accurate, so that the resulting valuations are based on the most accurate information. |
| Accepted in full by management | Yes |
| Management response | A full review of the financial instruments documentation was conducted prior to submission.<br><br>The learnings from 2023/24 were incorporated into this piece of work. |
| Implementation date | Implemented |

**Matter arising 4 — Accounting for creditors (accounts payable)**

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| Findings | Our testing identified a high number of classification errors in creditors (accounts payable) as well as invalid creditors.<br><br>Our testing identified There was also inadequacies in the evidence provided to support creditors and ownership of the related assets as at the balance sheet date. |
| Priority | High |
| Recommendation | • A review of the accounting of creditors is completed, supported by a documented financial control procedure, to ensure the year end process complies with accounting standards.<br><br>• Sufficient third party evidence is retained to support the year end creditors.<br><br>• Where the CJC doesn't take receipt of assets and continues to hold them at a supplier's |

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| | warehouse, it needs to have clear evidence of transfer of ownership and an agreement that protects the CJC's interests in those assets. |
| Accepted in full by management | Yes |
| Management response | The practice described in the recommendation relates to previous practices under the accountable body model.<br><br>As part of the establishment of CCR as a public body, a comprehensive suite of policy and procedure documents were produced. As a relatively high-risk area for a new body, accounts payable / creditors was included within the 2024/25 Internal Audit Plan and received substantial assurance with no recommendations raised.<br><br>For 2024/25, sufficient third-party evidence has been retained to support the year end creditors and transfer of ownership has been received for all assets held within warehouses prior to installation. |
| Implementation date | Implemented |

**Annual Governance Statement**

20. The CCR City Deal Joint Committee governance arrangements are set out in a Joint Working Agreement and comprise the systems, processes, culture, and values required to deliver the intended outcomes of the City Deal. The arrangements in place during 2023-24 through the City Deal Office and the Accountable Body were designed to deliver strong governance and an effective system of internal control. Responsibility for delivering CCR's City Deal was transferred from Regional Cabinet to the South-East Wales Corporate Joint Committee on 1 April 2024.

21. The annual assessment of governance for 2023-24 reviewed compliance with best practice statements from the CIPFA 'Delivering good governance in Local Government' Framework (2016) and identified any actions to take forward into 2024-25.

22. For 2023/24, the context for the assessment focused on the following areas:

| **Principle** | **Assessment 2023-2024** |
|---|---|
| A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law | We have followed effective policies and processes to ensure that:<br>- Members and Staff understand and follow the standards of behaviour expected;<br>- We act ethically;<br>- Our activities are lawful. |

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| B. Ensuring openness and comprehensive stakeholder engagement | We have demonstrated a strong commitment to openness and stakeholder engagement through:<br>- Transparent decision making with publication of information and webcasting;<br>- Regular meetings with institutional stakeholders;<br>- Ongoing business engagement programme. |
| C. Defining outcomes in terms of sustainable economic, social and environmental benefits | We have continued to ensure outcomes are clearly defined through the following activities:<br>- Local Evaluation Framework refreshed;<br>- Updated Regional Economic & Industrial Plan;<br>- Development of CCR strategic plans in preparation for transition, including Strategic Equality Plan. |
| D. Determining the interventions necessary to optimise the achievement of the intended outcomes | We follow our governance framework, which sets out how interventions are determined and planned, and outcomes monitored. This includes:<br>- Assurance Framework and Investment & Intervention Framework;<br>- Regional Economic Growth Panel and Investment Panel Advice to Regional Cabinet;<br>- Business Case development following HMT Green Book standards. |
| E. Developing the entity's capacity, including the capability of its leadership and the individuals within it | During 2023/24 we have developed the capacity and capability of the new CJC through the following:<br>- Interim appointments to Executive Leadership Team;<br>- Continued staff development through performance reviews, objective setting, and training. |
| F. Managing risks and performance through robust internal control and strong public financial management | We have effective policies and processes in place to manage risks and performance, including:<br>- Risk Management Framework;<br>- Robust quarterly performance reporting to Welsh Government and UK Government.<br>- Compliance with GDPR;<br>- Financial management follows CIPFA frameworks and guidance. |
| G. Implementing good practices in transparency, reporting and audit to deliver effective accountability | We continue to demonstrate good practice in transparency, reporting and audit. This has included:<br>- Internal Audit through our Accountable Body and External Audit delivered through Audit Wales, with regular reporting to Regional Cabinet;<br>- Gateway Review Mid-Term report to Department of Levelling-Up, Housing and Communities highlighted progress in delivery of our City Deal. |

23. A full report for 2023-24 is provided at Appendix 3

24. The report concludes that….. "***Based on the review of effectiveness against the Local Code of Governance, CCR's governance arrangements provided the basis to effectively manage delivery during 2023/24."***

<u>CIPFA Financial Management Code</u>

25. The CIPFA Financial Management (FM) Code has the key goal to improve the financial resilience of organisations by embedding enhanced standards of financial management. As such, annual reviews will include any relevant actions from an initial assessment undertaken during the year of the extent to which the Joint Committee's financial management arrangements comply with the FM Code.

26. As part of the initial assessment, a working paper was prepared which forms the basis of a self-review against sixty-eight questions outlined in the code, indicating whether the CCRCD Joint Committee meets the requirements (Yes / No / Partly), but importantly provides an evidence base to support the assessment made. An action plan and an annual review are in place to drive improvements.

27. Finally, Audit Wales have concluded their audit of the 2023/24 Annual Governance Statement and formally reported that there were no significant changes identified. All minor queries and points of clarifications have been addressed, within the attached suite of documents.

**Next Steps**

28. The final, audited accounts (including the AGS) will be published on relevant websites once the accounts have been approved by the CJC and the Auditor General for Wales has provided his opinion on the accounts. In addition, public notification of this will be made in the appropriate places as soon as possible.

**Comments of the s.151 Officer**

29. This report is presented to the CJC seeking their approval the audited accounts for the year ending 31st March 2024.

30. Members attention is drawn to the Audit Report from Audit Wales which outlines their intention to issue an unqualified audit opinion.

31. Members should also note the significant issues raised by Audit Wales in relation to the quality of the draft financial statements and group accounts, together with the management responses outlining how these issues have been / will be rectified.

32. Members should also note that the Statement of Accounts, Annual Governance Statement and associated Audit Wales audit report were considered by the Governance & Audit Sub-Committee at it's meeting of 26th September 2025, where they recommended that the CJC approve them.

**Comments of the Monitoring Officer**

33. The decisions sought are within the CJC's powers and proper process. Approval of the audited accounts and AGS also accords with the Accounts and Audit (Wales) Regulations and associated guidance on publication and assurance.

34. In light of Audit Wales' commentary on CJCs' developing arrangements, lessons learned, and capacity improvements should be explicitly linked to the AGS action log.

**Staffing Implications**

35. There are no staffing implications arising from this report.

**Equality, Human Rights and Community Cohesion**

36. No adverse equalities implications have been identified.

**Well-being of Future Generations**

37. Regard has been had to the well-being duty arising under the Well-Being of Future Generations (Wales) Act 2015.

**Welsh Language Implications**

38. None.

**Background Papers**

39. None.

**Report Authors:** Liam Hull, Strategic Director of Resources
liam.hull@cardiffcapitalregion.gov.uk

**Meeting Date:** 6 October 2025

**Appendices:** Appendix 1a - Audit of Accounts Annual Report 2023/24
Appendix 1b – Letter of Representation
Appendix 2 - Audited Annual Statement of Accounts 2023/24
Appendix 3 Audited Annual Governance Statement 2023/24

Archwilio Cymru
Audit Wales

# Audit of Accounts Report – Cardiff Capital Region City Deal Joint Committee

Audit year: 2023-24

Date issued: September 2025

Document reference: 5012A2025

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# About Audit Wales

## Our aims and ambitions

**Assure**

the people of Wales that public money is well managed

**Explain**

how public money is being used to meet people's needs

**Inspire**

and empower the Welsh public sector to improve

Fully exploit our unique perspective, expertise and depth of insight

Strengthen our position as an authoritative, trusted and independent voice

Increase our visibility, influence and relevance

Be a model organisation for the public sector in Wales and beyond

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# Introduction

This Audit of Accounts Report summarises the main findings from my audit of your 2023- 2024 Statement of Accounts. The accounts of the Cardiff City Region City Deal (CCRCD) Joint Committee have become increasingly complex over recent years and the certification of the 2022-23 accounts was not completed until October 2024 due to the consideration of a number of technical accounting issues.

The draft 2023-24 CCRCD accounts were received on 28 November 2024. As in previous years, the audit was protracted as a number of accounting areas required further work and technical consideration. I have now substantially completed my audit in line with my Audit Plan, issued in September 2024, and we are now in a position to provide an audit opinion. My team have discussed the issues raised in this report with the Strategic Director of Resources

I am grateful to your officers for their support in undertaking this audit and we will continue to work together to deliver the 2024/25 audit of the South East Wales CJC in a more timely basis.

**Adrian Crompton**
Auditor General for Wales

# Your audit at a glance

**Audit opinions**

We are proposing to give an unqualified opinion on the accounts.

We have nothing to report under the other sections of my report, ie those relating to going concern; other information; other matters; or matters I report by exception.

**Significant issues**

There are misstatements and significant issues to report.

During the audit identified significant concerns regards the quality of the draft accounts and have made a number of recommendations for improvement.

# Financial statements' materiality

**Materiality**

My aim is to identify and correct material misstatements, ie those that might otherwise cause the user of the accounts to be misled.

- **Materiality (CCRCD) £1.6 million**
- **Materiality (Group) £1.9 million**

Materiality is calculated using:

- 2023-24 gross assets of £155 million (Joint Committee) and £195 million (Group)
- Materiality percentage of 1%

I apply the materiality percentage to gross expenditure to calculate materiality.

I will report to you any misstatements above 5% of materiality (called the 'trivial level').

**Areas of specific interest**

There are some areas of the accounts that may be of more importance to the user of the accounts. We set lower materiality levels for these as follows:

- Senior officer remuneration £1,000
- Related party disclosures £10,000

# Ethical compliance

**Compliance with ethical standards**

We believe that:

- we have complied with the ethical standards we are required to follow in carrying out our work;
- we have remained independent of yourselves;
- our objectivity has not been comprised; and
- we have no relationships that could undermine our independence or objectivity.

# Proposed audit opinion

**Audit opinion**

We intend to issue an unqualified audit opinion on this year's accounts once you have provided us with a Letter of Representation (see below).

Our proposed audit report is set out in **Appendix 1.**

**Letter of representation**

A Letter of Representation is a formal letter in which you confirm to us the accuracy and completeness of information provided to us during the audit. Some of this information is specified as being necessary by auditing standards; other information may relate specifically to your audit.

The letter we are requesting you to sign is included in **Appendix 2**.

# Recommendations & Audit Closure

**Misstatements**

A misstatement arises where information in the accounts is not in accordance with accounting standards.

## Uncorrected misstatements

There are no uncorrected misstatements above our trivial level but lower than our materiality levels that we need to report to you.

## Corrected misstatements

During our audit, we identified a significant number of misstatements that have been corrected by management, but which we consider should be drawn to your attention.

These are set out in **Appendix 3**.

## Other significant issues

In the addition to misstatements identified during the audit we also report other significant issues to you. As already noted, and as in previous years, the accounts production and audit cycle is out of line with the statutory requirements i.e. the draft accounts were not produced by 30 June 2024 and the certified accounts were not published by 30 November 2024. This has been a trend over recent years and needs to be addressed urgently so that the SEW CJC and its key stakeholders can have up to date, reliable and comprehensive financial information that can be used to inform future strategic and financial information.

We have agreed with the Chief Executive and Strategic Director of Resources that we will receive a complete, fully supported and quality assured draft set of account for 2024-25 in early September 2025. The draft 2024-25 accounts have now been received. We will endeavour to complete the audit, subject to the recommendations in this report being addressed and the accounts, working papers and officer availability being in line with our audit expectations (which we have agreed with the senior officers) in line with current statutory deadlines. Whilst this means that the statutory date for producing the draft accounts will have again been missed, the certified accounts will then be published in accordance with the statutory deadline of 31 October 2025. This will allow the ten councils to also ensure that the information included in their accounts is up to date and accurate.

The following significant issues were identified during the audit and need to be addressed for the 2024-25 audit process to be achieved:

| Issue | Explanation | Recommendations |
|---|---|---|
| The quality of the draft financial statements | Our review of the draft accounts identified significant concerns regards their accuracy and quality.<br><br>Of particular concern was the following: | • The capacity and capability of the finance department is reviewed to ensure it is able to deliver high quality accounts, supported by robust working papers. |

| | | |
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| | - the number of casting and cross casting errors in the draft accounts;<br>- the high number and value of manual adjustments and the lack of a quality audit trail to support them;<br>- audit trails including hard coded numbers where cross referencing is appropriate.<br><br>As in 2022-23, the accounts preparation process for 2023-24 continued to be heavily reliant on one individual. As a result, there was limited opportunity for separation of duty or peer review, and audit queries were initially fielded by one person. | • As part of the accounts' preparation process, due consideration is given to seeking appropriate technical accountancy advice on the more complex areas.<br>• Issues highlighted, reported and discussed in previous years are fully addressed, and these, together with any key judgements, are documented and presented for audit alongside the SoAs.<br>• A closing plan is put in place that has key tasks assigned and a deliverable timetable.<br>• A robust quality assurance review is incorporated into the closing processes and completed prior to draft accounts being submitted for audit. |
| Accounting for property, plant and equipment | CCRCD have not been maintaining an adequate fixed asset register to support the accounting for property, plant and equipment (PPE).<br><br>As a result, we were unable to initially satisfy ourselves of the completeness of the | A review of the capital accounting arrangements is completed to ensure they are adequate and support the preparation of the capital elements of the annual accounts. |

| | | |
|---|---|---|
| | Property, Plant and Equipment.<br><br>A full review of fixed assets was subsequently undertaken by CCRCD following which we were able to satisfy ourselves of the completeness of the PPE note.<br><br>The PPE note was restated as a result of the review. | |
| Accounting for Financial Instruments | Errors and gaps were identified in the information provided to the external valuer of financial instruments. | The source data provided to the valuer of financial instruments is reviewed prior to submission to ensure it is complete and accurate, so that the resulting valuations are based on the most accurate information. |
| Accounting for creditors | Our testing identified a high number of classification errors in creditors as well as invalid creditors.<br><br>Our testing identified There was also inadequacies in the evidence provided to support creditors and ownership of the related assets as at the balance sheet date. | • A review of the accounting of creditors is completed, supported by a documented financial control procedure, to ensure the year end process complies with accounting standards.<br>• Sufficient third party evidence is retained to support the year end creditors.<br>• Where the CJC doesn't take receipt of assets and continues to hold them at a supplier's warehouse, it needs to |

| | | |
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| | | have clear evidence of transfer of ownership and an agreement that protects the CJC's interests in those assets. |

**Other reporting issues**

The following issues were identified during the audit:

| | |
|---|---|
| Events after the reporting period | **Post balance sheet event – settlement of legal case**<br><br>During the audit, CCRCD settled a case relating to the demolition of Aberthaw Power Station. The settlement and associated legal costs of £6,160k have been accounted for as a post balance sheet event and reflected in the 2023-24 accounts and Note 23 Events after the reporting period has been added to disclose the detail. |

## Recommendations

We have made a number of recommendations during the course of the audit, which are set out in **Appendix 4** along with management's responses to the recommendations.

We will monitor progress against the recommendations during next year's audit. Where any recommendations are not fully implemented, we will report to you as part of next year's Audit of Accounts Report.

## Audit Closure

The final audit fee for 23-24 is expected to be £135,625. The initial estimate set out in our Audit Plan was £72,345.

Significant additional audit time over and above what was planned was required due to the nature and number of issues that arose during the audit. Several revisions were required to the accounts which necessitated us re-auditing key areas such as financial instruments, property, plant and equipment and the cashflow statements. Extended testing was completed on payables to obtain the necessary assurance they were materially correct.

# Appendix 1

## Proposed audit report

### The report of the Auditor General for Wales to the members of South East Wales Corporate Joint Committee

**Opinion on financial statements**

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 2024 under the Public Audit (Wales) Act 2004. Cardiff Capital Region City Deal Joint Committee 's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes, including the material accounting policies.

Cardiff Capital Region City Deal Joint Committee's Group financial statements comprise 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 the material 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 2023-24.

In my opinion, in all material respects, 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 2024 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 2023-24.

**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.

My staff and I are independent of the [name of local government body 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 Cardiff Capital Region City Deal Joint Committee 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 is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24;
- The information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is 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 Cardiff Capital Region City Deal Joint Committee 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:

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

## 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 and Cardiff Capital Region City Deal Joint Committee Group's financial statements, which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls 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; and

- assessing the Cardiff Capital Region City Deal Joint Committee and Cardiff Capital Region City Deal Joint Committee 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 the responsible financial officer anticipates that the services provided by the Cardiff Capital Region City Deal Joint Committee and Cardiff Capital Region City Deal Joint Committee Group will not continue to be provided in the future.

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

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

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, 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 Cardiff Capital Region City Deal Joint Committee 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 the following areas: revenue recognition, expenditure recognition and the posting of unusual journals;

- Obtaining an understanding of Cardiff Capital Region City Deal Joint Committee and Cardiff Capital Region City Deal Joint Committee Group's framework of authority as well as other legal and regulatory frameworks that they operate 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 and Cardiff Capital Region City Deal Joint Committee Group; and
- Obtaining an understanding of related party relationships.

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, those charged with governance and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance;
- 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 Cardiff Capital Region City Deal Joint Committee 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.

**Other auditor's responsibilities**

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## 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 Cardiff Capital Region City Deal Joint Committee 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

[Date]

1 Capital Quarter

Tyndall Street

Cardiff, CF10 4BZ

# Appendix 2

## Letter of representation

[Audited body's letterhead]

Auditor General for Wales

Wales Audit Office

1 Capital Quarter

Cardiff

CF10 4BZ

[Date]

### Representations regarding the 2023-24 financial statements

This letter is provided in connection with your audit of the financial statements of Cardiff Capital Region City Deal Joint Committee and its group for the year ended 31 March 2024 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

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

### Management representations

#### Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and Code of Practice on Local Authority Accounting in the United Kingdom 2023-24; in particular the financial statements give a true and fair view in accordance therewith;
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

### Information provided

We have provided you with:

- full access to:

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

## Financial statement representations

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

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

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

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

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

The financial statements are free of material misstatements, including omissions.

The responses to our audit enquiries to those charged with governance and management, received from the CCR Director dated the 27 February 2025, remain correct and there are no further considerations to add which would impact the 2023-24 accounts.

The Statement of Accounts do contain a prior period restatement to align and further detail is included below:

> *The Cardiff Capital Region ("CCR"), comprising the ten local authorities (Blaenau Gwent, Bridgend, Caerphilly, Cardiff, Merthyr Tydfil, Monmouthshire, Newport, Rhondda Cynon Taf, Torfaen, and Vale of Glamorgan ("Partner Councils"), was established in 2017 to oversee the delivery of the Cardiff Capital Region City Deal ("City Deal").*
>
> *The Partner Councils entered into a joint working agreement ("JWA") on 1 March 2017 to formalise their respective roles and responsibilities in relation to the City Deal. The JWA, amongst other matters, appointed the County Council of the City and County of Cardiff ("Cardiff Council") to act as the Accountable Body for an on behalf of the Partner Councils to discharge the Partner Councils' obligations in relation to City Deal.*
>
> *In March 2022 a private limited company was established, CCR Energy Ltd, as a special purpose vehicle to purchase Aberthaw Power Station, demolish the former coal fired power station, remediate the site, and redevelop it into an exemplar green energy park ("Aberthaw Project").*
>
> *Between November 2022 and April 2023, tenders were invited for a contract with CCR Energy Ltd to demolish Aberthaw Power Station and, in July 2023, notice of intention to award the contract to the bidder deemed to have submitted the most economically advantageous bid was issued("Procurement"). In August 2023, an unsuccessful bidder, Brown and Mason Group Ltd, issued a claim alleging breaches of the Public Contracts Regulations 2015 in relation to the Procurement ("Claim") and subsequently issued further claims relating to different aspects of the same Procurement.*
>
> *On 1 April 2024, responsibility for the delivery of the CCR City Deal was transferred to the South East Wales Corporate Joint Committee ("CJC"). On the same date, all of Cardiff Council's rights, duties, liabilities and obligations in respect of the various projects funded under the City Deal,*

*including the Aberthaw Project, were novated to the CJC, and the CJC agreed to indemnify Cardiff Council against all losses, claims, damages, liabilities, costs and expenses suffered or incurred by Cardiff Council as a result of or in connection with any action, demand, claim or proceeding arising out of or in connection with the City Deal funding agreement and the various projects funded by City Deal, including the Aberthaw Project ("Novation Agreement").*

*On 16 December 2024, liability and causation in the Claim brought by Brown and Mason Group Ltd was admitted with damages to be assessed. In addition to quantum proceedings, there were two extant claims which remained to be determined.*

*On 26 February 2025, a global settlement of £5.25m was reached between Brown & Mason Group Ltd and Cardiff Council. The settlement is subject to confidentiality provisions.*

*Pursuant to the terms of the City Deal Novation Agreement, the CJC has indemnified Cardiff Council in respect of the settlement reached and payment of £5.25m was made by the CJC to Cardiff Council on 17 March 2025.*

*The CJC has also agreed to indemnify Cardiff Council in respect of its legal costs of the Claims in the sum of £909,983.15. This payment is expected to be made in the 2025/26 financial year. These costs have been reflected within Short-Term Creditors within the financial statements.*

## Representations by those charged with governance

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Joint Committee on [insert date].

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

We confirm the responses to the Audit Enquiries to those charged with governance and management, received from the CCR Director dated the 27 February 2025, remain correct and there are no further considerations to add which would impact the 2023-24 accounts.

| | |
|---|---|
| Signed by: | Signed by: |
| [Officer who signs on behalf of management] | [Officer or Member who signs on behalf of those charged with governance] |
| Date: | Date: |

# Appendix 3

## Summary of corrections made

During our audit, we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention.

| Value of correction | Accounts areas & amendment | Explanation |
|---|---|---|
| Various | **Cash-flow and notes to the cashflow (core and group accounts)**<br>Several adjustments were required to the cashflows and the associated notes. The cashflow in year movement calculations in the initial draft did not agree to the supporting accounts.<br>The finance activities line was removed and accounted for in the 'adjust net surplus or deficit on the provision of services for non-cash movements' line per CIPFA Code guidance. | To ensure the statement movements agreed to the underlying accounting records and is presented in accordance with the CIPFA Code. |
| £367k overstated | **Note 5 Supplies and services expenditure**<br>A £367k payment tested did not relate to 2023-24 and was corrected to reflect this as a payment in advance. | To correct expenditure accounted for in the wrong accounting period. |
| £601k<br>(Classification) | **Note 5 Supplies and services expenditure**<br>£601k of Challenge Fund project staff costs were incorrectly classified as supplies and services. | To correct misclassified expenditure. |

| Value of correction | Accounts areas & amendment | Explanation |
|---|---|---|
| £2,889k (Disclosure) | **Note 8 Income**<br><br>The Housing Viability Gap Funding was double counted in the income disclosure note. The WIF HM treasury grant was reduced accordingly. | To correctly disclose income. |
| £22,087k (Classification) | **Note 9 Expenditure and Funding Analysis**<br><br>Reclassification of REFCUS to be reflected as an 'adjustment between accounting and funding basis, capital'. | To ensure compliance with the CIPFA Code. |
| £367k overstated | **Note 13 Property, Plant and Equipment**<br><br>Assets of £367k were identified as incorrectly capitalised in 2023-24. | To ensure assets are accounted for in the correct accounting period. |
| Net impact:<br>- Prior year BV reduced by £1,637k<br>- In year NBV increased by £1,901k | **Note 13 Property, Plant and Equipment**<br><br>CCRCD did not have an adequate fixed asset register to support its fixed asset accounting,<br><br>Issues raised during the audit necessitated CCRCD doing a full review of its PPE and the development of a fixed asset register to support the accounts.<br><br>As a result of this work, Note 13 was restated accordingly:<br>- Gross opening balance reduced £1,772k<br>- Depreciation opening balance increased by £134k | To ensure the fixed assets were correctly accounted for and supported. |

| Value of correction | Accounts areas & amendment | Explanation |
|---|---|---|
| | - In year additions increased by £1.811m<br>- In year depreciation reduced by £91k. | |
| Increase loan additions of £507k (carrying value)<br><br>Net decrease equity fair value gains/losses of £63k<br><br>Narrative disclosure of the loans fair values also updated. | **Note 16: Financial Instruments**<br><br>- The carrying value of 6 loans were incorrect and in total were understated by £507k; and<br>- The fair value of 2 equities and 4 loans were incorrect and understated by £1,179k in total. £63k of this reduction was reflected in the balance sheet, the rest relates to errors in the fair values disclosed in the notes to the accounts. | Draft valuations were based on incomplete or incorrect information provided to the valuer. |
| Various | **Note 18 Creditors**<br><br>Our testing identified the following errors in creditors:<br><br>Accuracy:<br><br>- A review of Challenge Fund creditors identified invalid creditors totalling £295k;<br><br>Classification only:<br><br>- Short term goods received/invoiced received creditors of £2,515k was misclassified between the Local Authority/NHS and Other headings. There was a nil net effect; | To ensure only valid 2023-24 creditors are accounted for. |

| Value of correction | Accounts areas & amendment | Explanation |
|---|---|---|
| | - The HVGF creditor of £2,889k was incorrectly classified as long term and was corrected to short term.<br><br>Cut off:<br><br>- A creditor of £983k overstated. Cut off testing identified there was insufficient evidence to demonstrate CCRCD were in possession of the related assets at the year end. As a result both the creditor and the related asset have been removed;<br>- A creditor was over-stated by £254k; and<br>- ULEV creditors of £306k were deemed invalid. | |
| £2,136k | **Group consolidation**<br><br>A deferred tax asset was reclassified from long term to short term to agree to the audited subsidiary accounts. | To ensure the Group transactions are correctly accounted for. |
| Various | Several presentational and typographical errors were identified within the draft financial statements which have been corrected by management. | To remove the errors included within the financial statements. |

# Appendix 4

## Matters arising and recommendations

We set out below recommendations from our audit along with your management's response to them.

| **Matter arising 1 – Quality of draft Statement of Accounts** | |
|---|---|
| Findings | Our review of the draft accounts identified significant concerns regards their accuracy and quality. Of particular concern was the following:<br>• the number of casting and cross casting errors in the draft accounts;<br>• the high number and value of manual adjustments and the lack of a quality audit trail to support them;<br>• audit trails including hard coded numbers where cross referencing is appropriate.<br><br>As in 2022-23, the accounts preparation process for 2023-24 continued to be heavily reliant on one individual. As a result, there was limited opportunity for separation of duty or peer review and audit queries were initially fielded by one person. |
| Priority | High |
| Recommendation | • The capacity and capability of the finance department is reviewed to ensure it is able to deliver high quality accounts, supported by robust working papers.<br>• As part of the accounts' preparation process, due consideration is given to seeking appropriate technical accountancy advice on the more complex areas.<br>• Issues highlighted and discussed in previous years are fully addressed, and these, together with any key judgements, are documented and |

| Matter arising 1 – Quality of draft Statement of Accounts | |
|---|---|
| | presented for audit alongside the draft accounts for future audits.<br>• A closing plan is put in place that has key tasks assigned and a deliverable timetable.<br>• A robust quality assurance review is incorporated into the closing processes and completed prior to the draft being submitted for audit. |
| Accepted in full by management | Yes |
| Management response | Many of the recommendations raised are as a result of the lack of capability and capacity under the Accountable Body model previously charged with the production of City Deal Accounts.<br>Since being established as a public body, CCR has significantly increased the technical competence and capacity within the team, which has allowed to us producing a higher quality set of draft accounts in a more timely manner for 2024/25.<br>The development of a comprehensive suite of working papers formed part of the production of the 2024/25 accounts and a robust quality assurance and analytical review process was undertaken prior to the certified accounts being submitted to Audit Wales. This process was documented and submitted as part of the working papers. |
| Implementation date | Implemented |

| Matter arising 2 – Accounting for property, plant and equipment | |
|---|---|
| Findings | CCRCD have not been maintaining an adequate fixed asset register to support the accounting for property, plant and equipment.<br><br>As a result, we were unable to initially satisfy ourselves of the completeness of the Property, Plant and Equipment. A full review of fixed assets was subsequently undertaken by CCRCD following which we were able to satisfy ourselves of the completeness of the PPE note.<br><br>The PPE note was restated as a result of the review. |
| Priority | High |
| Recommendation | A review of the capital accounting arrangements is completed to ensure they are adequate and support the preparation of the capital elements of the annual accounts. |
| Accepted in full by management | Yes |
| Management response | As part of the audit process, refinements were made to our fixed asset register to provide Audit Wales with the necessary assurance regarding the completeness of the Property, Plant & Equipment note.<br><br>This working paper has been replicated and further refined for 2024/25 and a full working paper of CCR's fixed asset register has been provided. |
| Implementation date | Implemented |

| Matter arising 3 – Accounting for financial instruments | |
|---|---|
| Findings | Errors and gaps were identified in the information provided to the external valuer of financial instruments. |
| Priority | High |
| Recommendation | The source data provided to the valuer of financial instruments is reviewed prior to submission to ensure it is complete and accurate, so that the resulting valuations are based on the most accurate information. |
| Accepted in full by management | Yes |
| Management response | A full review of the financial instruments documentation was conducted prior to submission. The learnings from 2023/24 were incorporated into this piece of work. |
| Implementation date | Implemented |

| Matter arising 4 – Accounting for creditors (accounts payable) | |
|---|---|
| Findings | Our testing identified a high number of classification errors in creditors (accounts payable) as well as invalid creditors.<br><br>Our testing identified There was also inadequacies in the evidence provided to support creditors and |

| Matter arising 4 – Accounting for creditors (accounts payable) | |
|---|---|
| | ownership of the related assets as at the balance sheet date. |
| Priority | High |
| Recommendation | • A review of the accounting of creditors is completed, supported by a documented financial control procedure, to ensure the year end process complies with accounting standards.<br>• Sufficient third party evidence is retained to support the year end creditors.<br>• Where the CJC doesn't take receipt of assets and continues to hold them at a supplier's warehouse, it needs to have clear evidence of transfer of ownership and an agreement that protects the CJC's interests in those assets. |
| Accepted in full by management | Yes |
| Management response | The practice described in the recommendation relates to previous practices under the accountable body model.<br>As part of the establishment of CCR as a public body, a comprehensive suite of policy and procedure documents were produced. As a relatively high-risk area for a new body, accounts payable / creditors was included within the 2024/25 Internal Audit Plan and received substantial assurance with no recommendations raised.<br>For 2024/25, sufficient third-party evidence has been retained to support the year end creditors and transfer of ownership has been received for all assets held within warehouses prior to installation. |

| Matter arising 4 – Accounting for creditors (accounts payable) | |
|---|---|
| Implementation date | Implemented |

# Audit quality

Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

We use a three lines of assurance model to demonstrate how we achieve this. We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by QAD*, and our Chair acts as a link to our Board on audit quality. For more information see our Audit Quality Report 2023.

### Our People

The first line of assurance is formed by our staff and management who are individually and collectively responsible for achieving the standards of audit quality to which we aspire.

- Selection of right team
- Use of specialists
- Supervisions and review

### Arrangements for achieving audit quality

The second line of assurance is formed by the policies, tools, learning & development, guidance, and leadership we provide to our staff to support them in achieving those standards of audit quality.

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support

### Independent assurance

The third line of assurance is formed by those activities that provide independent assurance over the effectiveness of the first two lines of assurance.

- EQCRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

* QAD is the quality monitoring arm of ICAEW.

Audit Wales has developed a range of resources to support the scrutiny of Welsh public bodies and to support those bodies in continuing to improve the services they provide to the people of Wales.

# Supporting you

## Visit our website to find:

| | |
|---|---|
| | our Good Practice work where we share emerging practice and insights from our audit work in support of our objectives to assure, to explain and to inspire. |
| | our newsletter which provides you with regular updates on our public service audit work, good practice, and events. |
| | our publications which cover our audit work completed at public bodies. |
| | information on our forward performance audit work programme 2023-2026 which is shaped by stakeholder engagement activity and our picture of public services analysis. |
| | various data tools and infographics to help you better understand public spending trends including a range of other insights into the scrutiny of public service delivery. |

You can find out more about Audit Wales in our Annual Plan 2024-25 and Our Strategy 2022-27.

Audit Wales

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

Prifddinas Ranbarth Caerdydd | Cardiff Capital Region

Dyddiad / Date: 06/10/2025

Auditor General for Wales
Wales Audit Office
1 Capital Quarter
Cardiff
CF1O 4BZ

**Representations regarding the 2023-24 financial statements**

This letter is provided in connection with your audit of the financial statements of Cardiff Capital Region City Deal Joint Committee and its group for the year ended 31 March 2024 for the purpose of expressing an opinion on their truth and fairness and their proper preparation. We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

**Management representations**

**Responsibilities**

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and Code of Practice on Local Authority Accounting in the United Kingdom 2023-24; in particular the financial statements give a true and fair view in accordance therewith;
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

**Information provided**

We have provided you with:

- full access to:
    - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
    - additional information that you have requested from us for the purpose of the audit; and
    - unrestricted access to staff from whom you determined it necessary to obtain audit evidence;

- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;

- our knowledge of fraud or suspected fraud that we are aware of and that affects Cardiff Capital Region City Deal Joint Committee and its group and involves:
    - management;
    - employees who have significant roles in internal control; or
    - others where the fraud could have a material effect on the financial statements;

- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;

- our knowledge of all known instances of non-compliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements; and

- the identity of all related parties and all the related party relationships and transactions of which we are aware.

**Financial statement representations**

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

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

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

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

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

The financial statements are free of material misstatements, including omissions. The financial statements contain one uncorrected misstatement that is above Audit Wales trivial level but lower than the materiality level required for reporting. This relates to the treatment of consolidated notional interest in the group accounts and will be adjusted within the final 2024/25 financial statements.

The responses to our audit enquiries to those charged with governance and management, received from the CCR Director dated the 27 February 2025, remain correct and there are no further considerations to add which would impact the 2023-24 accounts.

The Statement of Accounts do contain a prior period restatement to align and further detail is included below:

> *The Cardiff Capital Region ("CCR"), comprising the ten local authorities (Blaenau Gwent, Bridgend, Caerphilly, Cardiff, Merthyr Tydfil, Monmouthshire, Newport, Rhondda Cynon Taf, Torfaen, and Vale of Glamorgan ("Partner Councils"), was established in 2017 to oversee the delivery of the Cardiff Capital Region City Deal ("City Deal").*
>
> *The Partner Councils entered into a joint working agreement ("JWA") on 1 March 2017 to formalise their respective roles and responsibilities in relation to the City Deal. The JWA, amongst other matters, appointed the County Council of the City and County of Cardiff ("Cardiff Council") to act as the Accountable Body for an on behalf of the Partner Councils to discharge the Partner Councils' obligations in relation to City Deal.*

*In March 2022 a private limited company was established, CCR Energy Ltd, as a special purpose vehicle to purchase Aberthaw Power Station, demolish the former coal fired power station, remediate the site, and redevelop it into an exemplar green energy park ("Aberthaw Project").*

*Between November 2022 and April 2023, tenders were invited for a contract with CCR Energy Ltd to demolish Aberthaw Power Station and, in July 2023, notice of intention to award the contract to the bidder deemed to have submitted the most economically advantageous bid was issued("Procurement"). In August 2023, an unsuccessful bidder, Brown and Mason Group Ltd, issued a claim alleging breaches of the Public Contracts Regulations 2015 in relation to the Procurement ("Claim") and subsequently issued further claims relating to different aspects of the same Procurement.*

*On 1 April 2024, responsibility for the delivery of the CCR City Deal was transferred to the South East Wales Corporate Joint Committee ("CJC"). On the same date, all of Cardiff Council's rights, duties, liabilities and obligations in respect of the various projects funded under the City Deal, including the Aberthaw Project, were novated to the CJC, and the CJC agreed to indemnify Cardiff Council against all losses, claims, damages, liabilities, costs and expenses suffered or incurred by Cardiff Council as a result of or in connection with any action, demand, claim or proceeding arising out of or in connection with the City Deal funding agreement and the various projects funded by City Deal, including the Aberthaw Project ("Novation Agreement").*

*On 16 December 2024, liability and causation in the Claim brought by Brown and Mason Group Ltd was admitted with damages to be assessed. In addition to quantum proceedings, there were two extant claims which remained to be determined.*

*On 26 February 2025, a global settlement of £5.25m was reached between Brown & Mason Group Ltd and Cardiff Council. The settlement is subject to confidentiality provisions.*

*Pursuant to the terms of the City Deal Novation Agreement, the CJC has indemnified Cardiff Council in respect of the settlement reached and*

*payment of £5.25m was made by the CJC to Cardiff Council on 17 March 2025.*

*The CJC has also agreed to indemnify Cardiff Council in respect of its legal costs of the Claims in the sum of £909,983.15. This payment is expected to be made in the 2025/26 financial year. These costs have been reflected within Short-Term Creditors within the financial statements.*

**Representations by those charged with governance**

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

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Joint Committee on 6th October 2025.

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

We confirm the responses to the Audit Enquiries to those charged with governance and management, received from the CCR Director dated the 27 February 2025, remain correct and there are no further considerations to add which would impact the 2023-24 accounts.

Signed by:

Kellie Beirne, Chief Executive

Date:

Signed by:

Cllr Mary Ann Brocklesby, Chair

Date:

Prifddinas Ranbarth Caerdydd | Cardiff Capital Region

# Cardiff Capital Region City Deal Joint Committee Draft Statement of Accounts 2023/24

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## Cardiff Capital Region City Deal – Chair's Statement

*Foreword by Councillor M A Brocklesby, Chair of SEW CJC Committee*

*"Signed in March 2017 across CCR's ten local authorities, Welsh and UK Governments, the Cardiff Capital Region (CCR) City Deal has the ambition to foster a regional economy that is bigger, fairer, and greener, generating inclusive growth and creating conditions for shared prosperity across the ten local authorities. The City Deal comprises £734m for the South Wales Metro project and £495m for the CCR Wider Investment Fund (WIF).*

*The 12 months spanning 2023-24 constituted Year three of the five-year strategic business plan approved in December 2020 and represents a pivotal moment in both the history and the forward momentum of the organisation. The momentum both continues and amplifies the commercial interventions originating from the WIF's single funding programme, with the historical element taking the form of preparations for the transition of CCR into a standalone corporate body with its own legal status.*

*So, in addition to this year being the delivery mid-point for the City Deal, we have also seen wide-ranging and detailed preparations begin for our transition to Corporate Joint Committee (CJC) status in April 2024. The CJC will deliver new powers, freedoms and flexibilities but it must be stressed that these elements are simply the mechanism through which CCR will largely achieve its goals for regional prosperity.*

*As the 2023/2024 accounts show, the steady drumbeat of investments that picked up in 22-23 have increased further, with the bedding down of CCR's two £50m funds, the new Innovation Investment Capital and the more established Strategic Premises Fund, both of which serve to drive wealth creation and employment through innovation and workspace development. Funds committed to date out of the formal approval process total £338m which highlights that the WIF is nearing full commitment (when new investments in the business case development pipeline are taken into account). The message here is that the City Deal, which will continue under the CJC, has been a one-off funded programme with finite resources (albeit with an evergreen element for funds coming back in eventually for reinvestment). The addition of new funding streams such as the Shared Prosperity Fund are making a difference across the whole of the Region but these too have a limited shelf life, necessitating the development of new dynamic funding models.*

*The pressures on any public funding organisation are significant and transparency is one of the keys required to make sense of where we are at any given moment in the financial year. One of the constants that we work to is our five-year Regional Economic and Industrial Plan which was recently revised to take into account the new economic*

*and policy dynamics that the CJC can and will deliver. In the post-April 2024 world under the CJC, CCR will manage and be accountable for its funds direct which has meant more specialist staff joining CCR in finance, legal and democratic services in this 12-month period. Investments have been made in organisations that can deliver demonstrable value and the aim must be to drive further private sector leverage. A prime example of this approach is CCR's initial investment in Aberthaw – its seed funds for CCR Energy Ltd acted as the launchpad for much larger future private sector funding that will be forthcoming. The watchword for CCR is 'partnership'; as CCR's ambitions are amplified and explained to the markets, the opportunities for public and private money working together for the economic and societal benefits of the Region become greater.*

*During this financial year CCR has continued to expand in a controlled and constructive manner, with competitive, connected and resilient strategic goals in mind and it is my belief that year end accounts for 2023-24 reflect this momentous shift."*

***Councillor M A Brocklesby***

***Chair of SEW CJC Committee***

## 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.**

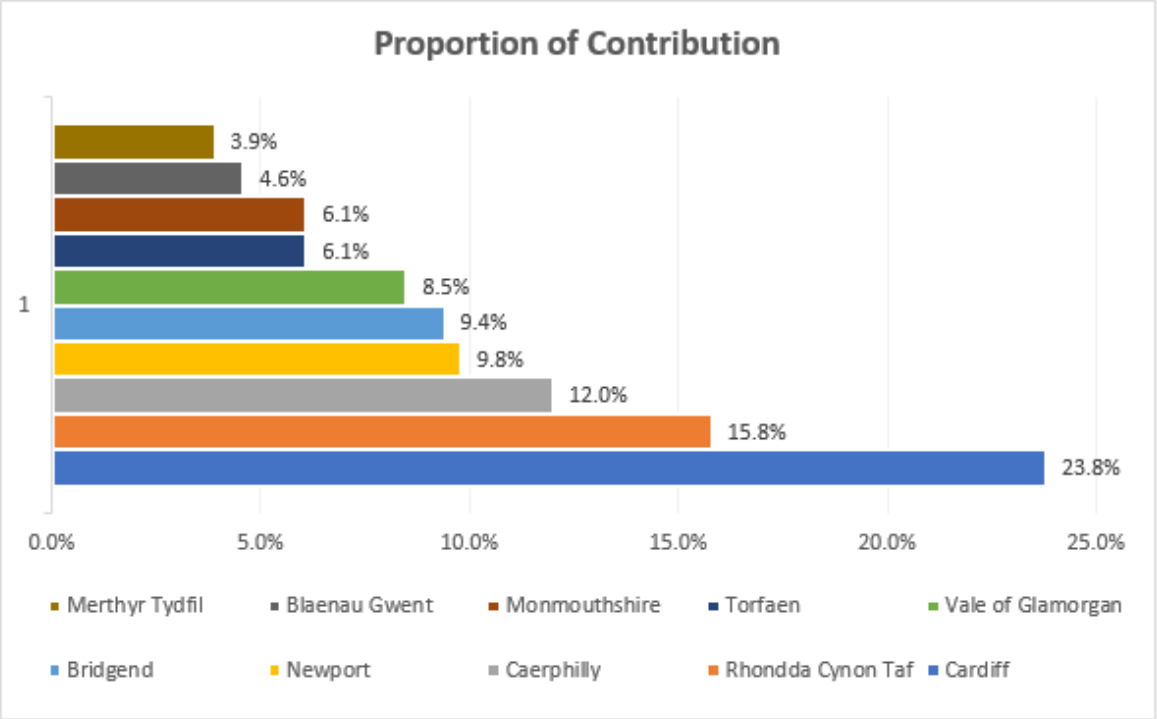
A focus for creating the conditions where our businesses and our people are best equipped to embrace the future. A keystone presence helping the region adapt, improvise and overcome periods of economic turbulence or social unrest.

*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 South Wales Metro project 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 15 years, with £50 million revenue grant paid in years 1-5, followed by £325 million of capital grant between years 6-15;
- £120 million Council contributions in the form of capital funding, being drawn down as required.

Up to 3% of the Wider Investment Fund (£14.85 million) 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 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 is undertaken by HM Treasury every 5 years. A new National Evaluation Framework (NEF) has been developed for the second Gateway Review cycle and the enhancements to the NEF will better demonstrate impact of the City Deal, across four thematic areas – Transport; People; Infrastructure; and Enterprise & Innovation.

A revised Local Evaluation Framework (LEF) was approved at Regional Cabinet in March 2023 and sets out the agreed methods for evaluation, timescales & detailed monitoring requirements. It sets the frame of context for CCR and determines how we will measure against outputs, outcomes, and impacts. The LEF also determines the reporting approach for the Department for Levelling Up, Housing and Communities (DLUHC), UK Government (UKG) and Welsh Government (WG) – helping to manage funder expectations while ensuring CCR is robustly assessing performance.

Funding for financial years 2021/22 to 2025/26 was 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.

There is a Mid Term Report that is completed that ensures that CCR City Deal is on track to pass the Gateway Review, and this was completed in February 2024. This is

allied to CCR's internal (quarterly) monitoring and regular meetings with UK Government and Welsh Government to ensure that the programme is on track.

Where funds have been committed and/or there is a clear intention to spend, carry forward of funding to future years is 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*

***A year of preparation and continued investment***

The financial year 2023 to 2024 was a year of considerable preparation for the Cardiff Capital Region City Deal team as it planned for the wholesale transition to the new Corporate Joint Committee (CJC) from April 2024. The management process involved application from a wide range of departments and skills, with the result that seven years of City Deal transactions and partnerships were transferred over to the new legal entity.

In addition, over 50 employees from the City Deal were successfully transferred using the Transfer of Undertakings (Protection of Employment) Regulations (TUPE).

A landmark plan was launched for the next five years and specific CCR £50m funds made crucial interventions with loans supporting innovation and growth in jobs.

***Launch of Regional Economic & Industrial Plan***

April saw the launch of CCR's Regional Economic & Industrial Plan (REIP) to cover 2023 to 2028, building on the inaugural plan that had already seen the City Deal deliver substantial investments and achieve significant intervention milestones focused on fulfilling a wider economic and social remit for South East Wales.

The REIP sets out CCR's plans for a bigger, fairer and greener economy – generating inclusive growth and creating conditions for shared prosperity. This will help reach the best possible opportunities and outcomes for every community across the ten local authorities that make up the Region.

The REIP represents a guiding light on how CCR aims to create a Region that is:

- **More Competitive** – Enabling businesses within our priority sectors and public services to achieve higher levels of productivity through innovation-led growth.
- **More Connected** – Investing in cutting-edge digital and physical infrastructure and growing our green economy to support the decarbonisation of SE Wales by 2050.
- **More Resilient** – Maximising 'good growth' by taking direct steps to reduce inequality, ensuring prosperity is shared and spread across our region.

Kellie Beirne, Director of the CCR City Deal explained that the plan will enable the Region to navigate extraordinary times by focusing on long-term ambition: "The new REIP sets out our approach to becoming a proud, connected and resilient Region,

reinforcing our long-term commitment and focus on ‘levelling up’ – and, critically, raising our ambitions to a new level”.

**A year of investments**

Launch of Cluster Development Growth Plan

In June 2023 CCR launched a unique £6.6m Cluster Development and Growth Programme (CDGP), jointly funded by CCR and the UK Shared Prosperity Fund. The two-year CDGP will targeted projects across the region, supporting activity within CCR’s priority sectors: Fintech, MedTech, Cybersecurity, Compound Semiconductors, and Creative Industries, along with CCR’s Net Zero ambitions.

Contracts were awarded to three delivery partners that each managed one of three targeted projects; a Skills Programme, a series of Academic-Industry Partnerships, and a Business Growth Programme.

Cardiff and Vale College led a network of higher and further education, and specialist skills partners to deliver the Skills Programme, the University of South Wales led the consortium for the Academic-Industry Partnership Programme and Grant Thornton LLP, alongside delivery partners Business in Focus, and Cardiff Metropolitan University School of Business, addressed scale-up support for enterprises in the Business Growth Programme.

Innovation Investment Capital invests in AMPLYFI

Announced in September 2023, CCR's Innovation Investment Capital (IIC) announced its first investment, which was into AMPLYFI, the Cardiff-based disruptive generative artificial intelligence business. Their proprietary platform monitors and analyses vast amounts of written content from the web, summarising key developments and generating unique insights, enabling users to uncover trends, opportunities and exposing previously hidden links.

IIC launched in November 2022 with an initial £50 million from CCR and a mandate to invest long-term capital in sustainable growth opportunities across the ten unitary authorities that comprise the CCR. The fund’s General Partner is Capricorn Fund Managers (CFM), which is responsible for managing the fund and the overall portfolio and risk management, with PwC supporting CFM in advisory matters, including investment research and sourcing.

Strategic Premises Fund invests in Great Point Seren Studios

CCR announced a £12m Strategic Premises Fund investment in September 2023 to finance the future development of Great Point Seren Studios in Cardiff, envisaged to become one of Europe’s leading centres for Film & TV production. The CCR investment, in partnership with the Welsh Government’s Creative Wales agency who supplied a £6m grant, is supported by a further £21m of funding by Great Point

Media who bought the premises from the Welsh Government, having leased it since 2020.

The project will deliver 257,000 sq. ft of world-class production space, with four state-of-the-art studios and a comprehensive support infrastructure being built over two phases. In addition, the project will also support up to 750 freelance crew per year, up from the current 250, and the studio in Wales will become the headquarters for Great Point Studios.

Strategic Premises Fund invests in Ty Hotels

October 2024 saw CCR investing £9.7m from its Strategic Premises Fund to finance the completion of the 146-bed Ty Newport Hotel, just off the M4 corridor. The hotel forms part of the wider Celtic Manor Resort's umbrella in the region. The 146 hotel beds support the ability of the International Convention Centre Wales to host larger conferences, the first of these was the Royal College of Nursing Conference that took place in June 2024.

CCR funding has also helped the Hotel to benefit the region through its planned partnership with two local tertiary education institutions, which sees up to 50 young people per year completing the practical training component of their hospitality management courses at the Ty Newport Hotel.

Innovation Investment Capital invests in Mazuma

January 2024 was the investment date for the Innovation Investment Capital to invest several million pounds into Bridgend-based Mazuma, a disruptive online accountancy business that works for sole traders across the UK.

Mazuma is one of the leading providers of accountancy services for micro businesses in the UK, with a long-standing track record of innovation. Founded by Lucy Cohen and Sophie Hughes in 2006. Mazuma differentiates its business through a subscription model that allows subscribers to choose from a range of competitively priced accountancy packages and benefit from its proprietary technology through MazApp®.

Mazuma has been scaling the business and rolling out the MazApp® technology. With the addition of this new investment from Innovation Investment Capital, Mazuma accelerated the development of its new accountancy technology solutions, expand the marketing and sales teams in Bridgend, and investing in the firm's infrastructure and operations to support growth.

**High profile events across the year**

Unleash 2023 conference at the ICC Wales

April 2023 was the date for CCR's first major conference aimed at the SME market in South East Wales. Cardiff Capital Region celebrated the businesses of South East Wales at the inaugural Unleash 2023 Business Conference – a new destination event geared to showcase the latest thinking on how enterprises in our Region can unleash their ambition and achieve sustainable 'good growth'.

The Unleash conference brought together the business figures and political leaders of our Region, plus Leaders from Microsoft, FAW, Tech Nation and others, to hear at first hand how enterprises across the UK (and the world) are embracing best practices in critical areas such as AI, cyber security, investment, inclusivity, creative thinking, talent attraction, tech adoption, and collaboration with academia. The Secretary of State for Wales and the Welsh Government Economy Minister attended and both spoke to the more than 350 delegates.

Launch of Cyber Innovation Hub, part funded by CCR

May 2023 saw the launch of the Cyber Innovation Hub (CIH) that aims to transform South Wales into a leading cluster. Based in the same Spark building as CCR, CIH is on a mission to transform South Wales into a leading cyber security cluster by 2030. It aims to do this by creating a world-class pipeline of new cyber security products, high-growth businesses, and technically-skilled talent.

CIH is led by Cardiff University and funded by Welsh Government and Cardiff Capital Region (CCR), alongside knowhow from partners including Airbus, the Alacrity Foundation, CGI, Thales, Tramshed Tech, and the University of South Wales.

Politicians, industry leaders, academics and funders from across the UK joined the launch at the University's Abacws building.

CCR launches South East Wales Business Climate Coalition to help SMEs collaborate on climate change

December 2023 saw CCR set up and host the inaugural conference for the newly formed Business Climate Coalition in South East Wales. Held in the auditorium at the Spark Building in Cardiff, the Net Zero Action Business Event saw over 80 business people, academics and government officials come together to promote collaboration among businesses to address climate change. With a slogan of "Courage, Pace and Collaboration" the South East Wales Business Climate Coalition is a collective effort among SMEs and multi-national organisations based in the Region to address climate change and promote sustainability across the Region.

The Chair of the Cardiff Capital Region Climate Coalition set the scene for the launch event: "The delegates here today are drawn from a whole range of business in the Region – they're businesses of all shapes and sizes from all sectors and they're here to learn and help achieve change. The climate crisis is happening now,

so the question is what we can do in Wales to help businesses make the difference."

CCR holds investment event at the House of Lords during Wales Week London

Investment opportunities in South Wales were the focus of a London event at the House of Lords which promoted the benefits of co-investment within the Cardiff Capital Region.

The 'Investing in the Cardiff Capital Region' event took place in February 2024, part of the annual Wales Week London programme. It aimed to develop dialogue with the investment community in Wales, London, and beyond, exploring opportunities around co-investment with the CCR's portfolio of funds such as the Innovation Investment Capital and Strategic Premises Fund.

More than 85 attendees including investors and developers, heard about the competitive advantages in the Region, its cluster strategy, the creation of the new Investment Zone, and the major redevelopment of the former Aberthaw Power Station site.

The event was hosted by Baroness Wilcox of Newport, and CCR director Kellie Beirne facilitated discussions between an expert panel comprising Wales Office Minister Fay Jones MP; Lucy Cohen of Mazuma, which recently received capital funding from the CCR's Innovation Investment Capital to help boost its operations; Michael Magee, a Partner at PwC; and George Richards, senior director at CBRE.

**MIPIM**

A team from CCR and the ten Local Authorities promoted South East Wales and its investment opportunities at the MIPIM event in Cannes, France from 12-14 March 2024.

Considered one of the leading global real estate events, 'Marche International des Professionals d'Immobilier' (MIPIM) attracts more than 26,000 participants each year, including 5,000 investors, 4,800 developers, and 500 journalists.

The CCR team promoted the region, holding a series of events across the week, highlighting its investment opportunities, commitment to sustainable development, and its communities.

Among the team attending MIPIM this week and welcoming guests to the CCR exhibition stand is CCR Ambassador Dan Biggar, former Wales and British Lions rugby player, and now playing for Toulon in the south of France.

**The year in statistics**

Overall investment performance demonstrates that investments made before 2023/24 are starting to deliver results. Figures listed below are always subject to variations and their nature are subject to updates due to the ebb and flow of commercial operations.

Jobs created: 1,925

Known Leverage: £90m

Private sector investment: £60m

Land unlocked (sqm): 6,881

EV charging points installed: 204

Further information can be found in the following documents:

**Cardiff Capital Region Cabinet 2023/24 Joint Committee Revenue Budget Final Outturn Position** as reported 26 July 2024 which sets out the financial performance against the approved revenue budget for the financial year. In summary (subject to Audit), the approved budget of £2,863,263 was underspent by £558,079 allowing a reduction in the budgeted drawdown of the Wider Investment Fund 'Top-Slice' funding and the carrying forward of £270,307 as a general reserve.

https://www.cardiffcapitalregion.wales/wp-content/uploads/2024/07/item-10-2023-24-final-outturn.pdf

**Cardiff Capital Region Cabinet 2023/24 Annual Business Plan – Quarter 4 Performance Report** as reported 26 July 2024 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 £1,952,000 against the approved 'Top-Slice' budget of £2,225,300 and expenditure of £44,898,100 on approved projects. Unused annual allocations are carried forward to fund future project expenditure.

https://www.cardiffcapitalregion.wales/wp-content/uploads/2024/07/item-11-2023-24-quarter-4-performance-report.pdf

**Cardiff Capital Region Cabinet Wider Investment Fund – Annual Business Plan 2024/25** which, as a requirement of the 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 2024/25 and the medium term, also setting out how this is expected to be funded.

https://cardiffcapitalregion.wales/wp-content/uploads/2024/01/item-7-annual-business-plan.pdf

**Establishment of the South East Wales Corporate Joint Committee.** Reports providing 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 can be found here:

Corporate Joint Committee Meetings - Cardiff Capital Region

*Financial Performance 2023/24*

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

**Table 1: 2023/24 Joint Committee Revenue Budget & Outturn Position**

| Joint Committee Revenue Budget | 2023/24 Budget £ | 2023/24 Out-turn £ | 2023/24 Variance £ |
|---|---|---|---|
| **Expenditure:** | | | |
| City Deal Office | 2,617,606 | 2,114,305 | (503,301) |
| Accountable Body Support Services | 305,559 | 305,308 | (251) |
| **Total** | **2,923,165** | **2,419,613** | **(503,552)** |
| **Funded by:** | | | |
| Partner Contributions | (1,278,963) | (988,336) | 290,627 |
| WIF 'Top-Slice' Contribution - Reserve | (1,644,202) | (1,431,277) | 212,925 |
| **Total** | **(2,923,165)** | **(2,419,613)** | **503,552** |
| | | | |
| **Net Position** | **0** | **0** | **0** |

The Joint Committee budget underspend of £503,552 for 2023/24 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: 2023/24 Wider Investment Fund 'Top-Slice' Budget & Outturn Position**

| Wider Investment Fund | 2023/24 Budget £ | 2023/24 Out-turn £ | 2023/24 Variance £ |
|---|---|---|---|
| **Expenditure:** | | | |
| Wider Investment Fund Top Slice | 2,093,200 | 1,310,433 | (782,767) |
| Approved Projects - Revenue | 5,698,900 | 4,184,078 | (1,514,822) |
| Future Revenue Projects | 1,013,800 | 0 | (1,013,800) |
| Sub Total Revenue | 8,805,900 | 5,494,511 | (3,311,389) |

| | | | |
|---|---|---|---|
| Approved Projects - Capital | 50,619,600 | 40,710,223 | (9,909,377) |
| Future Capital Projects | 7,200,000 | 0 | (7,200,000) |
| Sub Total Capital | 57,819,600 | 40,710,223 | (17,109,377) |
| | | | |
| **Total Investment** | **66,625,500** | **46,204,734** | **(20,420,766)** |
| | | | |
| **Funded by** | | | |
| HMT Contribution (Revenue) | (8,805,900) | (5,494,511) | 3,311,389 |
| HMT Contribution (Capital) | (28,181,000) | (40,710,223) | (12,529,223) |
| Sub Total HMT Contributions | (36,986,900) | (46,204,734) | (9,217,834) |
| Council Contribution | (29,638,600) | 0 | 29,638,600 |
| Temp Borrowing 'Cost of Carry' | 0 | 0 | 0 |
| Sub Total Council Contributions | (29,638,600) | 0 | 29,638,600 |
| | | | |
| **Total Funding** | **(66,625,500)** | **(46,204,734)** | **20,420,766** |
| | | | |
| **Net Position** | **0** | **0** | **0** |

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 2023/24 (£1,310,433) and anticipated 2024/25 spend are provided in the other reports for which links are provided above.

Table 2 also details the anticipated use of the Wider Investment Fund for approved and potential new projects during the year, as set out in the 2023/24 Annual Business Plan. Further detail on this is included in the Annual Business Plan – Quarter 4 Performance Report referenced above.

Key expenditure in 2023/24 was on the following approved projects:

| | **Expenditure** | | |
|---|---|---|---|
| **Project** | **Revenue £** | **Capital £** | **Total £** |
| Cyber Innovation Hub | 704,187 | 271,366 | **975,553** |
| Media.Cymru | 670,166 | 0 | **670,166** |
| Shared Prosperity Fund | 543,360 | 0 | **543,360** |
| Challenge Fund | 361,912 | 0 | **361,912** |
| Fintech Revenue | 350,000 | 0 | **350,000** |
| Graduate Scheme Exp | 339,365 | 0 | **339,365** |
| Cyber Masters | 271,645 | 0 | **271,645** |
| CSConnected | 259,572 | 1,811,486 | **2,071,058** |
| Premises Fund | 0 | 11,245,410 | **11,245,410** |
| Housing Viability Gap Fund | 0 | 9,436,946 | **9,436,946** |
| Innovation Investment Fund | 0 | 8,000,222 | **8,000,222** |
| Metro Plus | 0 | 6,230,000 | **6,230,000** |
| Metro Central | 0 | 823,454 | **823,454** |
| Equity and Loan Investments | 0 | 2,891,339 | **2,891,339** |

| | | | |
|---|---|---|---|
| **Sub-Total Projects over £250k** | **3,500,207** | **40,710,223** | **44,210,430** |
| Other | 683,872 | 0 | **683,872** |
| Wider Investment Fund Top Slice | 1,310,433 | 0 | **1,310,433** |
| **Total** | **5,494,511** | **40,710,223** | **46,204,734** |

## Financial Position as at 31 March 2024

The Joint Committee's Balance Sheet position is summarised below and provides details of its assets and liabilities as at 31 March 2024.

| **Summary of Balance Sheet** | **31 March 2023 £** | **31 March 2024 £** |
|---|---|---|
| | | |
| **Long Term Assets:** Long Term Debtors, Revenue and Capital | 67,783,659 | 88,584,522 |
| | | |
| **Current Assets & Liabilities:** Short Term Debtors, Cash & Cash Equivalents, less Short-Term Creditors | 23,673,545 | 45,432,843 |
| | | |
| **Long Term Liabilities** | (12,831,364) | (34,192,935) |
| | | |
| **Net Assets** | **78,625,840** | **99,824,430** |
| Usable Reserves<br>Unusable Reserves | 9,247,019<br>69,378,821 | 10,832,695<br>88,991,735 |
| **Financed by** | **78,625,840** | **99,824,430** |

*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 2024, the Joint Committee held Usable Reserves of £16,502,111. These are carried forward as a General Reserve of £270,306 to supplement Joint Committee Revenue Budget resources available in future years. In addition, Earmarked Reserves of £5,306,231 in relation to accumulated interest on investments

which is intended to be used to fund future project expenditure £446,372. This relates to future Gateway Review costs and a usable Capital Receipts reserve of £10,479,202 from recycled funding to be used to fund future project expenditure.

*Annual Governance Statement*

The Joint Committee's governance arrangements are set out in the Joint Working Agreement 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 is dynamic in nature and takes place following a review of a number of best practice statements and resulting actions where deemed required.

For 2023/24, the context for the assessment concentrated on the following areas:

- The significant strides forward in the deployment of the City Deal fund with £46.2m of funds being deployed, equating to around 10% of the total fund, by the year-end a total of 24 interventions had been approved since the launch of the Wider Investment Fund with £338m of the fund now committed;

- Performance - the City Deal has now entered the second Gateway Review cycle, which concludes in 2025. There has been significant progress in this area, including revision of the Local Evaluation Framework (LEF) which is a core requirement of the Gateway Review process;

- Preparation for Transition to South East Wales Corporate Joint Committee - CCR has been a key voice and driver in the transition to Corporate Joint Committees across Wales and worked with the UK & Welsh Governments to understand and resolve the challenges to transition. Given this progress, the Transition Plan for the CJC has been approved and workstreams have been enacted across key areas, from finance and HR to portfolio transfer and stakeholder engagement.

- Delivering For Our Communities - the transition to a fully functional CJC will ensure CCR is responsive to changes in the social, political, and economic climate. It will foster local government collaboration; develop new policies and approaches to fiscal levers and incentives; provide enhanced shared services; and improve sustainability and liveability.

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 2023/24 review builds on the assessments undertaken in previous years, outlining the extent to which the Joint Committee's financial management arrangements comply with the FM Code.

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

*Cardiff Capital Region - Re-energising our Region, Reshaping our Future*

## 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 Ltd, CCR Energy Ltd and Innovation Investment Capital (IIC) Ltd.

## 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 South East Wales Corporate Joint Committee 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 M A Brocklesby** **Date:**

**Chair of Cardiff Capital Region Joint Committee**

(Cllr Anthony Hunt held the role of Chair of the Cardiff Capital Region Joint Committee until it's dissolution on 31 March 2024. The functions of CCR have been novated to the South East Wales Corporate Joint Committee (SEWCJC) thereafter. Cllr Mary Ann Brocklesby was appointed Chair of SEWCJC on 3 June 2024.)

## 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 2023/24 (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 2023/24 and the financial position at 31 March 2024.

**Liam Hull** **Date:**

**Section 151 Officer**

(Chris Lee held the role of Section 151 Officer of the Cardiff Capital Region Joint Committee, as part of Cardiff Council's role as the Accountable Body until it's dissolution on 31 March 2024. The function of CCR have been novated to the South East Wales Corporate Joint Committee (SEWCJC) thereafter. Liam Hull was appointed as S151 officer for SEWCJC on 15 July 2024.)

## Audit of Financial Statements Report

**The report of the Auditor General for Wales to the members of South East Wales Corporate Joint Committee**

**Opinion on financial statements**

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 2024 under the Public Audit (Wales) Act 2004. Cardiff Capital Region City Deal Joint Committee 's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes, including the material accounting policies.

Cardiff Capital Region City Deal Joint Committee's Group financial statements comprise 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 the material 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 2023-24.

In my opinion, in all material respects, 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 2024 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 2023-24.

**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.

My staff and I are independent of the [name of local government body 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 Cardiff Capital Region City Deal Joint Committee 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 is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24;

- The information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is 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 Cardiff Capital Region City Deal Joint Committee 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:

- I have not received all the information and explanations I require for my audit;

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team; or

- the financial statements are not in agreement with the accounting records and returns.

-

## 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 and Cardiff Capital Region City Deal Joint

Committee Group's financial statements, which give a true and fair view and comply with proper practices;

- maintaining proper accounting records;

- internal controls 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; and

- assessing the Cardiff Capital Region City Deal Joint Committee and Cardiff Capital Region City Deal Joint Committee 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 the responsible financial officer anticipates that the services provided by the Cardiff Capital Region City Deal Joint Committee and Cardiff Capital Region City Deal Joint Committee Group will not continue to be provided in the future.

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

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

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, 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 Cardiff Capital Region City Deal Joint Committee 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 the following areas: revenue recognition, expenditure recognition and the posting of unusual journals;

- Obtaining an understanding of Cardiff Capital Region City Deal Joint Committee and Cardiff Capital Region City Deal Joint Committee Group's framework of authority as well as other legal and regulatory frameworks that they operate 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 and Cardiff Capital Region City Deal Joint Committee Group; and

- Obtaining an understanding of related party relationships.

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, those charged with governance and legal advisors about actual and potential litigation and claims;

- reading minutes of meetings of those charged with governance;

- 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 Cardiff Capital Region

City Deal Joint Committee 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.

**Other auditor's responsibilities**

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## 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 Cardiff Capital Region City Deal Joint Committee 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

[Date] Cardiff,

1 Capital Quarter

Tyndall Street

CF10 4BZ

## 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 2024 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 2023/24 (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**
   International Financial Reporting Standard 16 – Leases was adopted in the 2022/23 Code. Following a consultation with local authorities and auditors, the timescale for required adoption has been pushed back to the financial year beginning 1 April 2024 or earlier if deemed possible. 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. Cash is represented by cash in hand and the net balance attributable to Cardiff Capital Region City Deal on all of the Council's bank accounts. It includes deposits with financial institutions that are repayable on notice of not more than 24 hours without significant penalty. It also includes investments maturing and interest received on the first working day of April.

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 are 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. This funding is then applied to the capital adjustment account through the Movement in Reserves Statement, to finance the capital expenditure in year.

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 2023/24 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 CSC Foundry Ltd 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.

- The CCR Energy Ltd Investment property held at the balance sheet date is valued as per the company's accounts prepared by their appointed accountants Baker Knoyle Ltd and includes the original purchase price, various other capitalised acquisition and demolition costs and a provision for future costs required to fully demolish and remediate the site.

## 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 statutory accounts have two types of reserves, usable and unusable. The Joint Committee sets aside amounts as usable reserves for future policy purposes or to cover contingencies, which can be used for future spend. Unusable 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 and cannot be used for future spend.

**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.

## 2023/24 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.

| 2022/2023 restated £ | | Notes | 2023/2024 £ |
|---|---|---|---|
| | **Cost of Services** | | |
| 2,220,378 | Staff Costs | 2 | 2,566,695 |
| 33,127 | Premises | 3 | 44,450 |
| 4,354 | Transport | 4 | 31,026 |
| 4,272,441 | Supplies & Services | 5 | 12,483,598 |
| 15,928,663 | Revenue Expenditure funded from Capital Under Statute | 6 | 22,087,585 |
| 361,440 | Support Services | 7 | 363,506 |
| 677,029 | Capital Charges | 13 | 954,688 |
| **23,497,432** | **Operating Expenditure** | | **38,531,548** |
| (1,218,011) | Contributions from Local Authorities | 8/11 | (1,278,963) |
| (21,543,050) | Grant Income | 8 | (29,592,512) |
| (264,183) | Fees and Charges | 8 | (539,768) |
| 0 | Contributions from Reserves | 8 | (66,112) |
| **(23,025,244)** | **Operating Income** | | **(31,477,356)** |
| **472,188** | **Net Cost of Services** | | **7,054,192** |
| (1,490,148) | Interest & Investment Income | 16 | (4,115,144) |
| **(1,490,148)** | **Financing & Investment Income & Expenditure** | | **(4,115,144)** |
| (27,816,234) | Recognised Capital Grants & Contributions | 22 | (22,232,966) |
| **(27,816,234)** | **Taxation and Non-Specific Grant Income** | | **(22,232,966)** |
| | | | |
| **(28,834,194)** | **(Surplus) / Deficit on Provision of Services** | | **(19,293,918)** |
| (220,252) | Other Comprehensive Income & Expenditure | 16 | (2,011,963) |
| **(29,054,446)** | **Total Comprehensive Income & Expenditure** | | **(21,305,881)** |

## 2023/24 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 £ | Revaluation Reserve £ | Accumulated Absence Account £ | Total Unusable Reserves £ | Total Reserves £ |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 31st March 2023 Carried Forward (Restated)** | **270,306** | **2,078,527** | **6,898,186** | **9,247,019** | **65,192,249** | **4,343,541** | **(22,022)** | **69,513,768** | **78,760,787** |
| **Movements in Reserves During 2023/24** | | | | | | | | | |
| Surplus / (Deficit) on the Income and Expenditure Account | 21,305,881 | | | **21,305,881** | | | | **0** | **21,305,881** |
| **Total Comprehensive Income and Expenditure** | **21,305,881** | **0** | **0** | **21,305,881** | **0** | **0** | **0** | | **21,305,881** |
| Adjustments between Accounting Basis and Funding Basis | (17,656,619) | (5,627,989) | 0 | (23,284,608) | 21,278,278 | 2,011,963 | (5,634) | **23,284,607** | **(0)** |
| **Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves** | **3,649,262** | **(5,627,989)** | **0** | **(1,978,727)** | **21,278,278** | **2,011,963** | **(5,634)** | **23,284,607** | **21,305,880** |
| Transfers to/(from) Reserves | **(3,649,262)** | **3,649,262** | **3,581,016** | **3,581,016** | **(3,581,016)** | | | **(3,581,016)** | **0** |
| **Increase/(Decrease in Year)** | **0** | **(1,978,727)** | **3,581,016** | **1,602,289** | **17,697,262** | **2,011,963** | **(5,634)** | **19,703,591** | **21,305,880** |
| | | | | | | | | | |
| **Balance at 31st March 2024** | **270,306** | **99,800** | **10,479,202** | **10,849,308** | **82,889,511** | **6,355,504** | **(27,656)** | **89,217,359** | **100,066,667** |

| Movements in Reserves | General Fund Balance £ | General Fund Earmarked Reserves £ | Usable Capital Receipts Reserve £ | Total Usable Reserves £ | Capital Adjustment Account £ | Revaluation Reserve £ | Accumulated Absence Account £ | Total Unusable Reserves £ | Total Reserves £ |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 31st March 2022 Carried Forward (Restated)** | **212,080** | **465,341** | **1,350,000** | **2,027,421** | **43,631,229** | **4,123,289** | **(45,599)** | **47,708,919** | **49,736,340** |
| **Movements in Reserves During 2022/23** | | | | | | | | | |
| Surplus / (Deficit) on the Income and Expenditure Account | 29,054,448 | 0 | 0 | **29,054,448** | 0 | 0 | 0 | **0** | **29,054,448** |
| **Total Comprehensive Income and Expenditure** | **29,054,448** | **0** | **0** | **29,054,448** | **0** | **0** | **0** | **0** | **29,054,448** |
| Adjustments between Accounting Basis and Funding Basis | (27,383,035) | | 0 | **(27,383,035)** | 27,139,206 | 220,252 | 23,577 | **27,383,035** | **0** |
| **Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves** | **1,671,413** | **0** | **0** | **1,671,413** | **27,139,206** | **220,252** | **23,577** | **27,383,035** | **29,054,448** |
| Transfers to/(from) Reserves | **(1,613,186)** | **1,613,186** | **5,548,186** | **5,548,186** | **(5,548,186)** | **0** | **0** | **(5,548,186)** | **0** |
| **Increase/(Decrease in Year)** | **58,227** | **1,613,186** | **5,548,186** | **7,219,599** | **21,561,020** | **220,252** | **23,577** | **21,804,849** | **29,054,448** |
| | | | | | | | | | |
| **Balance at 31st March 2023** | **270,307** | **2,078,527** | **6,898,186** | **9,247,020** | **65,192,249** | **4,343,541** | **(22,022)** | **69,513,768** | **78,760,787** |

## Balance Sheet as at 31 March 2024

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

| 31st March 2023 (restarted) £ | | Notes | 31st March 2024 £ |
|---|---|---|---|
| 824,542 | Property, Plant & Equipment - Assets Under Construction | 13 | 824,542 |
| 3,388,415 | Property, Plant & Equipment | 13 | 4,638,328 |
| 11,843,567 | Equity | 16 | 15,655,633 |
| 924,600 | Limited Partnership Contribution | 16 | 8,867,222 |
| 2,055,000 | Long Term Loans – Revenue | 16 | 2,109,504 |
| 47,109,767 | Long Term Loans – Capital | 16 | 56,753,378 |
| **66,145,891** | **Long Term Assets** | | **88,848,607** |
| 5,199,144 | Short Term Debtors | 14 | 5,681,242 |
| 5,000,406 | Short Term Loans – Capital | 16 | 5,130,394 |
| 47,022,724 | Cash & Cash Equivalents | 15 | 57,015,380 |
| **57,222,274** | **Current Assets** | | **67,827,016** |
| (31,753,992) | Short Term Creditors | 18 | (22,388,364) |
| (22,023) | Accumulated Absences | 17 | (27,656) |
| **(31,776,015)** | **Current Liabilities** | | **(22,416,020)** |
| (12,831,364) | Long Term Creditors | 18 | (34,192,935) |
| **(12,831,364)** | **Long Term Liabilities** | | **(34,192,935)** |
| **78,760,786** | **Net Assets** | | **100,066,668** |
| 9,247,019 | Usable Reserves | 19 | 10,849,309 |
| 4,343,541 | Equity Revaluation Reserve | 16 | 6,355,504 |
| 65,192,249 | Capital Adjustment Account | 22 | 82,889,511 |
| (22,023) | Accumulated Absences | 17 | (27,656) |
| **78,760,786** | **Total Reserves** | | **100,066,688** |

## 2023/24 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 2023 restated £ | | Notes | 31 March 2024 £ |
|---|---|---|---|
| (28,834,194) | Net (Surplus) / Deficit on the provision of services | | (19,293,918) |
| 24,115,764 | Adjust net surplus or deficit on the provision of services for non-cash movements | 21 | (12,474,169) |
| **(4,718,430)** | **Net cash flows from operating activities** | | **(31,768,087)** |
| 22,996,270 | Investing activities | 21 | 21,775,431 |
| **18,277,840** | **Net (increase) / decrease in cash and cash equivalents** | | **(9,992,656)** |
| (65,300,564) | Cash and cash equivalents at the beginning of the reporting period | | (47,022,724) |
| **(47,022,724)** | **Cash balance as at 31 March** | | **(57,015,380)** |

## Notes to the Core Financial Statements

### 1. Prior Period Restatement

The prior period restatement effects Notes 13, 18, 21 & 22 of the Single Entity (SE) and Notes 40, 42 and 43 of the Group Accounts (Grp).

In the Financial Year 2023/24 a review of how the fixed asset register was calculated occurred and the accounting methodology that was used in 2022/23 changed due to new information being available, this meaning that the financial statements and notes referred to above have been restated.

The movement between the previous and current figures are set out below:

| Category | Movement |
|---|---|
| Assets Under Construction (Vehicles, Property, Plant & Equipment | (£605,763) – Balance Sheet (SE and Grp), 13 |
| Vehicles, Property, Plant & Equipment | (£1,166,952) – Balance Sheet (SE and Grp), 13 |
| Depreciation | £134,947– Balance Sheet, Comprehensive Income & Expenditure Statement, Cashflow Statement (SE and Grp), 13, 21, 22, 42, 43 |
| Short-Term Creditors | £1,772,716 – Balance Sheet, Cashflow Statement (SE and Grp),18, 40 |

### 2. 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 | |
|---|---|---|
| £ | 2022/23 | 2023/24 |
| 120,000 - 124,999 | 1 | 1 |
| 100,000 - 104,999 | 0 | 1 |
| 90,000 - 94,999 | 1 | 0 |
| 75,000 - 79,999 | 0 | 3 |
| 70,000 - 74,999 | 2 | 0 |
| 65,000 - 69,999 | 2 | 0 |
| **Total** | **6** | **5** |

| Post Title | Salary, fees and allowances £ | Employers Pension Contributions £ | Total £ | Notes |
|---|---|---|---|---|
| Chief Executive | 124,696 | 29,439 | 154,135 | Post commenced August 2018. |
| Chief Operating Officer | 102,780 | 19,939 | 122,719 | Post commenced August 2019. |
| Head of Finance, Risk and Assurance | 76,815 | 14,902 | 91,717 | Post commenced August 2019. |
| Head of Inclusive Growth & Business Development | 76,815 | 15,535 | 92,350 | Post commenced July 2019. |
| Head of Governance, Policy & Communications | 23,566 | 4,490 | 28,056 | Post commenced October 2021 and vacated July 2023 |
| Head of Digital & Data Innovation | 76,815 | 14,902 | 91,717 | Post commenced September 2021 |
| Head of Programme Management Office | 53,249 | 0 | 53,249 | Post commenced July 2023. Annualised Salary £76,815 |
| Senior Programme Manager | 55,753 | 10,816 | 66,569 | Post commenced July 2023. Annualised Salary £76,815 |
| Senior Programme Manager | 49,667 | 9,635 | 59,302 | Post commenced July 2023. Annualised Salary £66,801 |
| **Total Senior Staff** | **640,155** | **119,659** | **759,813** | |

During 2024/25 CCR's Monitoring Officer services were provided by a recruitment

agency at a cost of £82k commencing in October 2023. The named Monitoring Officer during this period was Jayne LaGrua.

Note: Accumulated Absence Accrual costs for these Officers total £10,769 and Employers NI Contributions total £78,298.

**Prior Year for Comparison:**

| Post Title | Salary, fees, and allowances £ | Employers Pension Contributions £ | Total £ | Notes |
|---|---|---|---|---|
| City Deal Director | 120,479 | 29,035 | 149,514 | Post commenced August 2018. |
| Chief Operating Officer | 92,245 | 19,095 | 111,340 | Post commenced August 2019. |
| Head of Finance, Risk and Assurance | 74,217 | 15,363 | 89,580 | Post commenced August 2019. |
| Head of Inclusive Growth & Business Development | 70,955 | 14,688 | 85,643 | Post commenced July 2019. |
| Head of Governance, Policy & Communications | 67,839 | 14,043 | 81,882 | Post commenced October 2021. |
| Head of Innovation & Clusters | 54,729 | 9,730 | 64,459 | Post commenced August 2021 and ceased November 2022 Annualised 2022/23 Salary £74,217. |
| Head of Digital & Data Innovation | 68,902 | 14,262 | 83,164 | Post commenced September 2021. |
| **Total Senior Staff** | **549,366** | **116,216** | **665,582** | |

## 3. Premises

The following table analyses premises expenditure for the year.

| 2022/23 £ | Premises | 2023/24 £ |
|---|---|---|
| 31,055 | Rents | 44,753 |
| 2,072 | Other Premises Related Expenditure | (303) |
| **33,127** | **Total** | **44,450** |

## 4. Transport

The following table analyses transport expenditure for the year.

| 2022/23 £ | Transport | 2023/24 £ |
|---|---|---|
| 766 | Car Allowances | 1,952 |
| 3,587 | Travel Expenses | 29,074 |
| **4,354** | **Total** | **31,026** |

## 5. Supplies and Services

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

| 2022/23 £ | Supplies & Services | 2023/24 £ |
|---|---|---|
| 32,910 | ICT, Telephones, Printing & Software | 55,711 |
| 89,722 | Meeting Room Hire & Other Meeting Costs | 163,274 |
| 67,472 | Marketing, Branding & Communications | 212,517 |
| 2,025,665 | Programme Support* | 3,128,436 |
| 1,862,860 | Revenue Project Grants** | 2,172,093 |
| 193,812 | Other Supplies & Services Costs*** | 6,751,566 |
| **4,272,441** | **Total** | **12,483,597** |

* Programme 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.

| 2022/23 £ | **Revenue Project Grants | 2023/24 £ |
|---|---|---|
| 800,000 | FinTech Wales | 350,000 |
| 0 | CSConnected | 204,072 |
| 557,792 | Media.Cymru | 690,166 |
| 277,860 | Cyber Masters | 274,552 |
| 141,742 | Cyber Innovation Hub | 583,025 |
| 85,466 | Shared Apprenticeship Scheme | 40,278 |
| 0 | Data Ambition | 30,000 |
| **1,862,860** | **Total** | **2,172,093** |

*** Other Supplies & Services Costs includes payments made in respect of the Aberthaw Project Litigation provision. See notes 19 and 24 for further information.

## 6. 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.

| 2022/23<br>£ | Revenue Expenditure funded from Capital under Statute (REFCUS) | 2023/24<br>£ |
|---|---|---|
| 10,771,382 | Metro Plus Schemes | 6,230,000 |
| 2,250,508 | Housing Viability Gap Fund | 11,532,873 |
| 799,196 | Challenge Fund | 1,560,969 |
| 157,952 | Premises Fund | 138,393 |
| 1,262,076 | Metro Central | 823,454 |
| 403,694 | Innovation Investment Capital | 1,429,293 |
| 283,855 | Cyber Innovation Hub | 271,366 |
| 0 | Fibre to the Premises | 101,237 |
| **15,928,663** | **Charged to Income & Expenditure Statement** | **22,087,585** |
| (15,928,663) | WIF HM Treasury Grant | (22,087,585) |
| 0 | Local Authority Contributions | 0 |
| **(15,928,663)** | **Grants and Contributions** | **(22,087,585)** |

## 7. Support Services

The following table analyses support service expenditure for the year.

| 2022/23<br>£ | Support Service Costs | 2023/24<br>£ |
|---|---|---|
| 16,417 | HR People Services | 38,553 |
| 125,000 | Accountancy Support | 115,000 |
| 4,857 | Exchequer, Internal Audit & Insurance | 4,967 |
| 121,060 | Legal & Governance Support | 123,485 |
| 24,998 | ICT, Information & Governance | 28,903 |
| 5,500 | Translation Services | 1,690 |
| 63,558 | External Audit | 50,908 |
| 50 | Other Support | 0 |
| **361,440** | **Total** | **363,506** |

## 8. Income

The following table analyses income accounted for during the year.

| 2022/23<br>£ | Income | 2023/24<br>£ |
|---|---|---|
| (1,218,011) | Contributions from Local Authorities | (1,278,963) |
| (21,543,050) | Grant Income | (29,592,512) |
| (264,184) | Fees and Charges | (539,768) |
| 0 | Contributions from Reserves | (66,112) |
| **(23,025,244)** | **Total** | **(31,477,356)** |

Contributions from Local Authorities are in respect of the Joint Committee Revenue Budget from the ten partnering authorities.

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.

Contributions from Reserves represents funding carried forward from underspends in previous years, earmarked to fund future expenditure.

Grant Income is the drawdown of funding provided by the HM Treasury Revenue Grant, Received via Welsh Government:

| 2022/23<br>£ | Grants and Contributions Credited to Operating Income | 2023/24<br>£ |
|---|---|---|
| (258,255) | Local Area Energy Planning Grant | (912,289) |
| (46,155) | Shared Prosperity Fund Grant | (1,037,859) |
| 0 | WG Regional Transport Plan Grant | (125,000) |
| (3,258) | ULEV Grant via Merthyr Tydfil County Borough Council | 0 |
| (21,235,382) | WIF HM Treasury Grant | (27,517,365) |
| **(21,543,050)** | **Total** | **(29,592,512)** |

The grants and contributions are credited to the Comprehensive Income and Expenditure Statement from a combination of in-year cash receipts and cash received in prior years and carried forward in the balance sheet as short and long-term creditors, in accordance with the funding's terms and conditions.

| 2022/23<br>£ | Grants and Contributions Receipts in Advance | 2023/24<br>£ |
|---|---|---|
| (28,181,000) | WIF HM Treasury Grant - Short Term Creditor | (9,022) |
| (600,000) | SBRI Challenge Fund Grant | (600,000) |
| **(28,781,000)** | **Sub Total** | **(609,022)** |
| (7,831,364) | WIF HM Treasury Grant - Long Term Creditor | (33,266,304) |
| (5,000,000) | Housing Viability Gap Funding - Long Term Creditor | (2,889,321) |
| **(12,831,364)** | **Sub Total** | **(36,155,625)** |
| | | |
| **(41,612,364)** | **Total** | **(36,764,647)** |

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.

## 9. Expenditure and Funding Analysis

| Expenditure and Funding Analysis 2023/24 | Net Expenditure Chargeable to General Fund Balances | Adjustments between accounting and funding basis - Capital | Adjustments between accounting and funding basis - Other | Comprehensive Income & Expenditure 2023/24 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Staff Costs | 2,539,039 | 0 | (27,656) | 2,566,695 |
| Premises | 44,450 | 0 | 0 | 44,450 |
| Transport | 31,026 | 0 | 0 | 31,026 |
| Supplies & Services | 12,483,598 | 0 | 0 | 12,483,598 |
| Revenue Expenditure funded from Capital Under Statute | 0 | (22,087,585) | 0 | 22,087,585 |
| Support Services | 363,506 | 0 | 0 | 363,506 |
| Capital Charges | 0 | (954,688) | 0 | 954,688 |
| Contributions from Local Authorities | (1,278,963) | 0 | 0 | (1,278,963) |
| Grant Income | (29,592,512) | 0 | 0 | (29,592,512) |
| Fees and Charges | (539,768) | 0 | 0 | (539,768) |
| Contributions from Reserves | (66,112) | 0 | 0 | (66,112) |
| **Net Cost of Services** | **(16,015,738)** | **(23,042,273)** | **(27,656)** | **7,054,192** |
| Interest & Investment Income | (4,115,144) | 0 | 0 | (4,115,144) |
| Recognised Capital Grants & Contributions | (3,581,016) | 18,651,950 | 0 | (22,232,966) |
| Revaluation (Gain) / Loss on Equity Investments | 0 | 2,011,963 | 0 | (2,011,963) |
| **(Surplus) or Deficit** | **(23,711,898)** | **41,796,811** | **(27,656)** | **(21,305,881)** |

| | |
|---|---|
| | |
| Opening Usable Reserves Balance 1 April 2023 | (9,247,020) |
| | |
| **Plus Surplus on Usable Reserves Balance in Year** | |
| Transfer, surplus to General Fund | 0 |
| Transfer, General Fund to Earmarked Reserves | 1,978,727 |
| Transfer, Capital Adjustment Account to Usable Capital Receipts Reserve | (3,581,016) |
| **Closing Usable Reserves Balance 31 March 2024** | **(10,849,309)** |

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).

| 2022/23 for Comparison (Adjusted) | Net Expenditure Chargeable to General Fund Balances<br>£ | Adjustments between accounting and funding basis - Capital<br>£ | Adjustments between accounting and funding basis - Other<br>£ | Comprehensive Income & Expenditure 2022/23<br>£ |
|---|---|---|---|---|
| Staff Costs | 2,196,801 | 0 | (23,577) | 2,220,378 |
| Premises | 33,127 | 0 | 0 | 33,127 |
| Transport | 4,354 | 0 | 0 | 4,354 |
| Supplies & Services | 4,272,441 | 0 | 0 | 4,272,441 |
| Revenue Expenditure funded from Capital Under Statute | 0 | (15,928,663) | 0 | 15,928,663 |
| Support Services | 361,440 | 0 | 0 | 361,440 |
| Capital Charges | 0 | (677,029) | 0 | 677,029 |
| Contributions from Local Authorities | (1,218,011) | 0 | 0 | (1,218,011) |
| Grant Income | (21,543,050) | 0 | 0 | (21,543,050) |
| Fees and Charges | (264,183) | 0 | 0 | (264,183) |
| **Net Cost of Services** | **(16,157,081)** | **(16,605,692)** | **(23,577)** | **472,188** |
| Interest & Investment Income | (1,490,148) | 0 | 0 | (1,490,148) |
| Recognised Capital Grants & Contributions | (5,548,186) | 22,268,048 | 0 | (27,816,234) |
| Revaluation (Gain) / Loss on Equity Investments | 0 | 220,252 | 0 | (220,252) |
| **(Surplus) or Deficit** | **(23,195,415)** | **5,882,608** | **(23,577)** | **(29,054,446)** |
| | | | | |
| Opening Usable Reserves Balance 1 April 2022 (Restated) | (2,027,421) | | | |
| | | | | |
| **Plus Surplus on Usable Reserves Balance in Year** | | | | |
| Transfer, surplus to General Fund | (58,227) | | | |
| Transfer, General Fund to Earmarked Reserves | (1,613,186) | | | |
| Transfer, Capital Adjustment Account to Usable Capital Receipts Reserve | (5,548,186) | | | |
| **Closing Usable Reserves Balance 31 March 2023** | **(9,247,020)** | | | |

## 10. 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.

| 2023/24 | General Fund Movement £ | Equity Revaluation Reserve Movement £ | Capital Adjustment Account Movement £ | Accumulated Absence Account Movement £ | Total Reserves Movement £ |
|---|---|---|---|---|---|
| **Equity Revaluation Reserve:** | | | | | |
| Revaluation Gain on Equity Investments credited to CIES | (2,011,963) | 2,011,963 | 0 | 0 | **0** |
| **Capital Adjustment Account:** | | | | | |
| Capital Grants and Contributions credited to the CIES that have been applied to capital financing | (22,232,966) | 0 | 22,232,966 | 0 | **0** |
| Charges for depreciation and impairment of non-current assets | 954,688 | 0 | (954,688) | 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. | (5,633) | 0 | 0 | 5,633 | **0** |
| **Total** | **(23,295,875)** | **2,011,963** | **21,278,278** | **5,633** | **0** |

| 2022/23 for Comparison | General Fund Movement £ | Equity Revaluation Reserve Movement £ | Capital Adjustment Account Movement £ | Accumulated Absence Account Movement £ | Total Reserves Movement £ |
|---|---|---|---|---|---|
| **Equity Revaluation Reserve:** | | | | | |
| Revaluation Gain on Equity Investments credited to CIES | (220,252) | 220,252 | 0 | 0 | **0** |
| **Capital Adjustment Account:** | | | | | |
| Capital Grants and Contributions credited to the CIES that have been applied to capital financing | (27,816,235) | 0 | 27,816,235 | 0 | **0** |
| Charges for depreciation and impairment of non-current assets | 677,029 | 0 | (677,029) | 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. | (23,577) | 0 | 0 | 23,577 | **0** |
| **Total** | **(27,383,035)** | **220,252** | **27,139,206** | **23,577** | **0** |

## 11. 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 2023/24 are detailed in note 7.

Such transactions are detailed below.

| Related Party Transactions | Revenue £ | Capital £ | 2023/24 £ |
|---|---|---|---|
| Blaenau Gwent CBC | (59,085) | 0 | (59,085) |
| Bridgend CBC | (120,722) | 0 | (120,722) |
| Caerphilly CBC | (153,068) | 0 | (153,068) |
| City of Cardiff Council | (303,442) | 0 | (303,442) |
| Merthyr Tydfil CBC | (50,402) | 0 | (50,402) |
| Monmouthshire County Council | (78,568) | 0 | (78,568) |
| Newport City Council | (125,545) | 0 | (125,545) |
| Rhondda Cynon Taf CBC | (201,705) | 0 | (201,705) |
| Torfaen CBC | (78,024) | 0 | (78,024) |
| Vale of Glamorgan Council | (108,402) | 0 | (108,402) |
| **Sub Total: Local Authority Contributions** | **(1,278,963)** | **0** | **(1,278,963)** |
| HMT Capital Grant Funding (via Welsh Government) | 0 | (52,000,000) | (52,000,000) |
| Ultra-Low Emission Vehicle Grant Funding | 0 | (1,430,747) | (1,430,747) |
| Welsh Government Food Challenge Grant | (125,000) | 0 | (125,000) |
| Welsh Government Local Area Energy Plan Grant | (912,289) | 0 | (912,289) |
| Shared Prosperity Fund Grant (via Rhondda Cynon Taf CBC) | (1,037,859) | 0 | (1,037,859) |
| **Sub Total: Contributions from Other Parties** | **(2,075,148)** | **(53,430,747)** | **(55,505,895)** |
| | | | |
| **Total** | **(3,354,111)** | **(53,430,747)** | **(56,784,858)** |

| For Comparison - Related Party Transactions 2022/23 | Revenue £ | Capital £ | 2022/23 £ |
|---|---|---|---|
| Blaenau Gwent CBC | (56,271) | 0 | (56,271) |
| Bridgend CBC | (114,973) | 0 | (114,973) |
| Caerphilly CBC | (145,779) | 0 | (145,779) |
| City of Cardiff Council | (288,944) | 0 | (288,944) |
| Merthyr Tydfil CBC | (48,002) | 0 | (48,002) |
| Monmouthshire County Council | (74,826) | 0 | (74,826) |
| Newport City Council | (119,567) | 0 | (119,567) |
| Rhondda Cynon Taf CBC | (192,100) | 0 | (192,100) |
| Torfaen CBC | (74,309) | 0 | (74,309) |
| Vale of Glamorgan Council | (103,240) | | (103,240) |
| **Sub Total: Local Authority Contributions** | **(1,218,011)** | **0** | **(1,218,011)** |
| HMT Capital Grant Funding (via Welsh Government) | 0 | (22,000,000) | (22,000,000) |
| Ultra-Low Emission Vehicle Grant Funding | 0 | (2,219,004) | (2,219,004) |
| Welsh Government Food Challenge Grant (SBRI) | 0 | (400,000) | (400,000) |
| Welsh Government Local Area Energy Plan Grant | (244,794) | 0 | (244,794) |
| Shared Prosperity Fund Grant (via Rhondda Cynon Taf CBC) | (46,155) | 0 | (46,155) |
| **Sub Total: Contributions from Other Parties** | **(290,948)** | **(24,619,004)** | **(24,909,952)** |
| | | | |
| **Total** | **(1,508,959)** | **(24,619,004)** | **(26,127,963)** |

### 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.

The declaration forms that have been used 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 to be set out in the Statement of Accounts.

## 12. External Audit Costs

| 2022/23 £ | External Audit Costs | 2023/24 £ |
|---|---|---|
| 48,657 | Joint Committee Financial Audit | 73,657 |
| 20,566 | Joint Committee Performance Audit | 24,109 |
| **69,223** | **Total** | **97,766** |

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 2023/24 audit will be charged following the completion of audit work.

## 13. Property, Plant and Equipment

| Property, Plant and Equipment | Vehicles, Plant & Equipment | Vehicles, Plant & Equipment Under Construction | Total Property, Plant & Equipment |
|---|---|---|---|
| **Movements in Cost or Values** | **£** | **£** | **£** |
| **31-Mar-23 (restated)** | **4,478,217** | **824,542** | **5,302,758** |
| Additions | 774,297 | 1,430,305 | **2,204,602** |
| Other Reclassifications – Transfers | 1,430,305 | (1,430,305) | **0** |
| **31-Mar-24** | **6,682,819** | **824,542** | **7,507,360** |

| **Movements in Depreciation/Impairment** | **£** | **£** | **£** |
|---|---|---|---|
| **31-Mar-23 (restated)** | **1,089,802** | **0** | **1,089,802** |
| Depreciation Charge | 954,688 | 0 | **954,688** |
| **31-Mar-24** | **2,044,490** | **0** | **2,044,490** |

| **Net Book Value** | **£** | **£** | **£** |
|---|---|---|---|
| **At 31 March 2023 (restarted)** | **3,388,415** | **824,542** | **4,212,956** |
| **At 31 March 2024** | **4,638,328** | **824,542** | **5,462,870** |

| Property, Plant and Equipment (restated) | Vehicles, Plant & Equipment | Vehicles, Plant & Equipment Under Construction | Total Property, Plant & Equipment |
|---|---|---|---|
| **Movements in Cost or Values** | **£** | **£** | **£** |
| **31-Mar-22** | **3,150,400** | **824,542** | **3,974,942** |
| Additions | 41,581 | 1,286,236 | **1,327,817** |
| Other Reclassifications - Transfers | 1,286,236 | (1,286,236) | **0** |
| **31-Mar-23** | **4,478,217** | **824,542** | **5,302,759** |

| **Movements in Depreciation/Impairment** | **£** | **£** | **£** |
|---|---|---|---|
| **31-Mar-22** | **450,057** | **0** | **450,057** |
| Depreciation Charge | 639,745 | 0 | **639,745** |
| **31-Mar-23** | **1,089,802** | **0** | **1,089,802** |

| **Net Book Value** | **£** | **£** | **£** |
|---|---|---|---|
| **At 31 March 2022** | **2,700,343** | **824,542** | **3,524,885** |
| **At 31 March 2023** | **3,388,415** | **824,542** | **4,212,957** |

Other Long-Term Assets are of an investment nature and shown in Note 16: Financial Instruments.

## 14. Short Term Debtors

| 31 March 2023 £ | Short Term Debtors | 31 March 2024 £ |
|---|---|---|
| 1,341,479 | Central Government Bodies | 3,548,437 |
| 422,233 | Other Local Authorities | 802,491 |
| 3,435,432 | Other Entities and Individuals | 1,330,314 |
| **5,199,144** | **Total** | **5,681,242** |

The main components of the Debtor Balances with Other Local Authorities as at 31 March 2024 are mainly a result of timings of recharges being made at Financial Year End.

The Debtor Balance with Other Entities and Individuals consists mainly of repayments of loans made to CSC Foundry (£1,091,172).

## 15. 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 £57,015,380 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 2023 £ | Cash and Cash Equivalents | 31 March 2024 £ |
|---|---|---|
| 47,022,724 | Cardiff Council Inter-Co Cash | 57,015,380 |
| **47,022,724** | **Total** | **57,015,380** |

## 16. 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.

Long Term Assets also include a Partnership Vehicle (IIC Ltd) which CCR has entered into, the transactions of which are contained in the Group Accounts section. The asset value of this at Balance Sheet date (£8,867,222) represents the financing provided to the Partnership and is not included below.

| Long Term Investments 2023/24 | Loans (At Carrying Value) £ | Equity (At Fair Value) £ | Total £ |
|---|---|---|---|
| **At 1 April 2023** | **49,164,767** | **11,843,567** | **61,008,334** |
| Amortised Interest | 1,672,102 | 0 | **1,672,102** |
| Additions | 12,097,017 | 1,800,103 | **13,897,120** |
| | **13,769,199** | **1,800,103** | **15,569,222** |
| Fair Value Gains | 0 | 2,544,941 | **2,544,941** |
| Fair Value Losses | 0 | (532,978) | **(532,978)** |
| | **0** | **2,011,963** | **2,011,963** |
| Disposals / Repayment | (4,071,004) | 0 | **(4,071,004)** |
| **At 31 March 2024** | **58,862,882** | **15,655,633** | **74,518,515** |

| Long Term Investments 2022/23 | Loans (At Carrying Value) £ | Equity (At Fair Value) £ | Total £ |
|---|---|---|---|
| **At 1 April 2022 (Restated)** | **36,364,563** | **6,123,289** | **42,487,852** |
| Amortised Interest | 0 | 0 | **0** |
| Additions | 18,410,000 | 5,500,026 | **23,910,026** |
| | **18,410,000** | **5,500,026** | **23,910,026** |
| Fair Value Gains | 0 | 823,529 | **823,529** |
| Fair Value Losses | 0 | (603,277) | **(603,277)** |
| | **0** | **220,252** | **220,252** |
| Disposals / Repayment | (5,609,796) | 0 | **(5,609,796)** |
| **At 31 March 2023** | **49,164,767** | **11,843,567** | **61,008,334** |

Fair value calculations are required for accounting purposes. Figures are provided here for accounting information purposes.

During the year Arlingclose were commissioned to undertake a fair value calculation for all CCRCD equity investments and loans. The table above sets out the carrying amounts, the fair value amounts, and the movements between these for 2023/24.

## Equity

Equity investments are held in the Balance Sheet at Fair Value as set out above, with Gains and Losses upon review reflected in 'Other Comprehensive Income and Expenditure' in the Income and Expenditure Statement and the Equity Revaluation Reserve.

Equity represents investments in a healthcare data business for a 22.86% shareholding; a 21.68% shareholding of a digital manufacturing business; a 6.23% shareholding in a FinTech business and a 9.99% shareholding in a BioTech business. None of these represent any form of 'control'.

The fair value estimates for the equity investments in the healthcare data business, the digital manufacturing business and the FinTech company have been calculated using the cashflow in perpetuity method as at 31 March 2024 and are based on information provided to Arlingclose by each of the companies. They are not based on quoted prices as the companies are not listed. The valuations may change subject to the company's actual performance in terms of profit and income along with the relevant multipliers in the industries within the companies' areas of operation, technical accounting adjustments and the economic climate.

Regarding the investment in a BioTech business, CCRCD purchased additional shares during 2023/24 and there were no significant changes to the company during this time, therefore, the price paid for the shares is a suitable approximation to their fair value at 31st March 2024.

**Loans**

The fair value estimates of the loans made by CCRCD have all been calculated by discounting future cashflows.

The Arlingclose Fair Value calculation in relation to loans values them at £59,691,985 at 31 March 2024. These are shown in the Balance Sheet at their Carrying Value at 31 March 2024 of £63,993,276 (One loan of £2.06m was made for Revenue purposes, the remaining five loans of £61.07m are Capital in nature).

In addition, repayments of loans made to CSC Foundry an outdoor adventure tourism business which become due in 2023/24 (£4,462,894 and (£667,500 respectively) have been accounted for in Short-Term (Current) Assets in the Balance Sheet.

The Revenue loan of £2.06m was made to a MedTech business to support the development of cool plasma sterilisation and decontamination technology. The loan was drawn down in July 2020 and is due to be repaid in 2025 with interest payments being made in the interim.

The following loans are Capital in nature:

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 are to be recycled back into the Wider Investment Fund and used to fund future City Deal projects. A balance of £28.26m was outstanding on CCRCD's balance sheet at 31 March 2024.

A loan of £2.67m was made to a business 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. A balance of £1.50m was outstanding on CCRCD's balance sheet at 31 March 2024.

£2.00m was loaned to the healthcare data business in which CCRCD already holds an equity stake in order to support its ongoing activities. Interest is being received on this loan with the principal due to be repaid in 2025, therefore a balance of £2.00m is included in the CCRD balance sheet at 31 March 2024.

£15.70m was loaned to CCR Energy Ltd to purchase, demolish and remediate the site of the former Aberthaw Power Station. The repayment profile of the loan is yet to be agreed as it is subject to future company receipts. Including notional interest a total balance of £16.86m is included in the balance sheet at 31 March 2024.

A total of £12.81m has been loaned across three projects via the Site & Premises Fund. As this is part of a total £50m fund which is intended to re-invest its returns until an exit expected at a future date, this is included in the balance sheet at £12.81m as at 31 March 2024.

An overall total of £4.115.144 has been recognised in the Comprehensive Income & Expenditure Statement in relation to Interest & Investment Income.

**Financial Instrument Gains/Losses**

Fair Value gains and losses on equity holdings are set out above are shown in the table above.

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.

For the other CCRCD loans, interest of £362,190 (2022/23: £262,841) has been received during 2023/24.

**The Nature and Extent of Risks arising from Financial Instruments**

The recoverability of the loans made are subject to regular reviews by board members and 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 2024.

The fair values held in the accounts reflect professional assessment of the status of CCRCD's investments. However, the nature of Equity Investments means there is always the possibility that the investment could be irrecoverable or diminished, however this is offset by the economic growth benefiting the Region on investment and the potential for future dividends to be reinvested in future schemes.

## 17. 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 on 31 March. Statutory arrangements require that the impact on the Joint Committee Balance is fully offset by transfers to and from the Account.

| 2022/23<br>£ | Accumulated Absences Account | 2023/24<br>£ |
|---|---|---|
| (45,599) | **Balance as at 1 April** | (22,023) |
| 23,576 | 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. | (5,633) |
| **(22,023)** | **Balance as at 31 March** | **(27,656)** |

## 18. Creditors

| Short Term<br>£ | Long Term<br>£ | 31 March 2023<br>£ | Creditors | Short Term<br>£ | Long Term<br>£ | 31 March 2024<br>£ |
|---|---|---|---|---|---|---|
| 28,091,472 | 12,831,364 | 40,922,837 | Central Government Bodies | 4,335,266 | 34,192,935 | 38,528,201 |
| 305,308 | 0 | 305,308 | Other Local Authorities | 8,621,168 | 0 | 8,621,168 |
| 0 | 0 | 0 | NHS Bodies | 133,773 | | 133,773 |
| 3,357,210 | 0 | 3,357,210 | Other Entities and Individuals (Inc. Public Corporations) | 9,298,157 | 0 | 9,298,157 |
| **31,753,990** | **12,831,364** | **44,585,355** | **Total** | **22,388,364** | **34,192,935** | **56,581,298** |

HM Treasury Capital Grant totalling £52.00m was received during the year in respect of the seventh 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. £40.10m of the funding received to date has been drawn down to cover eligible expenditure during the financial year.

## 19. Usable Reserves

| General Fund 2022/23 £ | Earmarked Reserves 2022/23 £ | Usable Capital Receipts Reserve 2022/23 £ | Total Usable Reserves 2022/23 £ | Usable Reserves | General Fund 2023/24 £ | Earmarked Reserves 2023/24 £ | Usable Capital Receipts Reserve 2023/24 £ | Total Usable Reserves 2023/24 £ |
|---|---|---|---|---|---|---|---|---|
| **212,080** | **465,341** | **1,350,000** | **2,027,421** | **Balance as at 1 April** | **270,307** | **2,078,527** | **6,898,186** | **9,247,020** |
| | | | | Movements during year: | | | | |
| 28,919,499 | 0 | 0 | **28,919,499** | Surplus on Provision of Services | 21,305,881 | 0 | 0 | **21,305,881** |
| (27,248,086) | 0 | 0 | **(27,248,086)** | Financing of Expenditure, Capital Adjustment Account | (17,656,619) | (5,627,989) | 0 | **(23,284,608)** |
| 0 | 0 | 5,548,186 | **5,548,186** | Transfer from Capital Adjustment Account | 0 | 0 | 3,581,016 | **3,581,016** |
| (1,613,186) | 1,613,186 | 0 | **0** | Transfer from General Fund to Earmarked Reserves | (3,649,262) | 3,649,262 | 0 | **0** |
| **270,307** | **2,078,527** | **6,898,186** | **9,247,020** | **Balance as at 31 March** | **270,307** | **99,800** | **10,479,202** | **10,849,308** |

## 20. Earmarked Reserves

| Opening Balances 2022/23 £ | Movement 2022/23 £ | Closing Balances 2022/23 £ | Earmarked Reserves | Opening Balances 2023/24 £ | Movement 2023/24 £ | Closing Balances 2023/24 £ |
|---|---|---|---|---|---|---|
| **208,120** | 1,490,148 | **1,698,268** | Accumulated Investment Interest Reserve | **1,698,268** | (2,044,839) | **(346,571)** |
| **227,221** | 7,260 | **234,481** | CJC Preparation Costs Reserve | **234,481** | (234,481) | **0** |
| **30,000** | 115,778 | **145,778** | Gateway Review Costs Reserve | **145,778** | 175,593 | **321,371** |
| **0** | 0 | **0** | RTP Reserve | **0** | 125,000 | **125,000** |
| **465,341** | **1,613,186** | **2,078,527** | **Sub Total: Earmarked Reserves** | **2,078,527** | **(1,978,341)** | **99,800** |
| **1,350,000** | 5,548,186 | **6,898,186** | **Usable Capital Receipts Reserve:** Capital Loan Repayments Received, transferred from Capital Adjustment Account | **6,898,186** | 3,581,016 | **10,479,202** |
| **1,815,341** | **7,161,372** | **8,976,713** | | **8,976,713** | **1,602,289** | **10,579,002** |

## 21. Notes to the Cash Flow Statement

| 31 March 2023 £ (restated) | Operating Activities | 31 March 2024 £ |
|---|---|---|
| 22,421,931 | Increase / (Decrease) in Creditors | (12,001,579) |
| 2,370,862 | (Increase) / Decrease in Debtors | 482,098 |
| (677,029) | Depreciation | (954,688) |
| **24,115,764** | **Adjustments to net surplus or deficit on the provision of services for non-cash movements** | **(12,474,169)** |

| 31 March 2023 £ | Investing Activities | 31 March 2024 £ |
|---|---|---|
| 6,424,626 | Long Term Loan Investments | 8,156,001 |
| 2,899,831 | Purchase of Property, Plant and Equipment | 2,204,602 |
| 12,800,204 | Long Term Partnership & Equity Investments | 9,742,725 |
| 871,610 | Any other items from investing activities | 1,672,102 |
| **22,996,271** | **Adjustments to net surplus or deficit on the provision of services for investing activities** | **21,775,430** |

## 22. 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.

| 2022/23 £ | Capital Adjustment Account | 2023/24 £ |
|---|---|---|
| **43,601,230** | **Balance as at 01 April** | **65,192,249** |
| | Capital financing applied in the year: | |
| 27,816,235 | Capital Grants and Contributions recognised in Comprehensive Income & Expenditure Statement | 22,232,966 |
| (5,548,186) | Capital Loan Repayment Received, transferred to Usable Capital Receipts Reserve | (3,581,017) |
| (677,030) | Depreciation Charge | (954,688) |
| **65,192,249** | **Balance as at 31 March** | **82,889,510** |

## ***23.*** *Events after the Reporting Period*

The Cardiff Capital Region ("CCR"), comprising the ten local authorities (Blaenau Gwent, Bridgend, Caerphilly, Cardiff, Merthyr Tydfil, Monmouthshire, Newport, Rhondda Cynon Taf, Torfaen, and Vale of Glamorgan ("Partner Councils")), was established in 2017 to oversee the delivery of the Cardiff Capital Region City Deal ("City Deal").

The Partner Councils entered into a joint working agreement ("JWA") on 1 March 2017 to formalise their respective roles and responsibilities in relation to the City Deal. The JWA, amongst other matters, appointed the County Council of the City and County of Cardiff ("Cardiff Council") to act as the Accountable Body for an on behalf of the Partner Councils to discharge the Partner Councils' obligations in relation to City Deal.

In March 2022 a private limited company was established, CCR Energy Ltd, as a special purpose vehicle to purchase Aberthaw Power Station, demolish the former coal fired power station, remediate the site, and redevelop it into an exemplar green energy park ("Aberthaw Project").

Between November 2022 and April 2023, tenders were invited for a contract with CCR Energy Ltd to demolish Aberthaw Power Station and, in July 2023, notice of intention to award the contract to the bidder deemed to have submitted the most economically advantageous bid was issued("Procurement"). In August 2023, an unsuccessful bidder, Brown and Mason Group Ltd, issued a claim alleging breaches of the Public Contracts Regulations 2015 in relation to the Procurement ("Claim") and subsequently issued further claims relating to different aspects of the same Procurement.

On 1 April 2024, responsibility for the delivery of the CCR City Deal was transferred to the South East Wales Corporate Joint Committee ("CJC"). On the same date, all of Cardiff Council's rights, duties, liabilities and obligations in respect of the various projects funded under the City Deal, including the Aberthaw Project, were novated to the CJC, and the CJC agreed to indemnify Cardiff Council against all losses, claims, damages, liabilities, costs and expenses suffered or incurred by Cardiff Council as a result of or in connection with any action, demand,

claim or proceeding arising out of or in connection with the City Deal funding agreement and the various projects funded by City Deal, including the Aberthaw Project ("Novation Agreement").

On 16 December 2024, liability and causation in the Claim brought by Brown and Mason Group Ltd was admitted with damages to be assessed. In addition to quantum proceedings, there were two extant claims which remained to be determined.

On 26 February 2025, a global settlement of £5.25m was reached between Brown & Mason Group Ltd and Cardiff Council. The settlement is subject to confidentiality provisions.

Pursuant to the terms of the City Deal Novation Agreement, the CJC has indemnified Cardiff Council in respect of the settlement reached and payment of £5.25m was made by the CJC to Cardiff Council on 17 March 2025.

The CJC has also agreed to indemnify Cardiff Council in respect of its legal costs of the Claims in the sum of £909,983.15. This payment is expected to be made in the 2025/26 financial year. These costs have been reflected within Short-Term Creditors within the financial statements.

# Group Accounts

## Introduction

The group accounts that follow comply with the requirement of the 2023/24 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 subsidiaries, Compound Semi-Conductor Foundry Ltd (CSC Foundry Ltd), CCR Energy Ltd and Innovation Investment Capital (IIC) Ltd

## 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, CSC Foundry Ltd, CCR Energy Ltd and IIC Ltd. Inter-group transactions and balances between the Joint Committee and its subsidiaries 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.

CCR Energy Ltd is a private company, limited by shares, domiciled in England and Wales, registration number 13951868. The registered office is Aberthaw Power Station, The Leys, Aberthaw, Barry, Wales CF62 4ZW. Its accounts have been prepared in accordance with the provisions of FRS102 Section 1A small entities.

Innovation Investment Capital Ltd (IIC) is a Private Fund Limited Partnership registered with Companies House as company number LP022853, with registered offices at 2nd Floor Malta House, 36-38 Piccadilly, London, W1J 0DP via which Cardiff Capital Region has agreed to supply up to £51.2m of funding to innovative businesses in the local area via the Innovation Investment Capital Fund. The fund has been structured as a Limited Partnership, with investments in the local area managed by PWC and Capricorn Fund Management as the Fund Managers. Cardiff Capital City Deal Joint Committee provides the funding by way of partnership contributions. It was incorporated on 27 September 2022 and filed its first formal accounts for the Financial Year 2023/24.

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.

## 2023/24 Group Comprehensive Income & Expenditure Statement

| 2022/23 restated £ | | Notes | 2023/24 £ |
|---|---|---|---|
| | **Cost of Services** | | |
| 2,235,473 | Staff Costs | 25 | 2,599,531 |
| 33,127 | Premises | 26 | 44,450 |
| 4,354 | Transport | 27 | 31,145 |
| 4,870,261 | Supplies & Services | 28 | 13,907,614 |
| 15,928,663 | Revenue Expenditure funded from Capital Under Statute | | 22,087,585 |
| 691,462 | Support Services | 29 | 390,771 |
| 677,029 | Capital Charges | | 954,688 |
| **24,440,369** | **Operating Expenditure** | | **40,015,784** |
| (1,218,011) | Contributions from Local Authorities | 31 | (1,278,963) |
| (21,543,050) | Grant Income | 31 | (29,592,512) |
| (2,878,012) | Fees and Charges | 31 | (3,285,697) |
| 0 | Drawdown from Reserves | 31 | (66,112) |
| **(25,639,073)** | **Operating Income** | | **(34,223,284)** |
| **(1,198,704)** | **Net Cost of Services** | | **5,792,500** |
| (1,562,279) | Interest & Investment Income | 36 | (4,349,415) |
| 2,411,499 | Change in Fair Value of Investment Properties | 38 | 1,781,899 |
| **849,220** | **Financing & Investment Income & Expenditure** | | **(2,567,516)** |
| (27,816,234) | Recognised Capital Grants & Contributions | 43 | (22,232,966) |
| 42,998 | Corporation Tax | 30 | 200,969 |
| **(27,773,236)** | **Taxation and Non-Specific Grant Income** | | **(22,031,997)** |
| | | | |
| **(28,122,720)** | **(Surplus) / Deficit on Provision of Services** | | **(18,807,013)** |
| (220,252) | Revaluation (Gain) / Loss on Equity Investments | | (2,011,963) |
| **(28,342,972)** | **Total Comprehensive Income & Expenditure** | | **(20,818,976)** |

## 2023/24 Group Movement in Reserves Statement

| Movements in Reserves - Group | General Fund Balance £ | General Fund Earmarked Reserves £ | Usable Capital Receipts Reserve £ | Total Usable Reserves £ | Capital Adjustment Account £ | Revaluation Reserve £ | Accumulated Absence Account £ | Share Capital £ | Total Unusable Reserves £ | Total Reserves £ |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 31st March 2023 Carried Forward** | **13,842,207** | **2,078,527** | **6,898,186** | **22,818,920** | **55,729,969** | **4,343,541** | **(22,022)** | **11** | **60,051,499** | **82,870,419** |
| **Movements in Reserves During 2023/24** | | | | | | | | | | |
| Surplus / (Deficit) on the Income and Expenditure Account | 20,818,976 | 0 | 0 | **20,818,976** | 0 | 0 | 0 | | **0** | **20,818,976** |
| **Total Comprehensive Income and Expenditure** | **20,818,976** | **0** | **0** | **20,818,976** | **0** | **0** | **0** | **0** | **0** | **20,818,976** |
| Adjustments between Accounting Basis and Funding Basis | (17,656,619) | (5,627,989) | 0 | (23,284,608) | 21,278,278 | 2,011,963 | (5,634) | | **23,284,608** | **0** |
| **Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves** | **3,162,357** | **(5,627,989)** | **0** | **(2,465,632)** | **21,278,278** | **2,011,963** | **(5,634)** | **0** | **23,284,607** | **20,818,975** |
| Transfers to/(from) Reserves | **(1,867,362)** | **3,649,262** | **3,581,016** | **5,362,916** | **(5,362,916)** | **0** | **0** | **0** | **(5,362,916)** | **0** |
| **Increase/(Decrease in Year)** | **1,294,995** | **(1,978,727)** | **3,581,016** | **2,897,284** | **15,915,362** | **2,011,963** | **(5,634)** | **0** | **17,921,691** | **20,818,975** |
| | | | | | | | | | | |
| **Balance at 31st March 2024** | **15,137,202** | **99,800** | **10,479,202** | **25,716,204** | **71,645,331** | **6,355,504** | **(27,656)** | **11** | **77,973,190** | **103,689,394** |

| Movements in Reserves – Group – Prior Year for Comparison | General Fund Balance £ | General Fund Earmarked Reserves £ | Usable Capital Receipts Reserve £ | Total Usable Reserves £ | Capital Adjustment Account £ | Revaluation Reserve £ | Accumulated Absence Account £ | Share Capital £ | Total Unusable Reserves £ | Total Reserves £ |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 31st March 2022 Carried Forward (Restated)** | **12,083,944** | **465,341** | **1,350,000** | **13,899,285** | **36,550,458** | **4,123,289** | **(45,599)** | **10** | **40,628,158** | **54,527,443** |
| **Movements in Reserves During 2022/23** | | | | | | | | | | |
| Surplus / (Deficit) on the Income and Expenditure Account | 28,342,974 | 0 | 0 | **28,342,974** | 0 | 0 | 0 | 0 | **0** | **28,342,974** |
| **Total Comprehensive Income and Expenditure** | **28,342,974** | **0** | **0** | **28,342,974** | **0** | **0** | **0** | **0** | **0** | **28,342,974** |
| Adjustments between Accounting Basis and Funding Basis | (27,383,035) | 0 | 0 | **(27,383,035)** | 27,139,206 | 220,252 | 23,577 | 0 | **27,383,035** | **0** |
| Called up Share Capital | | | | | | | | 1 | **1** | **1** |
| **Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves** | **959,940** | **0** | **0** | **959,940** | **27,139,206** | **220,252** | **23,577** | **1** | **27,383,035** | **28,342,975** |
| Transfers to/(from) Reserves | **798,324** | **1,613,186** | **5,548,186** | **7,959,696** | **(7,959,696)** | **0** | **0** | **0** | **(7,959,696)** | **0** |
| **Increase/(Decrease in Year)** | **1,758,263** | **1,613,186** | **5,548,186** | **8,919,636** | **19,179,510** | **220,252** | **23,576** | **1** | **19,423,340** | **28,342,975** |
| | | | | | | | | | | |
| **Balance at 31st March 2023** | **13,842,207** | **2,078,527** | **6,898,186** | **22,818,921** | **55,729,968** | **4,343,541** | **(22,023)** | **11** | **60,051,498** | **82,870,418** |

## Group Balance Sheet as at 31 March 2024

| 31st March 2023 (restated) £ | | Notes | 31st March 2024 £ |
|---|---|---|---|
| 63,593,021 | Investment Properties | 38 | 62,519,724 |
| 824,542 | Property, Plant & Equipment - Assets Under Construction | | 824,542 |
| 3,422,835 | Property, Plant & Equipment | | 4,680,021 |
| 11,843,567 | Equity | | 20,419,022 |
| 8,521,109 | Long Term Debtors | 34 | 9,466,322 |
| 1,797,831 | Long Term Deferred Tax Asset | 30 | 2,136,392 |
| 1,413,760 | Long Term Bonds | 37 | 1,555,796 |
| 2,055,000 | Long Term Loans - Revenue | 37 | 3,944,908 |
| 4,211,875 | Long Term Loans - Capital | 37 | 16,094,070 |
| **97,683,540** | **Long Term Assets** | | **121,640,797** |
| 10,444,681 | Short Term Debtors | 34 | 7,437,772 |
| 667,500 | Short Term Loans - Capital | | 667,500 |
| 54,429,796 | Cash & Cash Equivalents | 36 | 64,189,431 |
| **65,541,977** | **Current Assets** | | **72,294,703** |
| (32,179,965) | Short Term Creditors | 38 | (25,391,614) |
| (22,023) | Accumulated Absences | 33 | (27,656) |
| **(32,201,988)** | **Current Liabilities** | | **(25,419,270)** |
| (17,333,703) | Long Term Creditors | 40 | (36,607,451) |
| (30,819,409) | Provision for Liabilities | 39 | (28,219,385) |
| **(48,153,112)** | **Long Term Liabilities** | | **(64,826,836)** |
| **82,870,416** | **Net Assets** | | **103,689,394** |
| 9,247,019 | Usable Reserves | 41 | 10,849,309 |
| 4,343,541 | Equity Revaluation Reserve | | 6,355,504 |
| 11 | Called up Share Capital | | 11 |
| 13,571,900 | Profit and Loss Account | 41 | 14,866,894 |
| 55,729,969 | Capital Adjustment Account | 43 | 71,645,332 |
| (22,024) | Accumulated Absences | 17 | (27,656) |
| **82,870,416** | **Total Reserves** | | **103,689,394** |

## 2023/24 Group Cash Flow Statement

| 31st March 2023 £ (restated) | | Notes | 31st March 2024 £ |
|---|---|---|---|
| (28,122,720) | Net (Surplus) / Deficit on the provision of services | | (18,807,013) |
| 25,474,866 | Adjust net surplus or deficit on the provision of services for non-cash movements | 41 | (10,729,388) |
| **(2,647,854)** | **Net cash flows from operating activities** | | **(29,536,401)** |
| 33,577,120 | Investing activities | 41 | 28,006,238 |
| (16,624,600) | Financing activities | 41 | (7,942,623) |
| **14,304,665** | **Net (increase) / decrease in cash and cash equivalents** | | **(9,472,786)** |
| (68,734,460) | Cash and cash equivalents at the beginning of the reporting period | | (54,429,793) |
| **(54,429,795)** | **Cash balance as at 31st March** | | **(63,902,579)** |

## 24. Prior Period Restatement

Further review by Audit Wales' Technical Team, in accordance with Accounting Policies, has resulted in changes being made to the basis of consolidation of Innovation Investment Capital (IIC) Ltd's balances into the Group Accounts. This is reflected in the 2023/24, and re-stated 2022/23 Group Statements.

## 25. Remuneration

Note 1 covers remuneration costs for Cardiff Capital Region City Deal employees. The CSC Foundry Ltd, CCR Energy Ltd and IIC Ltd accounts consolidated into the CCR Group Accounts show employee costs of £15,569 and £17,267 respectively.

## 26. Premises Costs

The following table analyses Premises expenditure for the year.

| 2022/23 £ | Premises Costs | Joint Committee £ | CSC Foundry Ltd £ | CCR Energy Ltd £ | IIC Ltd £ | 2023/24 £ |
|---|---|---|---|---|---|---|
| 31,055 | Rents | 44,753 | 0 | 0 | 0 | 44,753 |
| 2,072 | Other Premises Related Expenditure | (303) | 0 | 0 | 0 | (303) |
| **33,127** | **Total** | **44,450** | **0** | **0** | **0** | **44,450** |

## 27. Transport Costs

The following table analyses Transport expenditure for the year.

| 2022/23 £ | Transport Costs | Joint Committee £ | CSC Foundry Ltd £ | CCR Energy Ltd £ | IIC Ltd £ | 2023/24 £ |
|---|---|---|---|---|---|---|
| 766 | Car Allowances | 1,952 | 0 | 0 | 0 | 1,952 |
| 3,587 | Travel Expenses | 29,074 | 0 | 119 | 0 | 29,193 |
| **4,354** | **Total** | **31,026** | **0** | **119** | **0** | **31,145** |

## 28. Supplies and Services

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

| 2022/23 £ | Supplies and Services | Joint Committee £ | CSC Foundry Ltd £ | CCR Energy Ltd £ | IIC Ltd £ | 2023/24 £ |
|---|---|---|---|---|---|---|
| 32,910 | ICT, Telephones, Printing & Software | 55,711 | 0 | 0 | 0 | 55,711 |
| 89,722 | Meeting Room Hire & Other Meeting Costs | 163,274 | 0 | 0 | 0 | 163,274 |
| 67,472 | Marketing, Branding & Communications | 212,517 | 0 | 0 | 0 | 212,517 |
| 2,025,665 | Programme Support | 3,128,436 | 0 | 0 | 0 | 3,128,436 |
| 1,862,860 | Revenue Project Grants | 2,172,093 | 0 | 0 | 0 | 2,172,093 |
| 791,632 | Other Supplies & Services Costs | 6,751,566 | 17,538 | 125,297 | 1,281,182 | 8,175,583 |
| **4,870,261** | **Total** | **12,483,597** | **17,538** | **125,297** | **1,281,182** | **13,907,614** |

* Programme 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.

| 2022/23 £ | **Revenue Project Grants | 2023/24 £ |
|---|---|---|
| 800,000 | FinTech Wales | 350,000 |
| 0 | CSConnected | 204,072 |
| 557,792 | Media.Cymru | 690,166 |
| 277,860 | Cyber Masters | 274,552 |
| 141,742 | Cyber Innovation Hub | 583,025 |
| 85,466 | Shared Apprenticeship Scheme | 40,278 |
| 0 | Data Ambition | 30,000 |
| **1,862,860** | **Total** | **2,172,093** |

## 29. Support Service Costs

The following table analyses Support Service expenditure for the year.

| 2022/23 £ | Support Service Costs | Joint Committee £ | CSC Foundry Ltd £ | CCR Energy Ltd £ | IIC Ltd £ | 2023/24 £ |
|---|---|---|---|---|---|---|
| 16,417 | HR People Services | 38,553 | 0 | 0 | 0 | 38,553 |
| 145,950 | Accountancy Support | 115,000 | 15,000 | 5,250 | 0 | 135,250 |
| 4,857 | Exchequer, Internal Audit & Insurance | 4,967 | 0 | 0 | 0 | 4,967 |
| 121,060 | Legal & Governance Support | 123,485 | 0 | 0 | 0 | 123,485 |
| 24,998 | ICT, Information & Governance | 28,903 | 0 | 0 | 0 | 28,903 |
| 5,500 | Translation Services | 1,690 | 0 | 0 | 0 | 1,690 |
| 70,408 | External Audit | 50,908 | 3,800 | 3,215 | 0 | 57,923 |
| 302,222 | Investment & Intervention Fund Costs | 0 | 0 | 0 | 0 | 0 |
| 50 | Other Support | 0 | 0 | 0 | 0 | 0 |
| **691,462** | **Total** | **363,506** | **18,800** | **8,465** | **0** | **390,771** |

## 30. 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 £200,969 tax charge recognised in 2023/24 financial year to the movement on the tax liability and deferred tax asset.

| Movement 2023/24 | Provision for Tax Liability £ | Deferred Tax Asset £ | Movement in 23/24 £ | Net Tax Liability/Asset £ |
|---|---|---|---|---|
| Opening Balance 1 April 2023 | (2,971,763) | 1,797,831 | | (1,173,932) |
| **Movement:** | | | | |
| Additional Tax Provision | (539,530) | 0 | (539,530) | (539,530) |
| Deferred Tax | 0 | 338,561 | 338,561 | 338,561 |
| **Closing Balance 31 March 2024** | **(3,511,293)** | **2,136,392** | **(200,969)** | **(1,374,901)** |

| Prior Year for Comparison 2022/23 | Provision for Tax Liability £ | Deferred Tax Asset £ | Movement in 22/23 £ | Net Tax Liability/Tax £ |
|---|---|---|---|---|
| Opening Balance 1 April 2022 | (2,470,579) | 1,339,646 | | (1,130,933) |
| **Movement:** | | | | |
| Additional Tax Provision | (501,184) | 0 | (501,184) | (501,184) |
| Deferred Tax | 0 | 458,185 | 458,185 | 458,185 |
| **Closing Balance 31 March 2023** | **(2,971,763)** | **1,797,831** | **(42,999)** | **(1,173,932)** |

## 31. Income

The following table analyses Income accounted for during the year.

| 2022/23 £ | Income | Joint Committee £ | CSC Foundry Ltd £ | CCR Energy Ltd £ | IIC Ltd £ | 2023/24 £ |
|---|---|---|---|---|---|---|
| (1,218,011) | Contributions from Local Authorities | (1,278,963) | 0 | 0 | 0 | (1,278,963) |
| (21,543,049) | Grant Income | (29,592,511) | 0 | 0 | 0 | (29,592,511) |
| (2,878,013) | Fees and Charges | (539,768) | (2,743,044) | (2,885) | 0 | (3,285,697) |
| 0 | Contributions from Reserves | (66,112) | 0 | 0 | 0 | (66,112) |
| **(25,639,073)** | **Total** | **(31,477,355)** | **(2,743,044)** | **(2,885)** | **0** | **(34,223,284)** |

CSC Foundry Ltd Fees and Charges income relates to the rental payments on its Investment Property and for CCR Energy Ltd relate to sundry charges.

## 32. 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 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 £15,698 (2023 £15,095). Payments to Monmouthshire County Council during the period amounted to £16,500 (2023 £15,000).

Also, during the financial year, CCR Energy Ltd had 8 directors, with 3 Non-Executive Directors adding sector specific expertise to 5 representatives of the CCR Local Authorities. CCR Energy has received an interest-bearing loan of £15,700,000 by way of the City Deal Capital Grant. The company does not have any Service Level Agreements with any of the City Deal Local Authorities and therefore has not made any payments to any of them for services during the financial year.

Finally, CCR has agreed to supply up to £51.2 million of funding to innovative businesses within the Region via Innovation Investment Capital Ltd., a Limited

Partnership managed by PWC and Capricorn Fund Management as the Fund Managers. Cardiff Capital City Deal Joint Committee provides the funding by way of partnership contributions, with £7,942,622 provided during the financial year which includes fund management fees. There are no individuals appointed to control such entities.

## 33. External Audit Costs

| 2022/23 £ | External Audit Costs | Joint Committee £ | CSC Foundry Ltd £ | CCR Energy Ltd £ | IIC Ltd £ | 2023/24 £ |
|---|---|---|---|---|---|---|
| 48,657 | Joint Committee Financial Audit | 72,345 | 0 | 0 | 0 | 72,345 |
| 20,566 | Joint Committee Performance Audit | 24,109 | 0 | 0 | 0 | 24,109 |
| 6,850 | Audit of Accounts | 0 | 3,800 | 3,215 | 0 | 7,015 |
| **76,073** | **Total** | **96,454** | **3,800** | **3,215** | **0** | **103,469** |

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 2023/24 audit will be charged following the completion of audit work.

## 34. Debtors

| Debtors | Joint Committee £ | CSC Foundry Ltd £ | CCR Energy Ltd £ | IIC Ltd £ | Total 31st March 2024 £ |
|---|---|---|---|---|---|
| **Short Term:** | | | | | |
| Central Government Bodies | 3,548,437 | 0 | 0 | 0 | 3,548,437 |
| Other Local Authorities | 802,491 | 0 | 0 | 0 | 802,491 |
| Other Entities and Individuals | 1,330,314 | 1,388,496 | 368,034 | 0 | 3,086,844 |
| **Short Term Debtors** | **5,681,242** | **1,388,496** | **368,034** | **0** | **7,437,772** |
| **Long Term:** | | | | | |
| Other Entities and Individuals | 0 | 9,466,322 | 0 | 0 | 9,466,322 |
| **Long Term Debtors** | **0** | **9,466,322** | **0** | **0** | **9,466,322** |
| | | | | | |
| **Total Debtors** | **5,681,242** | **9,466,322** | **368,034** | **0** | **16,904,094** |

| Debtors – Prior Year for Comparison | Joint Committee £ | CSC Foundry Ltd £ | CCR Energy Ltd £ | IIC Ltd £ | Total 31st March 2023 £ |
|---|---|---|---|---|---|
| **Short Term:** | | | | | |
| Central Government Bodies | 1,341,479 | 0 | 0 | 0 | 1,341,479 |
| Other Local Authorities | 422,233 | 0 | 0 | 0 | 422,233 |
| Other Entities and Individuals | 3,435,432 | 3,808,647 | 1,426,090 | 10,800 | 8,680,969 |
| **Short Term Debtors** | **5,199,144** | **3,808,647** | **1,426,090** | **10,800** | **10,444,681** |
| **Long Term:** | | | | | |
| Other Entities and Individuals | 0 | 8,521,109 | 0 | 0 | 8,521,109 |
| **Long Term Debtors** | **0** | **8,521,109** | **0** | **0** | **8,521,109** |
| | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| **Total Debtors** | **5,199,144** | **12,329,756** | **1,426,090** | **10,800** | **18,965,790** |

## 35. Accumulated Absences Account

Note 16 covers the Accumulated Absences Account for Cardiff Capital Region City Deal employees. There are no Accumulated Absences entries for CSC Foundry, CCR Energy or IIC Ltd.

## 36. 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 £57,015,380 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, CCR Energy Ltd and IIC Ltd.

| Total 31st March 2023 £ | Cash and Cash Equivalents | Joint Committee £ | CSC Foundry Ltd £ | CCR Energy Ltd £ | IIC Ltd £ | Total 31st March 2024 £ |
|---|---|---|---|---|---|---|
| 7,407,072 | Bank | 0 | 3,286,851 | 3,471,274 | 415,926 | 7,174,051 |
| 47,022,724 | Cardiff CC Inter-Co Cash | 57,015,380 | 0 | 0 | 0 | 57,015,380 |
| **54,429,796** | **Total** | **57,015,380** | **3,286,851** | **3,471,274** | **415,926** | **64,189,431** |

Net interest has been earned on balances held, in line with each organisation's policies:

| Joint Committee £ | CSC Foundry Ltd £ | CCR Energy Ltd £ | Total 31st March 2023 £ | Interest | Joint Committee £ | CSC Foundry Ltd £ | CCR Energy Ltd £ | IIC Ltd £ | Total 31st March 2024 £ |
|---|---|---|---|---|---|---|---|---|---|
| 1,490,148 | 68,609 | 3,523 | 1,562,280 | Net Interest Earned | 4,115,144 | 148,495 | 372 | 85,404 | 4,349,415 |
| **1,490,148** | **68,609** | **3,523** | **1,562,280** | **Total** | **4,115,144** | **148,495** | **372** | **85,404** | **4,349,415** |

## 37. Financial Instruments

In addition to the Financial Assets of the Joint Committee, CSC Foundry Ltd holds Cash and Cash Equivalents as set out above.

The loans between the Joint Committee and CSC Foundry Ltd and CCR Energy Ltd, and Partnership Contributions made to IIC Ltd. are neutralised on consolidation and cease to be Financial Instruments in the Group Accounts.

Included within Long Term Assets for CCR Energy Ltd is an amount receivable after more than one year of £1,555,796 (2022/23: £1,413,760). A bond has been deposited with Natural Resources Wales and this will be retained until the company has fulfilled various obligations pertaining to the remediation of the site at Aberthaw.

The Nature and Extent of Risks arising from Financial Instruments:

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

## 38. Investment Properties

The CSC Foundry Ltd 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.

The CCR Energy Ltd Investment property held at the balance sheet date is valued as per the company's accounts prepared by Baker Knoyle Ltd. and includes the original purchase price, various other capitalised acquisition and demolition costs and a provision for future costs required to fully demolish and remediate the site.

| Investment Properties | CSC Foundry Ltd £ | CCR Energy Ltd £ | Total £ |
|---|---|---|---|
| **At 1 April 2023** | **26,600,200** | **36,992,821** | **63,593,021** |
| Additions | 61,699 | 646,904 | **708,603** |
| Revaluation Gains | 0 | 0 | **0** |
| Revaluation Losses | (1,781,899) | 0 | **(1,781,899)** |
| Disposals | 0 | 0 | **0** |
| **At 31 March 2024** | **24,880,000** | **37,639,725** | **62,519,725** |

| Investment Properties – Prior Year for Comparison | CSC Foundry Ltd £ | CCR Energy Ltd £ | Total £ |
|---|---|---|---|
| **At 1 April 2022** | **28,950,000** | **0** | **28,950,000** |
| Additions | 61,699 | 36,992,821 | **37,054,520** |
| Revaluation Gains | 0 | 0 | **0** |
| Revaluation Losses | (2,411,499) | 0 | **(2,411,499)** |
| Disposals | 0 | 0 | **0** |
| **At 31 March 2023** | **26,600,200** | **36,992,821** | **63,593,021** |

## 39. Provisions for Liabilities – Long Term

The CSC Foundry Ltd Provision for Tax Liability is explained in the Deferred Corporation Tax note above.

CCR Energy Ltd has an obligation to remediate the site at Aberthaw Power Station, and to return the land to a safe, reusable condition. Initial calculations suggest that the cost of these works, including the cost of acquiring the site, will be in the region of £38m. Some of these costs have been defrayed in this financial year, with a provision being recognised for the balance of the remaining estimated costs.

| | Provision for Tax Liabilities - CSC Foundry Ltd £ | Provision for Liabilities - CCRE Ltd £ | Total £ |
|---|---|---|---|
| Opening Balance 1 April 2023 | (2,971,763) | (27,847,646) | (30,819,409) |
| **Movement:** | | | |
| Additional Tax Provision | (539,530) | 0 | (539,530) |
| Provision for Remediation of Site | 0 | 3,139,554 | 3,139,554 |
| **Closing Balance 31 March 2024** | **(3,511,293)** | **(24,708,092)** | **(28,219,385)** |

| Prior Year for Comparison | Provision for Tax Liabilities - CSC Foundry Ltd £ | Provision for Liabilities - CCRE Ltd £ | Total £ |
|---|---|---|---|
| Opening Balance 1 April 2022 | (2,470,579) | 0 | (2,470,579) |
| **Movement:** | | | |
| Additional Tax Provision | (501,184) | 0 | (501,184) |
| Provision for Remediation of Site | 0 | (27,847,646) | (27,847,646) |
| **Closing Balance 31 March 2023** | **(2,971,763)** | **(27,847,646)** | **(30,819,409)** |

## 40. Creditors

| Creditors | Joint Committee £ | CSC Foundry Ltd £ | CCR Energy Ltd £ | IIC Ltd £ | Total 31st March 2024 £ |
|---|---|---|---|---|---|
| **Short Term:** | | | | | |
| Central Government Bodies | 4,335,266 | 0 | 0 | 0 | 4,335,266 |
| Other Local Authorities | 8,621,168 | 0 | 0 | 0 | 8,621,168 |
| NHS Bodies | 133,773 | 0 | 0 | 0 | 133,773 |
| Other Entities and Individuals | 9,298,157 | 1,152,943 | 1,667,945 | 182,362 | 12,301,407 |
| **Short Term Creditors** | **22,388,364** | **1,152,943** | **1,667,945** | **182,362** | **25,391,614** |
| **Long Term:** | | | | | |
| Central Government Bodies | 34,192,935 | 0 | 0 | 0 | 34,192,935 |
| Other Entities and Individuals | 0 | 2,375,368 | 39,148 | 0 | 2,414,516 |
| **Long Term Creditors** | **34,192,935** | **2,375,368** | **39,148** | **0** | **36,607,451** |
| | | | | | |
| **Total Creditors** | **56,581,299** | **3,528,311** | **1,707,093** | **182,362** | **61,999,065** |

| Creditors – Prior Year for Comparison | Joint Committee £ | CSC Foundry Ltd £ | CCR Energy Ltd £ | IIC Ltd £ | Total 31st March 2023 £ |
|---|---|---|---|---|---|
| **Short Term:** | | | | | |
| Central Government Bodies | 28,091,472 | 0 | 0 | 0 | 28,091,472 |
| Other Local Authorities | 305,308 | 0 | 0 | 0 | 305,308 |
| Other Entities and Individuals | 3,357,210 | 25,645 | 399,959 | 370 | 3,783,184 |
| **Short Term Creditors** | **31,753,990** | **25,645** | **399,959** | **370** | **32,179,964** |
| **Long Term:** | | | | | |
| Central Government Bodies | 12,831,364 | 0 | 0 | 0 | 12,831,364 |
| Other Entities and Individuals | 0 | 4,432,450 | 69,889 | 0 | 4,502,339 |
| **Long Term Creditors** | **12,831,364** | **4,432,450** | **69,889** | **0** | **17,333,703** |
| | | | | | |
| **Total Creditors** | **44,585,354** | **4,458,095** | **469,848** | **370** | **49,513,667** |

## 41. Usable Reserves

| Usable Reserves | General Fund 2023/24 £ | Earmarked Reserves 2023/24 £ | Usable Capital Receipts Reserve 2023/24 £ | CSC Foundry Ltd P&L 2023/24 £ | CCR Energy Ltd P&L 2023/24 £ | IIC Ltd P&L 2023/24 £ | Total Usable Reserves 2023/24 £ |
|---|---|---|---|---|---|---|---|
| **Balance as at 1 April** | **270,307** | **2,078,527** | **6,898,186** | **14,466,680** | **(55,694)** | **(839,086)** | **22,818,920** |
| **Movements during year:** | | | | | | | |
| Surplus / (Deficit) on Provision of Services | 21,305,881 | 0 | 0 | 856,764 | (147,891) | (1,195,778) | **20,818,976** |
| Financing of Expenditure, Capital Adjustment Account | (17,656,619) | (5,627,989) | 0 | | 0 | 0 | **(23,284,608)** |
| Transfer from Capital Adjustment Account | 0 | 0 | 3,581,016 | 1,781,899 | 0 | 0 | **5,362,915** |
| Transfer from General Fund to Earmarked Reserves | (3,649,262) | 3,649,262 | 0 | 0 | 0 | 0 | **0** |
| **Balance as at 31 March** | **270,307** | **99,800** | **10,479,202** | **17,105,343** | **(203,585)** | **(2,034,864)** | **25,716,203** |

| Usable Reserves – Prior Year for Comparison | General Fund 2022/23 £ | Earmarked Reserves 2022/23 £ | Usable Capital Receipts Reserve 2022/23 £ | CSC Foundry Ltd P&L 2022/23 £ | CCR Energy Ltd P&L 2022/23 £ | IIC Ltd P&L 2022/23 £ | Total Usable Reserves 2022/23 £ |
|---|---|---|---|---|---|---|---|
| **Balance as at 1 April** | **212,080** | **465,341** | **1,350,000** | **11,871,864** | **0** | **0** | **13,899,285** |
| **Movements during year:** | | | | | | | |
| Surplus / (Deficit) on Provision of Services | 33,042,788 | 0 | 0 | 183,307 | (55,694) | (839,086) | 32,331,315 |
| Financing of Expenditure, Capital Adjustment Account | (34,351,671) | 0 | 0 | 2,411,509 | 0 | 0 | (31,940,162) |
| Transfer from Capital Adjustment Account | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer from General Fund to Earmarked Reserves | 1,367,110 | 1,613,186 | 5,548,186 | 0 | 0 | 0 | 8,528,482 |
| **Balance as at 31 March** | **270,307** | **2,078,527** | **6,898,186** | **14,466,680** | **(55,694)** | **(839,086)** | **22,818,920** |

## 42. Notes to the Cash Flow Statement

| 31st March 2023 £ (restated) | Operating Activities | 31st March 2024 £ |
|---|---|---|
| 23,714,099 | Increase / (Decrease) in Creditors | (9,944,314) |
| 4,849,295 | (Increase) / Decrease in Debtors | 1,962,684 |
| (677,029) | Depreciation | (965,857) |
| (2,411,499) | Change in Fair Value of Investment Properties | (1,781,900) |
| **25,474,866** | **Adjustments to net surplus or deficit on the provision of services for non-cash movements** | **(10,729,387)** |

| 31st March 2023 £ (restated) | Investing Activities | 31st March 2024 £ |
|---|---|---|
| 6,424,626 | Long Term Loan Investments | 9,991,405 |
| 13,480,681 | Purchase of Property, Plant and Equipment | 2,284,744 |
| 12,800,204 | Long Term Partnership and Equity Investments | 14,057,986 |
| 871,610 | Any other items from investing activities | 1,672,102 |
| **33,577,121** | **Adjustments to net surplus or deficit on the provision of services for investing activities** | **28,006,237** |

| 31st March 2023 £ (restated) | Financing Activities | 31st March 2024 £ |
|---|---|---|
| (924,600) | Partnership Contribution* | (7,942,622) |
| (15,700,000) | Loan Raised | 0 |
| **(16,624,600)** | **Adjustments to net surplus or deficit on the provision of services for financing activities** | **(7,942,622)** |

* Partnership Contribution is the cash received by IIC Ltd from the Joint Committee and Loan Raised is the cash received by CCRE from the Joint Committee, both of these are removed from the Group Balance Sheet as consolidation adjustments as all entities fall within the Group structure.

## 43. 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.

| 2022/23<br>£<br>(restated) | Capital Adjustment Account | 2023/24<br>£ |
|---|---|---|
| **36,550,449** | **Balance as at 01 April** | **55,729,969** |
| | Capital financing applied in the year: | |
| 27,816,234 | Grants and contributions | **22,232,966** |
| (2,411,499) | Revaluation of Investment Property | **(1,781,899)** |
| (5,548,186) | Return on Investment | **(3,581,016)** |
| (677,029) | Depreciation Adjustment | **(954,688)** |
| **55,729,969** | **Balance as at 31 March** | **71,645,332** |

# 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.

Prifddinas Ranbarth Caerdydd | Cardiff Capital Region

# Cardiff Capital Region City Deal Joint Committee Audited Annual Governance Statement 2024/25

## Cardiff Capital Region Annual Governance Statement 2024/2025

### 1. Introduction and Background

Cardiff Capital Region (CCR) is a regional body (also known as a Corporate Joint Committee) made up of the ten councils across South East Wales. CCR became a fully operational public body, following the transfer of the Cardiff Capital Region City Deal Team from Cardiff Council on 1 April 2024.

CCR has three key areas of responsibility:
1. preparing a Strategic Development Plan;
2. preparing a Regional Transport Plan;
3. doing whatever is deemed necessary to enhance or promote the economic well-being of the region

Membership of the CCR Committee is made up of the elected council leaders of the 10 Local Authorities in CCR and a representative of the Bannau Brycheiniog National Park Authority.

### 2. Scope

Cardiff Capital Region is responsible for: conducting its business in accordance with the law and proper standards; safeguarding and properly accounting for public money; and using resources economically, efficiently, and effectively. It must publish an Annual Governance Statement (AGS) that reflects on how, in the previous financial year, it has discharged these responsibilities.

CCR's governance framework, detailed in the organisation's Constitution, sets out the systems and processes, culture, and values by which the organisation is directed and controlled; and the activities through which it accounts to the region. It ensures that: CCR directs its resources towards its priorities and in accordance with its policy framework; there is sound and inclusive decision-making; and there is clear accountability.

These arrangements reflect that CCR's work cannot be viewed in isolation, there are a number of different bodies involved in the delivery of CCR's objectives, each with their own governance arrangements. These include:

- The ten constituent Local Authorities in South East Wales
- The Brecon Beacons National Park Authority
- Regional Partners and Stakeholders
- Welsh Government
- UK Government
- CCR Energy Ltd
- CSC Foundry Ltd
- Innovation Investment Capital Limited Partnership
- Organisations in which CCR holds investments

## 3. Annual Governance Statement

Regulation 5(2) of the Accounts and Audit (Wales) Regulations 2014 require an authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts.

CCR's AGS has been prepared in accordance with the framework defined in the CIPFA/Solace publication 'Delivering Good Governance in Local Government' (2016). Under this Framework CIPFA recommends that all local government bodies develop a local code of governance, setting out how their governance arrangements work towards meeting the seven principles of good governance. CCR's Local Code of Governance is provided at Annex 1.

Section 6 of this report provides a summary Review of Effectiveness for the 2024/25 financial year against the local governance arrangements, with full detail provided in Annex 2.

## 4. Governance Framework 2023/24

The elements comprising CCR's governance arrangements in 2023/24 reflect the unique stage of the transition from City Deal governance to a stand-alone organisation. Decisions relating to City Deal matters continued to be made through existing governance arrangements whilst alongside these the new South East Wales Corporate Joint Committee (SEWCJC) met to oversee preparations for the transition.

The legacy City Deal arrangements reflected UK Government City Deal requirements, with key advisory bodies including a Regional Economic Growth Partnership, Regional Business Council, Programme Board and Regional Transport Authority. Specific project delegations were reflected in other partnership and advisory boards, including Strategic Premises and Challenge Fund Strategy Boards. In addition, as the CCR investment programme developed, Special Purpose Vehicles have been set up in the shape of CSC Foundry Ltd and CCR Energy Ltd (both companies limited by shares), and Innovation Investment Capital (a Limited Partnership).

Whilst this had resulted in a robust system of governance, with a strong focus on partnerships, it had become complex, as illustrated in Figure 1.

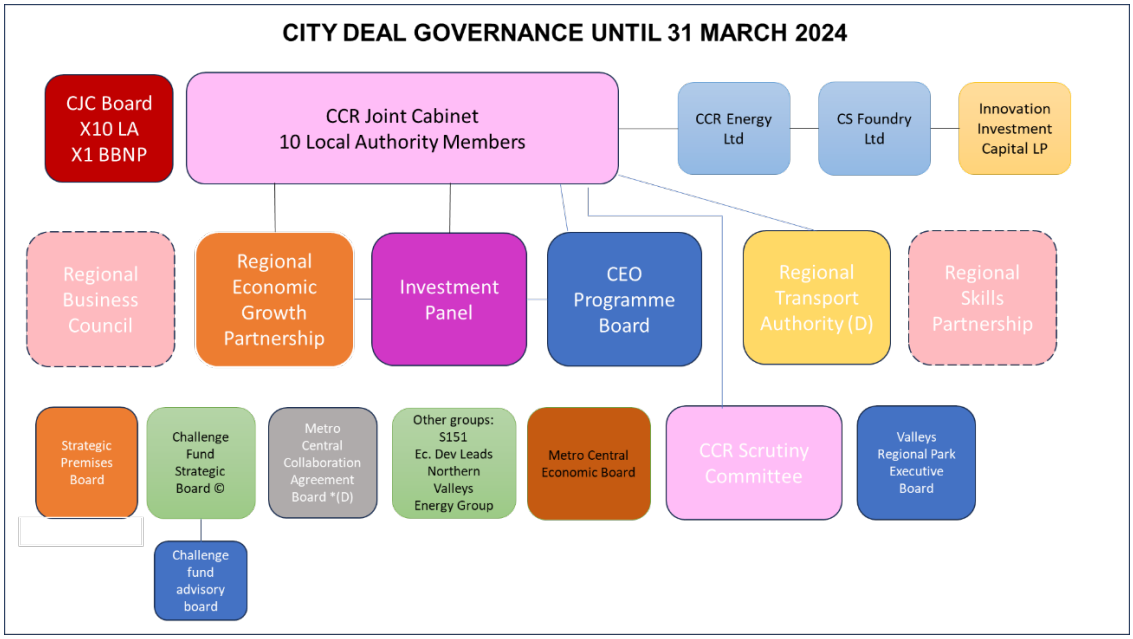


Figure 1: City Deal Governance until March 2024

## 5. New Governance Framework 2024/25

The new CCR governance framework is detailed in CCR's Constitution approved by SEWCJC on 18 March 2024 and illustrated in Figure 2. This retains existing City Deal arrangements and integrates these into a simplified framework which clearly distinguishes the need for external engagement with internal programme management systems.

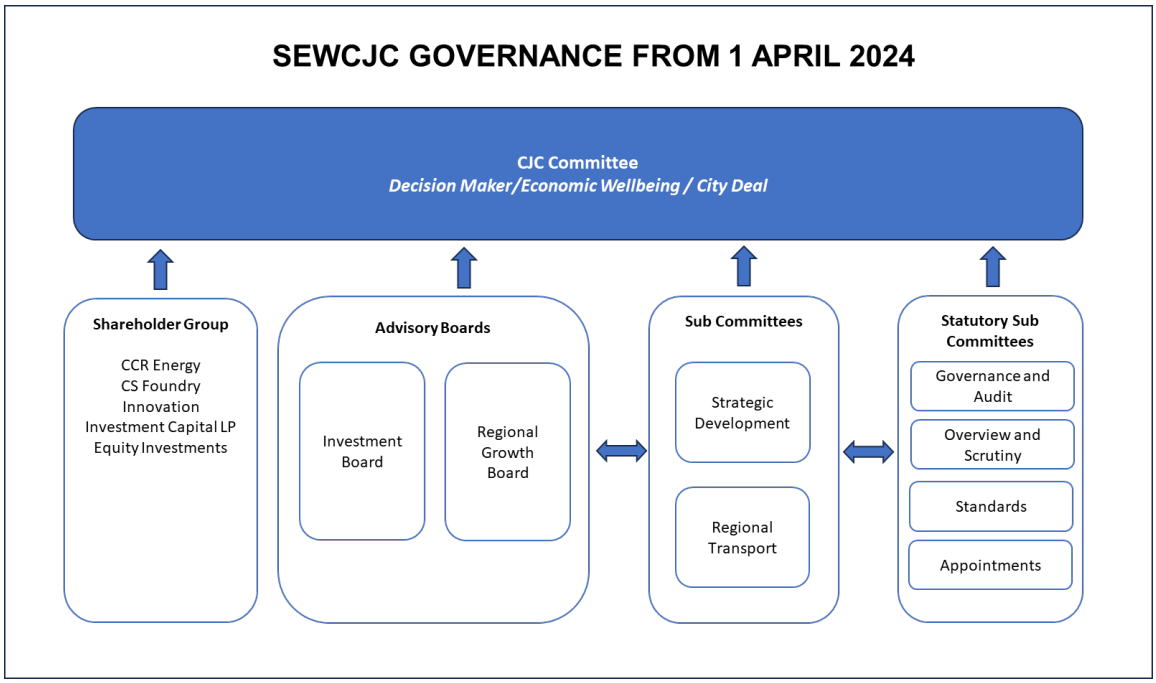


Figure 2: SEWCJC Governance from 1 April 2024

The new CCR governance framework provides the following:

- Single CCR Committee comprising leaders of the 10 Local Authorities plus a representative from Brecon Beacons National Park for matters related to strategic development planning;
- Checks and balances to ensure good governance, including Governance & Audit and Standards Sub-Committees, together with sub-committees to support new statutory duties in relation to spatial and transport planning;
- Advisory Boards focused on Investment and Regional Growth;
- Strengthened arrangements for Joint Overview and Scrutiny, building on City Deal arrangements;
- Shareholder Group to provide oversight of CCR's Ltd Companies and investments.

This framework is supported by an officer structure which is illustrated in Figure 3. This builds on City Deal arrangements, with the Assurance Framework and CCR Investment & Intervention Framework remaining at the core of decision-making.

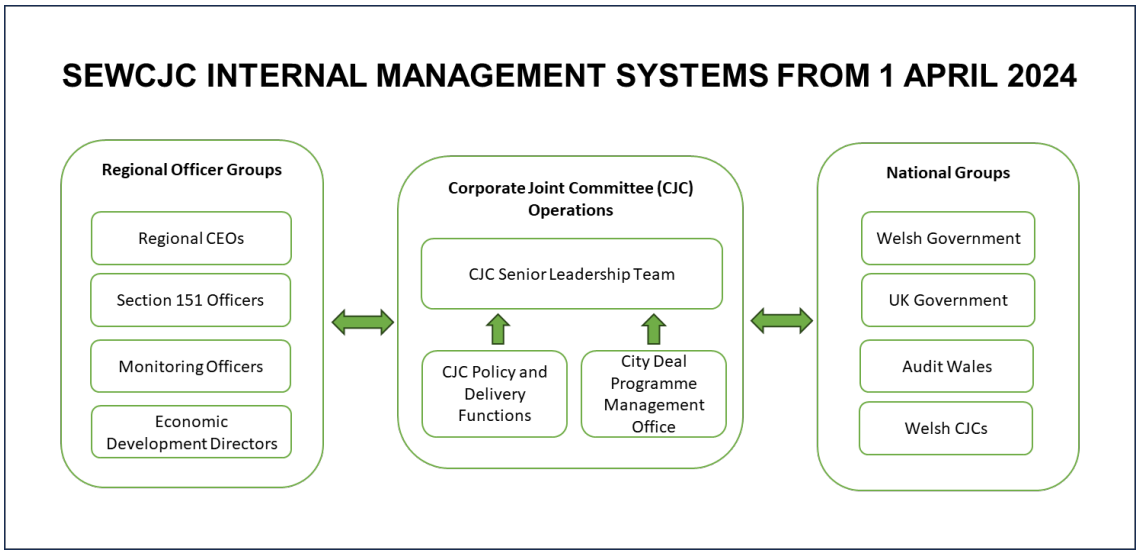


Figure 3: SEWCJC Internal Management Systems from 1 April 2024

## 6. Review of Effectiveness

The AGS draws on a range of input and feedback to capture different perspectives. For 2023/24 this includes:

- Statutory CCR officers and other senior officers
- Internal audit
- External audit
- Governance & Audit Sub-Committee

The table below summarises how CCR has delivered against the seven fundamental principles of governance as set out in the CIPFA framework during 2023/24. A detailed assessment is provided in Annex 2 and an Action Plan included at Annex 3.

| Principle | Assessment 2023-2024 |
|---|---|
| A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law | We have followed effective policies and processes to ensure that:<br>- Members and Staff understand and follow the standards of behaviour expected;<br>- We act ethically;<br>- Our activities are lawful. |
| B. Ensuring openness and comprehensive stakeholder engagement | We have demonstrated a strong commitment to openness and stakeholder engagement through:<br>- Transparent decision making with publication of information and webcasting;<br>- Regular meetings with institutional stakeholders;<br>- Ongoing business engagement programme. |
| C. Defining outcomes in terms of sustainable economic, social and environmental benefits | We have continued to ensure outcomes are clearly defined through the following activities:<br>- Local Evaluation Framework refreshed;<br>- Updated Regional Economic & Industrial Plan;<br>- Development of CCR strategic plans in preparation for transition, including Strategic Equality Plan. |
| D. Determining the interventions necessary to optimise the achievement of the intended outcomes | We follow our governance framework, which sets out how interventions are determined and planned, and outcomes monitored. This includes:<br>- Assurance Framework and Investment & Intervention Framework;<br>- Regional Economic Growth Panel and Investment Panel Advice to Regional Cabinet;<br>- Business Case development following HMT Green Book standards. |
| E. Developing the entity's capacity, including the capability of its leadership and the individuals within it | During 2023/24 we have developed the capacity and capability of the new CJC through the following:<br>- Interim appointments to Executive Leadership Team;<br>- Continued staff development through performance reviews, objective setting, and training. |
| F. Managing risks and performance through robust internal control and strong public financial management | We have effective policies and processes in place to manage risks and performance, including:<br>- Risk Management Framework;<br>- Robust quarterly performance reporting to Welsh Government and UK Government.<br>- Compliance with GDPR;<br>- Financial management follows CIPFA frameworks and guidance. |
| G. Implementing good practices in transparency, reporting and audit to deliver effective accountability | We continue to demonstrate good practice in transparency, reporting and audit. This has included:<br>- Internal Audit through our Accountable Body and External Audit delivered through Audit Wales, with regular reporting to Regional Cabinet;<br>- Gateway Review Mid-Term report to Department of Levelling-Up, Housing and Communities highlighted progress in delivery of our City Deal. |

## 7. Other Governance Arrangements During 2023/24

CCR has two fully owned Ltd Companies, CSC Foundry Ltd and CCR Energy Ltd, and a private fund Limited Partnership, Innovation Investment Capital Limited Partnership. Stand-alone governance policies have been developed for the Limited Companies and will be brought to CCR Committee during 2024-25.

Oversight of these, and other CCR investments, is provided through the CCR Shareholders' Group. This is comprised of the Chair of the SEWCJC, the Directors of the Ltd Companies and Ltd Partnership, together with the CCR nominated Non-Executive Directors of companies in which CCR has made equity investments. The Shareholders' Group is responsible for considering issues and making reports and recommendations to the Governance & Audit Sub-Committee and/or CCR Committee, as appropriate.

## 8. Assurance Summary

Statement from the CEO, Cardiff Capital Region, on the level of assurance and governance arrangements during 2023/24:

Cardiff Capital Region has been working together successfully as a partnership since 2017. Over its lifetime of 20 years the desired outcomes from the City Deal programmes of intervention (£734m ring-fenced for Metro developments with and £495m available through a wider investment fund) are to have delivered 25,000 new jobs, generated an additional £4bn of private sector investment into the region and increased GVA by 5%.

To date our investments and wider activity have already created and safeguarded more than 3,000 jobs across our region; we have supported over 200 businesses and invested millions in our Metro transport system. We invest in things that improve our residents' quality of life – jobs, transport, homes, and communities. From municipal year 2024-25, as a Corporate Joint Committee, we will also have new statutory powers for transport and planning which mean we will have the opportunity to do more.

Since the start of our journey, we have ensured robust and transparent decision making made in public by democratically elected members. During 2023-24 we have continued to work collaboratively with our partners in the Welsh and UK Governments as well as engaging with stakeholders across the region.

Our Local Governance Framework details the policies and processes we have in place to ensure good governance. During 2024-25 we have continued to work to the principles embedded in our Assurance Framework and Investment & Intervention Framework. Our robust approach to the management of public funds is recognised in reports from Internal and External Auditors.

During 2023-24 we refreshed and enhanced our Local Evaluation Framework as part of the second Gateway Review for the CCR City Deal and submitted evidence for our Mid-Term Review. The Gateway Review assesses the impact of the City Deal fund in delivering the aspirations detailed in the Deal Document. Submission of the Mid-Term Report was a significant milestone, and we were encouraged by the positive feedback

highlighting good investment decisions, strong partnership working, positive political engagement, robust governance, and evidence-based decision making.

We have put in place practices and procedures to discharge our statutory powers in relation to Regional Transport Planning, Strategic Development Planning and Economic Wellbeing, and to ensure that we are compliant with our statutory duties.

We have taken the opportunity to streamline and strengthen our governance framework to support our transition to a new corporate body. Our new Constitution has been developed in consultation with Members and reflects our increasing need to continue to work in partnership with industry and education providers and to manage the return on investment from our initial portfolio of projects. It provides us with strong foundations upon which our new organisation can develop and grow.

## 9. Action plan

Progress against the actions identified in the 2022/23 Annual Governance Statement was reported quarterly to Regional Cabinet as part of the Quarterly Performance Report. At review on 31 March 2024 all actions had been completed, addressed by provisions in the new CCR Constitution.

Actions for completion in 2024/25 are detailed in the Assessment Table at Annex 2 and summarised in the Action Plan at Annex 3. Progress will be reported to the Governance and Audit Sub-Committee and to CCR Committee.

## 10. Conclusion

During 2023/24 CCR implemented a significant transition programme which saw the successful transfer of City Deal operations from Cardiff Council to a new standalone organisation.

Based on the review of effectiveness against the Local Code of Governance, CCR's governance arrangements provided the basis to effectively manage delivery during 2023/24.

The new CCR Constitution provides strengthened and streamlined governance arrangements that will be embedded into the new organisation during 2024/25. Progress against actions identified from this Annual Governance Statement will be reported to the Governance and Audit Sub-Committee and to CJC Committee.

This position, together with a track record of implementing actions identified within previous Annual Governance Statements, provides assurance that appropriate arrangements are in place to take forwards recommendations set out in the Action Plan.

## 11. Signed

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SEWCJC Chair SEWCJC Chief Executive

**Annex 1: CCR Local Governance Arrangements**

| **Principle A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law** | | | |
|---|---|---|---|
| **Sub Principle** | **Governance Arrangements** | **Local Guidance** | **Key Sources of Assurance** |
| Behaving with integrity | Constitution includes codes of conduct which define standards of behaviour for members and staff and approach to conflicts of interest. | • Members' code of conduct<br>• Employee code of conduct<br>• Protocol on officer/member relations<br>• Whistleblowing Policy<br>• Anti-Fraud, Bribery and Corruption Policy<br>• HR Policies | • Register of interests for members and officers<br>• Register of gifts and hospitality<br>• Declarations of interest at meetings<br>• Reports and minutes from Standards Sub-Committee |
| Demonstrating strong commitment to ethical values | Policies in place to ensure compliance with relevant legislation and demonstrate commitment to ethical working practices. | • Wellbeing of Future Generations Act<br>• Strategic Equality Plan<br>• Modern Slavery Statement<br>• Investment & Intervention Framework and Responsible Investing Policy<br>• Nolan Principles of Standards in Public Life<br>• Member and officer induction | • Wellbeing of Future Generations considerations in Committee reports<br>• Review of Strategic Equality Plan<br>• Training records for Members and officers |
| Respecting the rule of law | Policies and procedures in place to ensure that corporate decisions are lawful. | • Terms of reference for CCR Committee and Sub-Committees<br>• Scheme of delegations<br>• Finance Procedure Rules<br>• Contract Procedure Rules | • Internal audit reports<br>• External audit reports<br>• Reports and minutes from Governance & Audit Sub-Committee |
| **Principle B. Ensuring openness and comprehensive stakeholder engagement** | | | |
| **Sub Principle** | **Governance Arrangements** | **Local Guidance** | **Key Sources of Assurance** |
| Openness | Documented commitment to openness and acting in the public interest. | • Access to Information Procedure Rules<br>• Petition Scheme<br>• Committee and Sub-Committee procedures | • Calendar of CCR meetings<br>• Forward Plans of CCR Committee and Sub-Committee meetings |

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| | | • Chief Executives' Group<br>• Complaints Policy and Procedure<br>• Welsh Language Regulations | • Workplans for JOSC and Governance & Audit Sub-Committee<br>• Publication of agendas and papers, minutes, and decision registers for CCR Committee and Sub-Committees<br>• Webcasting of meetings<br>• FOI Publication Scheme<br>• Reports on Complaints and FOI compliance |
| Engaging with institutional stakeholders | Good governance arrangements in respect of partnerships and other joint working. | • Terms of reference Investment Board, Regional Growth Board, CEO Group, Shareholder Group<br>• Memorandum of Understanding with Universities | • Minutes of partnership meetings<br>• Records of advice provided to Committee in reaching decisions<br>• Business engagement events<br>• Regular newsletter |
| Engaging with individual citizens and service users | Clear channels of communication with the community and other stakeholders, ensuring accountability and encouraging open consultation. | • Communications Strategy<br>• Regional Unleashed programme | • Reports and feedback from events and communications initiatives |
| **Principle C. Defining outcomes in terms of sustainable economic, social, and environmental benefits** | | | |
| **Sub Principle** | **Governance Arrangements** | **Local Guidance** | **Key Sources of Assurance** |
| Defining outcomes | Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning. | • Regional Economic & Industrial Plan<br>• Five Year Corporate Strategy<br>• Annual Business Plan<br>• Regional Transport Plan<br>• Strategic Development Plan<br>• Local Evaluation Framework | • Regional Growth Board Minutes<br>• Annual Review<br>• Mid Term and Five-Year Gateway Review<br>• Minutes from Sub-Committee meetings (Regional Transport and Strategic Development) |

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| Sustainable economic, social, and environmental benefits | Policies and processes in place to support sustainable outcomes. | • Strategic Equality Plan<br>• Biodiversity Compliance Plan<br>• Child Poverty Strategy<br>• Modern Slavery Statement<br>• Responsible Investment Policy | • Regular review and development of policy framework<br>• Integrated Regional Transport Plan Well-Being Assessment |
| **Principle D. Determining the interventions necessary to optimise the achievement of the intended outcomes** | | | |
| **Sub Principle** | **Governance Arrangements** | **Local Guidance** | **Key Sources of Assurance** |
| Determining interventions | Defined processes in place to translate the vision into planned courses of action for the authority, its partnerships, and collaborations and to monitor progress through delivery and towards achievement of outcomes. | • Assurance Framework<br>• Risk Management Framework<br>• Internal Investment Pipeline meetings<br>• Terms of reference for CCR Committee, Sub-Committees and Advisory Bodies | • Records of decisions taken at CCR Committee and supporting evidence considered |
| Planning Interventions | | • Investment and Intervention Framework<br>• Responsible Investment Policy | • Investment Board Minutes<br>• Risk registers<br>• Joint Overview & Scrutiny reports |
| Optimising achievement of intended outcomes | | • Annual Budget<br>• Joint Overview and Scrutiny | • Quarterly performance reports<br>• Project budget monitoring reports<br>• Investment Dashboard |
| **Principle E. Developing the CJC's capacity, including the capability of its leadership and the individuals within** | | | |
| **Sub Principle** | **Governance Arrangements** | **Local Guidance** | **Key Sources of Assurance** |
| Developing capacity | Ensuring effective arrangements are in place for the discharge of the monitoring officer function.<br><br>Ensuring effective arrangements are in place for the discharge of the head of paid service function. | • CJC Transition Programme<br>• Workforce planning and development | • Transition programme reports<br>• Executive appointments |

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| Developing capability | Defining and documenting the roles and responsibilities of members and management, with clear protocols for effective communication in respect of the authority and partnership arrangements.<br><br>Providing induction and identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training. | • Performance Management<br>• Annual Appraisal<br>• Learning & Development programme<br>• Corporate induction<br>• Committee and Sub-Committee Member Training & Development programme<br>• Job descriptions<br>• HR Policies and Procedures | • Appraisals<br>• Personal development plans<br>• Access to courses/briefings<br>• Mentoring and peer support programmes |
| **Principle F. Managing risks and performance through robust internal control and strong public financial management** | | | |
| **Sub Principle** | **Governance Arrangements** | **Local Guidance** | **Key Sources of Assurance** |
| Managing risk | Framework for identifying and managing risks and for performance and demonstrating clear accountability.<br><br>Counter fraud and anti-corruption arrangements developed and maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014). | • Risk Management Strategy & Policy<br>• Corporate risk register<br>• Operational risk register<br><br>• Anti-Fraud, Bribery & Corruption Policy<br>• Anti-Money Laundering Policy<br>• Whistleblowing Policy | • Senior Executive Team review of risk registers, in particular, risk escalation review<br>• Reports to Governance & Audit Sub-Committee<br>• Inclusion of Risk Summary within Quarterly performance reports to CJC, UK Government, and Welsh Government.<br><br>• Fraud Action Plan (Reported to G&A Sub-Committee)<br>• Annual Report of all activity undertaken by Corporate Fraud Team (via Internal Audit SLA) |

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| | Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013). | • Governance & Audit Sub-Committee Terms of Reference and Work Plan<br>• Annual Internal Audit Work Plan | • Collaboration with other partners and agencies (membership of National Fraud Initiative)<br>• Risk Management is a standing item on the Governance & Audit Sub-Committee Agenda |
| Managing performance | Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money. | • Internal Investment Pipeline Meetings<br>• Project Reviews | • Quarterly performance reports to CJC, UK Government, and Welsh Government.<br>• Five-year Gateway Reviews<br>• Joint Overview & Scrutiny reports<br>• Reports to Investment Board and Committee<br>• Project closure and lessons learned reports |
| Robust internal control | Reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality. | • CIPFA Statement on the Role of the Head of Internal Audit (2010)<br>• Financial Procedure Rules<br>• Treasury Management Strategy<br>• Contract standing orders<br>• Scheme of delegations<br>• Segregation of duties<br>• Internal and External Audit<br>• Section 151 Officer<br>• Governance & Audit Sub-Committee | • Internal Audit report and plan<br>• Governance & Audit Sub-Committee workplan<br>• Budget Monitoring Reports<br>• Treasury Management Update Reports<br>• Recommendations from Internal and External Audit Reports<br>• Contracts register |

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| Managing data | Ensuring data is managed in accordance with legislation. | • Senior Information Risk Owner and Data protection officers<br>• Information governance processes (GDPR/DP/FOI)<br>• IT security policies (Including Cyber Security)<br>• Information management principles and retention schedule | • Privacy notices<br>• Data Sharing agreements<br>• Data processing agreements<br>• Information asset register<br>• IT Security/GDPR training<br>• Reports to Governance & Audit Sub-Committee |
| Strong public financial management | Ensuring that financial management arrangements conform with recognised best practice and CIPFA guidance. | • CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015)<br>• CIPFA frameworks and accounting practices<br>• Treasury Management Strategy<br>• Annual Business Plan<br>• Medium Term Financial Plan | • Budget Monitoring Reports (Operational & Wider Investment Fund) to CJC<br>• Annual Statement of Accounts including External Audit opinion<br>• Treasury Management Update Reports<br>• KPI analysis of partner organisations (e.g. covenant tests / debt ratios) |
| **Principle G. Implementing good practices in transparency, reporting and audit to deliver effective accountability** | | | |
| **Sub Principle** | **Governance Arrangements** | **Local Guidance** | **Key Sources of Assurance** |
| Implementing good practice in transparency | Providing timely support, information and responses to internal and external auditors and properly considering audit findings and recommendations. | • Internal Audit plan<br>• External Audit through Audit Wales (the Auditor General for Wales and the Wales Audit Office)<br>• Governance & Audit Sub-Committee | • Internal Audit report and recommendations<br>• External Audit Report and Recommendations<br>• Reports to Governance & Audit Sub-Committee |
| Implementing good practice in reporting | Compliance with CIPFA financial management code of practice. | • Compliance with CIPFA financial management code of practice | • Annual review of compliance with CIPFA FM code of practice |

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| Assurance and effective accountability | Providing accurate and timely reporting to Internal and External bodies to provide assurance. | • Governance & Audit Sub-Committee<br>• UK Gateway Review<br>• Annual Governance Statement | • Reports to Governance & Audit Sub-Committee<br>• Annual Governance Statement<br>• Gateway Review – Mid Term and Quinquennial Reviews |

**Annex 2: CCR Annual Governance Assessment 2023/24**

| **A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law** | | |
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| **Sub Principle** | **Review of Effectiveness 2023-2024** | **Actions Planned for 2024-2025** |
| A1 Behaving with integrity | During 2023-24 we had effective processes in place to ensure that Members and staff understood and followed the standards of behaviour expected of them. In particular:<br>• The existing Member and Employee codes of conduct and protocols on officer/member relations were reviewed and updated as part of the Interim Constitution agreed by the SEWCJC in October 2023 and again as part of the new CCR Constitution adopted 18 March 2024<br>• Registers of Interests for Members, Partnership Members and Senior Officers are updated annually and were all updated during 2023-24.<br>• Declarations of Interest were requested at all meetings of Regional Cabinet, SEWCJC and Advisory Boards. Any potential conflicts were documented and, where advised by the Monitoring Officer, certain Advisory Board members did not receive reports or join discussions on specific matters. | A1.1 Induction to be provided for all Members of CCR Committee, Sub-Committees, Boards, Advisory Groups following appointments at the AGM. (Staff induction detailed in Principle E)<br><br>A2 Reports to be provided to Standards Sub-Committee during 2024-25 as agreed in the work programme.<br><br>A3 CCR staff will continue to adhere to Cardiff Council HR Policies whilst a full suite of new CCR HR policies is developed and published. This will include a Counter-Fraud, Bribery & Corruption Policy to be finalised and published in Q2 2024 |

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| | • As part of the transition to the SEWCJC a new Standards Sub-Committee is required. Hosting arrangements have been agreed with Cardiff Council's Standards & Ethics Committee and SEWCJC is included in their work programme for 2024-25.<br>• The City Deal Team was subject to Cardiff Council's policies during 2023-24, but in preparation for transition a new CCR Whistleblowing policy and a Modern Slavery Statement has been prepared. | |
| A2 Demonstrating strong commitment to ethical values | We demonstrate commitment to strong ethical values through:<br>• Detailed Wellbeing of Future Generations considerations provided with all decisions to Regional Cabinet and SEWCJC during 2023-24.<br>• CCR's first Strategic Equality Plan approved by SEWCJC on 18 March 2024. Briefings provided to all staff on the plan and how this will be implemented.<br>• New CCR Modern Slavery Statement published in preparation for transition to stand-alone organisation<br>• Nolan principles of Standards in Public Life form core element of role descriptions for independent members to Boards and Committees | A2.1 Initial review of new Strategic Equality Plan to take place by December 2024.<br><br>A2.2 Training on working in a political environment to be delivered to all staff during Q1/Q2 2024-25<br><br>A2.3 Updated Investment and Intervention Framework to be brought to CCR Committee in June 2024 alongside Responsible Investment Policy (Principle C) |
| A3 Respecting the rule of law | The new CCR Constitution is designed to ensure we have effective policies in place to ensure that activities are lawful. These include:<br>• Clearly defined terms of reference for CCR Committee, new Sub Committees, Advisory Boards and Groups.<br>• Provision for a new Statutory Governance and Audit Sub Committee<br>• Scheme of delegations | A3.1 Governance & Legal will remain embedded at the heart of CCR's decision making processes. During 2024 this will be strengthened through appointment of permanent Monitoring Officer and in-house team<br><br>A3.2 Recruitment of independent members to the new Governance & Audit Sub-Committee to take place during Q1 with first meeting of this new Sub-Committee to take place in July 2024 |

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| | • Financial Procedure Rules and Contract Procedure Rules<br><br>We have internal processes in place to ensure that policies and procedures are followed and mechanisms to monitor this through Internal and External Audit (detailed in Principle G)<br>Legal implications were provided as part of all proposals brought to Regional Cabinet and SEWCJC for decision during 2023-24, alongside financial implications and Subsidy control advice for all investment decisions. | |

| **B. Ensuring openness and comprehensive stakeholder engagement** | | |
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| **Sub Principle** | **Review of Effectiveness 2023-2024** | **Actions Planned for 2024-2025** |
| B1 Openness | We are committed to openness and demonstrated this during 2023-24 through:<br>• Publication of agendas and papers for Regional Cabinet and SEWCJC within statutory three clear working days of meetings. Decision Registers published within one day of meetings. Summons, agendas, and minutes published in both Welsh and English.<br>• Live broadcast of all Regional Cabinet and SEWCJC meetings, with recordings available on our website<br>• Complaints policy and procedure prepared and published as part of transition to SEWCJC, and shared with Public Services Ombudsman for Wales<br>• New CCR governance arrangements include a Chief Executive Group of the ten local authorities and Brecon Beacons National Park, to ensure regional oversight | B1.1 New CCR governance arrangements will build on existing processes and activities will include:<br>• Publication of forward plans for CCR Committee and Sub-Committees<br>• Publication of full calendar of CCR meetings for 2024-25 following agreement at AGM<br>• Strengthen reporting of decisions through publication of a composite and searchable register of Committee, Member and Officer decisions<br>• Publish workplans for new Governance & Audit Sub-Committee and Joint Overview & Scrutiny<br><br>B1.2 Work with RCT towards achieving compliance with Welsh Language Regulations, noting CCR is already compliant with a number of the regulations. |

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| | and representation at CCR Sub-Committees, Boards and Advisory Groups<br>• Following discussions with the Welsh Language Commissioner, a compliance notice was issued 24 April 2024 and an SLA agreed with Rhondda Cynon Taf County Borough Council (RCT) to support work towards compliance.<br>• Accessibility tools introduced to CCR website during 2023-24<br>• Governance information updated and published in preparation for transition to SEWCJC, including a CCR FOI Publication Scheme<br>• During 2023-24 16 valid FOI requests were received and responded to.<br>• The new CCR Constitution includes Access to Information Procedure Rules summarising the rights of the public to attend meetings and inspect and copy documents, along with a Petition Scheme setting out how individuals, community groups and organisations can raise issues of public concern for consideration by the CCR Committee or a Sub-Committee | B1.3 As CCR becomes established as a stand-alone organisation new information will be published through the FOI publication scheme as it becomes available, including:<br>• Senior Management organisation chart<br>• A guide to the new constitution<br>• Updated pay scale<br><br>B1.4 Reports on Complaints and Freedom of Information compliance to be brought to new Governance & Audit Sub-Committee |
| B2 Engaging comprehensively with institutional stakeholders | The City Deal Governance arrangements operating during 2023-24 ensured comprehensive engagement with stakeholders and met the requirements of the Joint Working Agreement, as follows:<br>• Regional Economic Growth Partnership met six times to consider matters around economic policy development<br>• Investment Panel met six times to consider investment proposals and to provide advice to Regional Cabinet<br>• Regional Business Council met five times to provide feedback on policy and investment activity | B2.1 The new CCR Constitution includes strengthened partnership engagement, with clear Terms of Reference for a new Regional Growth Board, Investment Board, CEO Group and Shareholder Group. Arrangements for these groups will be reviewed as they establish during 2024-25 with any recommendations for improvements brought to CCR Committee.<br><br>B2.2 A Memorandum of Understanding between CCR and regional Higher Education and Further Education |

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| | • Chief Executives Programme Board met six times to ensure a regional perspective provided to policy and investment proposals, and to inform development of the new SEWCJC<br>• A Member Working Group was convened in January 2024 to provide input into the new CCR Constitution<br>• A comprehensive stakeholder engagement exercise, including interviews and survey, conducted as part of the Mid Term Review | providers, formalising their agreement to work together towards a civic commitment, will be signed in Q1 2024-25. |
| B3 Engaging with individual citizens and service users | During 2023-24 we had effective mechanisms in place to engage with individual citizens and service users including clear methods for making enquiries about investment and funding opportunities via the CCR website, along with provision for more general enquiries.<br><br>As a regional body CCR does not deliver the same range of public facing services as a local authority, but for activities targeted to individuals, such as the Venture Graduate Bootcamps, feedback is sought from participants and used to inform future events.<br><br>Our business engagement programme – Unleashed – continued throughout 2023-24 with events held throughout the region focused on supporting SMEs. | B3.1 The introduction of the new Sub-Committees and Advisory Boards will provide further opportunities for public engagement in CCR decision making, Appointment of Independent Members of Governance & Audit Sub-Committee, Regional Growth Board and Investment Board will take place during Q1 2024-25.<br><br>B3.2 A review of the Communications Strategy is planned for 2024-25. |

| C. Defining outcomes in terms of sustainable economic, social, and environmental benefits | | |
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| **Sub Principle** | **Review of Effectiveness 2023-2024** | **Actions Planned for 2024-2025** |
| C1 Defining outcomes | During 2023-24 we agreed a new Local Evaluation Framework for the City Deal which provides a strong and effective set of outcomes, outputs and impacts against which we will measure progress for our Mid-Term and Quinquennial Gateway Reviews which are reported to DLUHC, SG and UKG.<br><br>A full review of the CCR Portfolio was undertaken during 2023-24, with performance measures updated to ensure alignment with the new Local Evaluation Framework.<br><br>An updated five-year Regional Economic & Industrial Plan was agreed in January 2023 and remains in place setting out our ambition to deliver a wider economic and social remit for the region.<br><br>A Regional Economic Review was commenced in 2023-24.led by the Chair of the Regional Growth Board. This review will procure and consider evidence, review the wellbeing objectives of CCR and make recommendations as to how the new corporate body can best leverage its new statutory powers. | C1.1 The output of the Regional Economic Review will help to inform a refreshed five-year Corporate Strategy will be published in 2024-25, and this will be used to inform future CCR Annual Business Plans.<br><br>C1.2 Work with the Sub-Committees and Advisory Boards to develop approaches to new CCR duties across economic wellbeing, spatial planning and regional transport, commencing development of a Regional Transport Plan and Strategic Development Plan |
| C2 Sustainable economic, social, and environmental benefits | During 2023-24 CCR developed its own new strategic plans to ensure effective sustainable economic, social, and environmental benefits are placed at the heart of the organisation's decision-making processes. These included:<br>• Strategic Equality Plan (detailed in Principle A)<br>• Biodiversity Compliance Plan<br>• Child Poverty Strategy | C2.1 Work will continue to develop CCR's new policy framework during 2024, including a review and refresh of the CCR Child Poverty Strategy.<br><br>C2.2 Responsible Investment Policy to be brought to CCR Committee for approval in Q1 2024-25 |

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| | • Responsible Investment Policy<br>• Modern Slavery Statement | (alongside the refreshed Investment and Intervention Framework referenced in Principle A). |

| **D. Determining the interventions necessary to optimise the achievement of the intended outcomes** | | |
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| **Sub Principle** | **Review of Effectiveness 2023-2024** | **Recommendations for 2024-2025** |
| D1 Determining interventions | We have complied with our Local Governance arrangements when determining interventions.<br>• All investment and intervention proposals assessed in line with Assurance Framework and Investment & Intervention Framework.<br>• Internal Investment Pipeline meetings were held monthly to review investment requests against the criteria in these frameworks before review by Advisory Groups and subsequent recommendations to Regional Cabinet.<br>• Risks are reviewed as part of the monthly performance meeting and a risk management is reported in Quarterly Performance reports.<br>• Assurance framework updated as part of the preparation for transition to the SEWCJC, and the updated version was adopted by SEWCJC on 18 March 24. | D1.1 Review of Investment & Intervention Framework to be carried out during 24-25 to align this with new CCR policy framework, including Equality and Biodiversity policies.<br><br>D1.2 New CCR Risk Management Framework to be developed during 24-25 to reflect the new status as a stand-alone organisation. |
| D2 Planning interventions | We have planned interventions effectively and ensured that, in reaching decisions, Regional Cabinet have been provided with appropriate information and supporting evidence from Advisory Groups.<br>• Investment Panel, Regional Economic Growth Board and Chief Executives Programme Board each met six times during 2023/24 with meetings taking place in advance of Regional Cabinet to ensure that feedback | D2.1 Embed new governance arrangements during 2024/5 to ensure that information flows effectively and efficiently between the CCR Committee, Sub-Committees and Advisory Boards. Make operational adjustments as necessary and if appropriate bring proposals for improvements/changes to CCR Committee for consideration. |

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| | and recommendations from these Advisory Groups could be properly considered.<br>• All Regional Cabinet investment decisions in relation to funding from the Wider Investment Fund (WIF) were informed by the submission of a combination of the following, Strategic Outline Case, Outline Business Case or Full Business Case, all following HMT Green Book standards.<br>• Business Cases for 3 interventions were considered by Regional Cabinet during 2023/24. A total Investment of £96.5m was approved. | |
| D3 Optimising achievement of intended outcomes | We have effective processes in place to review progress towards achieving outcomes.<br>• Joint Overview & Scrutiny met three times during 2023/24 and considered matters relating to specific programmes including Investment Zones, Regional Transport and Strategic Development Plans. JOSC also pre-scrutinised the draft Constitution for the new SEWCJC with views and recommendations included in the SEWCJC papers for 18 March 2024.<br>• Detailed project and investment budget monitoring, including forecast, actual and variance, is provided as part of our quarterly performance reporting. | D3.1 Workplan for Joint Overview & Scrutiny to provide more opportunity to scrutinise decisions as well as delivery performance.<br><br>D3.2 Approach to budget monitoring to be reviewed and strengthened following transition to SEWCJC, through development of an Investment Dashboard (details provided as part of Principle F). |

| **E. Developing the CJC's capacity, including the capability of its leadership and the individuals within it** | | |
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| **Sub Principle** | **Review of Effectiveness 2023-2024** | **Actions Planned for 2024-2025** |
| E1 Developing the CJC's capacity | During 2023-24 there were effective arrangements to ensure there was capacity to support the transition to the SEWCJC. These included:<br>• Chief Executive appointed. | E1.1 Recruitment to permanent Executive Team to be completed by July 2024. |

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| | • Recruitment of dedicated CCR Interim Monitoring Officer and CCR Interim S151 Officer<br>• CCR Head of HR and OD appointed March 2024.<br><br>As part of the Monitoring Officer and Section 151 Officer functions being brought in-house, small in-house teams have been recruited to ensure these functions have appropriate support.<br><br>An Executive Team structure for CCR was agreed by SEWCJC on 4 December 2023. This comprises: Strategic Director Resources (Section 151 Officer); Strategic Director Legal & Governance (Monitoring Officer); Strategic Director Policy, Impact & Partnerships. Recruitment to these positions commenced in April 2024.<br><br>The CJC Transition Programme was managed and overseen by a programme team comprising staff from Cardiff Council and the City Deal Team. Fortnightly meetings were held throughout 2023-24 to monitor progress on delivery of programme workstreams:<br>• People<br>• Corporate and Governance<br>• Financial<br>• Investment and Project Delivery<br>• Corporate Structures Transfer<br>• Stakeholder Engagement & Communications<br>• Corporate Policies | E1.2 Transition programme lessons learned to be held and project closure report written Q1 2024-25. |
| E2 Developing the capability of the CJC's leadership and other individuals | We have continued to develop the capability of the SEWCJC's leadership and other individuals. During 2023-24 CCR was still formally part of Cardiff Council and | To reflect the new status of CCR as a stand-alone organisation, a number of employee support and development activities are planned for 2024-25, including: |

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| | followed Cardiff policies and procedures, which included the following:<br>• Regular mandatory training for all employees including GDPR/Data Protection, Information Security, Safeguarding.<br>• Adherence to Cardiff Council HR and Organisational Polices.<br>• Basic Induction for all new starters up.<br>• Job Descriptions and Person Specifications in place for all, and independently evaluated.<br><br>To support ongoing staff development following the transition to SEWCJC, the following preparations were made in 2023-24:<br>• Training needs analysis to identify key employee training needed, mandatory training (e-learning), and development training to enhance employee performance. i.e., Leadership Programme.<br>• Induction Handbook (Playbook) developed and published on new CCR Intranet.<br>• Decision to retain Cardiff Council HR policies post-TUPE until CCR has developed own suite of policies. | • E2.1 New Performance Management Framework (Achieving Full Potential) introduced May 2024, with competencies aligned to CCR's values, to help create the right behaviours. This also includes a Development Action Plan to capture training and development needs and to provide a training record for each employee. This will be reviewed mid-year and year-end 2024-25.<br>• E2.2 Mentoring Programme to be introduced from June 2024.<br><br>In addition, the following actions are detailed at Principle A:<br>• Training for CCR Committee and Sub-Committee Members to be provided following appointments at the June AGM.<br>• Training for independent Members of Sub-Committees and Advisory Roles to be provided following appointments.<br>• Training for all staff on working in a political environment to be delivered during Q1/Q2<br>• CCR HR policies to be updated and in place by July 2024 |

| F. Managing risks and performance through robust internal control and strong public financial management | | |
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| **Sub Principle** | **Review of Effectiveness 2023-2024** | **Actions Planned for 2024-2025** |
| F1.1 Managing risk | We have effective processes in place to manage risk through the CCR Risk Management Policy which was endorsed by Regional Cabinet in November 2021.<br><br>Both a corporate and an operational risk register are maintained and monitored, with reporting to Regional Cabinet as part of the Quarterly Performance Report. | During 2024-25 we will be reviewing and strengthening our reporting structures to reflect the transition to a new corporate entity. Risk Management reporting will continue through existing quarterly and financial performance reporting and our Risk Management Policy will be reviewed and updated (Principle D)<br><br>F1 This will include development of an Investment Dashboard to bring together information about loans and equity performance. This reflects the increasing maturity of CCR, as projects and investments start to generate returns, and will link into our Treasury Management activities. |
| F1.2 Managing performance | We effectively monitor and manage performance of our investments and interventions through a robust system of quarterly performance reports which are provided to Regional Cabinet and to Welsh Government, and UK Government. These provide:<br>• detail of expenditure against Investment Fund budgets as set out in the Annual Business Plan and proposals for any changes to capital and revenue budgets<br>• a report on investment portfolio activities<br>• a report on non-investment activity including events, programmes, and communications<br>• a progress update on the AGS action plan<br>• a progress update on the Internal Audit action plan<br>• CCR resourcing<br>• Corporate risk register update<br><br>In addition, periodic reviews of projects in delivery are carried out to ensure a culture of continuous improvement. During 2023/24 18 reviews were carried out. As our initial projects start to complete, we will start to provide closure reports and conduct lessons learned reviews to inform future activities. | |

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| F2 Robust internal control | During 2023-24 we had robust internal control systems in place, notably:<br>• Use of the Cardiff Council accounting system and application of Accountable Body policies and procedures, ensuring financial authorisation limits were in place, along with clear segregation of duties.<br>• Section 151 Officer duties provided through Cardiff Council as the CCR Accountable Body. During 2023-24 CCR appointed an Interim Section 151 Officer to ensure appropriate separation between the City Deal and SEWCJC during the transition period, with recruitment to a permanent CCR Section 151 officer to take place in Q1 2024-25.<br>• The new CCR Constitution includes Financial Regulations, Contract Standing Orders and Scheme of Delegations for the new organisation, and these have been made available to all staff. | F2.1 Workplan to be developed for new Governance and Audit Sub-Committee following appointments at AGM<br><br>F2.2 Following the 'lift and shift' to the Corporate Joint Committee a full review of control systems will be undertaken |
| F3 Managing data | During 2023-24 the following processes were followed to ensure the effective management of data:<br>• Until 31 March 2024 the City Deal Team GDPR compliance was managed through Cardiff Council. All staff were provided with guidance on Cardiff processes and were required to complete mandatory training on Information Security/GDPR<br>• During 2023-24 CCR Compliance with GDPR was managed through an SLA with RCT for provision of This arrangement will continue into 2024-25.<br>• During 2023-24 one Subject Access Request was received and responded to within the statutory timeframe. There were no appeals to ICO | F3.1 Following transition to RCT IT environment all staff are required to complete mandatory IT Security and GDPR training within a month of access. Information management guidance will be developed during to ensure all staff understand basic principles and to support transition to new systems and processes.<br><br>F3.2 A new CCR Information Asset Register will be developed to reflect the data held by the new organisation and this will be used to identify any further activities that may be required. |

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| | • In preparation for transition to the SEWCJC a Data Audit was carried out. Data Sharing Agreements and Privacy Notices were updated appropriately, and all staff were reminded of their responsibilities in terms of data retention and deletion.<br>• An SLA was agreed with RCT to provide ICT services from April 2024. These services will meet required technical standards for security.<br>• To support the transfer of City Deal data and information from Cardiff systems to RCT, a Data Disclosure Agreement, Legitimate Interest Test and Data Processing Agreement were completed and signed by the relevant organisations. | |
| F4 Strong public financial management | We ensure strong public financial management through the following:<br>• Management Accounts and Financial Statements were reported to Members at each Regional Cabinet meeting and follow CIPFA frameworks and accounting practices. The draft Statement of Accounts 2022-23 was brought to Regional Cabinet on 9 October 2023 and audited CCR Accounts for 2022-23 will be brought to CCR Committee during 2024.<br>• In preparation for the transition to the SEWCJC, Finance and Accountancy SLAs have been agreed and signed with RCT and recruitment has taken place at CCR to ensure that the finance team is resourced to support activities effectively following transition.<br>• As part of the transition, a full review of current controls was undertaken and it was ensured that similar levels of controls would be in place during 2024/25. | The focus in 2024-25 will be to embed new ways of working to ensure we build on the strong foundations of good public financial management that have been in place to date. This will include:<br>• F4.1 Building on the Annual Business Planning cycle to develop a Medium-Term Financial Plan<br>• F4.2 Reporting Regularly on new Treasury Management activities |

| G. Implementing good practices in transparency, reporting and audit to deliver effective accountability | | |
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| **Sub Principle** | **Review of Effectiveness 2023-2024** | **Actions Planned for 2024-2025** |
| G1 Implementing good practice in transparency | • Internal Audit in 2023-24 was provided through Cardiff Council as the Accountable Body and followed their agreed five-year plan. Based on the work undertaken the assurance rating was considered 'effective' with two recommendations to take forwards into 2024-25. Internal Audit for 2024-25 will be provided in future through an SLA with RCT.<br>• External Audit is provided to CCR by Audit Wales. Regular meetings between CCR, the Accountable Body and Audit Wales continued during 2023-24. A report from Audit Wales was brought to SEWCJC on 4 December 2023 in relation to the progress in developing the SEWCJC. This report was also published on Audit Wales' website along with a letter endorsing the approach taken by CCR to the SEWCJC governance arrangements.<br>• A report on the City Deal Audit Plan for 2023-24 will be brought to CCR Committee in June 2024 | G1 Moving forwards into 2024-25 the new CCR Governance & Audit Sub-Committee will have oversight of Internal and External Audit plans and reports for CCR. |
| G2 Implementing good practices in reporting | To ensure good practices in reporting, the Accountable Body reviewed compliance with the CIPFA Financial Management Code (2019) during 2023/4 and recommendations were taken forwards through the CJC Transition Programme. | G2 Future reviews of the CIPFA FM Code (2019) will be led by the CCR Section 151 Officer. |

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| G3 Assurance and effective accountability | During 2023-24 we have ensured effective accountability through working closely to provide those bodies responsible for Assurance with the information required. This includes:<br>• Internal Audit through the Accountable Body, with an SLA agreed with RCT for continuation of this provision during 2024-25.<br>• External Audit through Audit Wales<br><br>We have monitored progress against the Annual Governance Statement Action Plan and reported this quarterly to Regional Cabinet<br><br>We have submitted evidence papers to Department of levelling-Up, Housing and Communities (DLUHC) support the Mid-Term point of our second Gateway Review, to demonstrate evidence of the progress that City Deal interventions have made in delivery against anticipated expenditure, delivery milestones and in generating outputs. This current cycle of Gateway reporting ends on 31 March 2026. | G3 We will continue to ensure we are clearly accountable as we embed new ways of working with Internal Audit provided through RCT. |

## Annex 3: CCR Annual Governance Statement Action Plan 2024/25

| **A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law** | | | | |
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| | **Action** | **Target Date** | **Lead** | **Status** |
| A1.1 | Induction to be provided for all Members of CCR Committee, Sub-Committees, Boards, Advisory Groups | Q1 and Q2, aligned to appointments. | Strategic Director, L&G* | Joint Committee Member induction held 20 June 2024. |
| A1.2 | Reports to be provided to Standards Sub-Committee during 2024-25 | Spring/Summer 2024 | Strategic Director, L&G | Work programme for 24/25 agreed 6/02/24 includes reporting on CCR |

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| A1.3 | Develop and publish a full suite of new CCR HR policies | Ongoing | Head of HR and OD | Counter-Fraud, Bribery & Corruption Policy to be agreed and published Q2 |
| A1.4 | Expand Register of Interests and Gifts & Hospitality to cover new Sub-Committees, Boards and Groups | Q1 and Q2 | Strategic Director, L&G | Timetable aligned to appointments |
| A2.1 | Review Strategic Equality Plan | By December 2024 | Strategic Director, PIP* | |
| A2.2 | Deliver training on working in a political environment to all staff | Q1/Q2 2024 | Strategic Director, L&G | |
| A2.3 | Update Investment & Intervention Framework | Q1 2024 | Deputy CEO | See action D1.1 |
| A3.1 | Recruit permanent Monitoring Officer and in-house team | Q1 2024 | Chief Executive | Recruitment undertaken for Monitoring Officer and Democratic Services Manager |
| A3.2 | Recruit independent members to Governance & Audit Sub Committee | Q1 2024 | Strategic Director, L&G | Completed. First meeting to take place 12 July 2024 |

| **B. Ensuring openness and comprehensive stakeholder engagement** | | | | |
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| | **Action** | **Target Date** | **Lead** | **Status** |
| B1.1 | Implement new governance arrangements including publication of forward plan, calendar of meetings, sub-committee workplans and searchable decision register | Ongoing during 2024/25 | Strategic Director, L&G | Forward plan published on website. Calendar of meetings agreed at CCR AGM. |
| B1.2 | Work towards compliance with Welsh Language Regulations | Ongoing during 2024/25 | Strategic Director, L&G and Strategic Director, PIP | Agreement in place with RCT for provision of support to implement regulations |
| B1.3 | Update FOI publication scheme with senior management organisation chart, guide to constitution and updated pay scales | As information becomes available | Strategic Director, L&G | |
| B1.4 | Report to Governance & Audit Sub Committee on Complaints and Information Access | Ongoing during 2024/25 | Strategic Director, L&G | Complaints Policy to G&A 12/07/24 |
| B2.1 | Arrangements for new Regional Growth Board, Investment Board, CEO Group and Shareholder Group to be reviewed as they establish during 2024/5 | Ongoing during 2024/25 | Chief Executive and Executive Team | |

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| B2.2 | Memorandum of Understanding to be signed between CCR and regional Higher Education and Further Education providers. | Q1 2024/25 | Strategic Director, PIP | Completed. MoU signed April 2024 |
| B3.1 | Recruit independent members to Regional Growth Board and Investment Board | Q1 2024/25 | Deputy CEO; Strategic Director PIP | Investment Board members confirmed at CCR AGM. Recruitment to Regional Growth Board to be completed Q1 2024. |
| B3.2 | Review Communications Strategy | 2024/25 | | Initial scoping work completed July 2024. |

| **C. Defining outcomes in terms of sustainable economic, social, and environmental benefits** | | | | |
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| | **Action** | **Target Date** | **Lead** | **Status** |
| C1.1 | Agree and publish a refreshed five-year corporate strategy | 2024/25 | Strategic Director, PIP | |
| C1.2 | Commence development of Regional Transport Plan and Strategic Development Plan | 2024/25 | Strategic Director, PIP | |
| C2.1 | Review and refresh Child Poverty Strategy | 2024/25 | Strategic Director, PIP | |
| C2.2 | Develop Responsible Investment Policy | 2024/25 | Strategic Director, PIP | Responsible Investment Policy to Committee July 2024 |

| **D. Determining the interventions necessary to optimise the achievement of the intended outcomes** | | | | |
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| | **Action** | **Target Date** | **Lead** | **Status** |
| D1.1 | Review and update Investment & Intervention Framework | Q1 2024 | Deputy CEO | Investment & Intervention Framework to Committee July 2024 |
| D1.2 | Develop new CCR Risk Management Framework | 2024/25 | Strategic Director, Resources | |
| D2.1 | Embed new Governance arrangements as set out in Annual Governance Statement and report to CCR Committee on progress | Ongoing | Chief Executive and Executive Team | |
| D3.1 | Develop workplan for Joint Overview & Scrutiny | Ongoing | Scrutiny Officer | Scrutiny Function is supported through RCTBC |
| D3.2 | Develop Investment Dashboard | 2024/25 | Deputy CEO | See Principle F |

| E. Developing the CJC's capacity, including the capability of its leadership and the individuals within it | | | | |
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| | **Action** | **Target Date** | **Lead** | **Status** |
| E1.1 | Complete recruitment to Executive Team | Q1 2024/25 | Chief Executive | Recruitment on track for completion Q1 2024/25 |
| E1.2 | Complete project closure and lessons learned report for Transition Programme | Q1 2024/25 | Chief Executive | |
| E2.1 | Introduce Performance management Framework for CCR staff | May 2024 | Head of HR and OD | Completed, launched May 2024 |
| E2.2 | Launch CCR Mentoring Programme | June 2024 | Head of HR and OD | Completed, launched June 2024 |

| F. Managing risks and performance through robust internal control and strong public financial management | | | | |
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| | **Action** | **Target Date** | **Lead** | **Status** |
| F1 | Develop Investment Dashboard to bring together to bring together information about projects and investments | 2024/25 | Deputy CEO | |
| F2 | Develop workplan for Governance and Audit Sub committee | Q1 2024/25 | Strategic Director, Resources | Workplan to be discussed at G&A meeting 12 July 24 |
| F3.1 | All staff to complete mandatory IT security and GDPR training | Q1 2024/25 and ongoing | | Initial training rolled out. New GDPR training due September. |
| F3.2 | Develop data asset register to identify further GDPR/Data Protection activities | Q1/Q2 | Strategic Director, L&G | Agreement in place with RCTBC to provide Data Protection support |
| F4.1 | Develop a Medium Term Financial Plan | 2024/25 | Strategic Director, Resources | |
| F4.2 | Report regularly on new Treasury Management activities | Ongoing | Strategic Director, Resources | Included in regular reports to CCR Committee |

| G. Implementing good practices in transparency, reporting and audit to deliver effective accountability | | | | |
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| | **Action** | **Target Date** | **Lead** | **Status** |
| G1 | Governance and Audit Sub Committee to have oversight of internal and external audit plans | Ongoing | Strategic Director, Resources | Internal and External Audit plans to G&A meeting 12 July 24 |
| G2 | Plan future reviews of CIPFA FM Code (2019) | 2024/25 | Strategic Director, Resources | |

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| G3 | Embed new ways of working with RCTBC Internal Audit | 2024/25 | Strategic Director, Resources | |

* “Strategic Director L&G” refers to Strategic Director Legal & Governance; “Strategic Director PIP” refers to Strategic Director Policy, Impact & Partnerships