



# Joint Committee Pre-Audit Statement of Accounts 2023/24



The Swansea Bay City Deal is an alliance of four Regional Local Authorities, supported by four co-opt regional partners governed by a legally constituted Joint Committee.

# C contents

Chair's Statement	3
Narrative Report	4
Organisation Overview and External Environment	8
Summary of Financial Performance	14
Annual Review	17
Statement of Responsibilities	19
Certificate of the Chief Finance Officer	20
Audit Wales Report – to follow Post Audit	21
Accounting Policies	22
Financial Statements	27
Comprehensive Income and Expenditure Statement (CIES)	28
Movement in Reserves Statement	29
Balance Sheet	30
Cashflow Statement	31
Notes to the Accounts	32
Annual Governance Statement	42
Glossary of Terms	66

## Swansea Bay City Deal

The Swansea Bay City Deal is a £1.278 billion investment in 9 major projects across the Swansea Bay City Region – which is made up of Carmarthenshire, Neath Port Talbot, Pembrokeshire, and Swansea.

The City Deal is being funded, subject to the approval of project business cases, by the UK Government, the Welsh Government, the public sector, and the private sector.

Over the next 10 years, the City Deal will boost the regional economy by £1.8 billion and generate over 9,000 new, high-quality jobs.

City Deal projects are based on key themes of Economic Acceleration, Life Science and Well-being, Energy, and Smart Manufacturing. Each project will be supported by world class digital infrastructure and a Skills and Talent initiative that will give local people a pathway to access the jobs that will be created.

The Swansea Bay City Deal is being led by the four regional local authorities – Carmarthenshire County Council, City and County of Swansea Council, Neath Port Talbot County Borough Council and Pembrokeshire County Council – together with the Swansea Bay Health Board and Hywel Dda University Health Board, Swansea University, the University of Wales Trinity Saint David. The UK and Welsh Governments are funding bodies supporting the City Deal Grant.

# Chair's Statement

"As we continue to help shape the future for South West Wales through the delivery of the Swansea Bay City Deal, I am pleased to introduce the financial statement for 2023/2024. The commitment and collegiality of the regional partners, aligned with the positive engagements with the UK Government and Welsh Government, are reflected in several initiatives moving forward into build, and from build into operations.

Excellent progress is being made, despite the turbulent economic climate we're all continuing to navigate through. Challenges relating to increased construction costs, and pressures in inflation and public sector spending, has required us to rethink solutions. By attracting further funds from public or private sector, and entering negotiations with contractors, we are continuing to overcome key risks and issues and remain on track to deliver the £1.3bn Portfolio.

Moving forward into 2024/25 and beyond, I look forward to presenting the economic impact from the SBCD investment and evidencing its fruition as we enter the next phase of the Portfolio."



*Councillor Rob Stewart*

*Chair of Swansea Bay City Region Deal Joint Committee*

*Leader of City and County of Swansea Council*

# Narrative Report

The Swansea Bay City Region is an important driver for the Welsh and UK economy. An area with a significant coastal footprint, with rural idyllic landscape, complimented with diverse urban centres, the region offers opportunities far and wide reaching.

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

Taking a regional collaborative approach enables the Authorities to plan and deliver services more effectively, through strategic land use planning, strategic transport and economic development.

The City Deal is expected to boost the region estimating;

- Funding and investment of £1.278 billion for interventions to stimulate economic growth.
- Pan-region investment, ensuring all localities and citizens can benefit.
- Over 9,000 additional gross direct jobs.
- A contribution to regional Gross Value Added of over £1.8 billion.

The aim of the Swansea Bay City Deal is to create an outward-looking City Region with the innovation, capacity, and infrastructure to inform and advance solutions to major regional challenges.

Within the United Kingdom City Deals have been adopted by Governments to give local areas specific powers and freedoms to help regions in supporting economic growth, job creation and to stimulate investment in local projects.

During March 2017 the then Prime Minister Theresa May visited the City of Swansea to meet with region Council Leaders to formally sign-off the Swansea Bay City Region Deal, bringing the current portfolio into fruition.

The award of City Deal funding was based on local demand-led elements labelled under four key themes, each adopted to provide the region with value added growth and economic stimulation. The portfolio comprises of nine projects each designed around four key themes of Internet of Economic Acceleration, Life Science and Well-being, Energy, and Smart Manufacturing.

On establishment of the Swansea Bay City Region Deal, a shadow Joint Committee was formed consisting of all four regional participating Authorities, with support from four co-opt portfolio partners (Swansea University, University of Wales Trinity St David, Swansea Bay Local Health Board and Hywel Dda Local Health Board) to oversee delivery of all eleven projects within the established portfolio.

On approval by all four participating Authorities the Joint Committee was formalised by the investiture of the Joint Committee Agreement (JCA) on 29th August 2018. The JCA constitutes governance arrangements, embedding a structured framework of control through outlining accountability and responsibility, thus allowing Authorities to discharge their functions appropriately to successfully deliver projects under the City Deal Portfolio.

## OUR VISION

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Based on the Swansea Bay City Region Economic Regeneration Strategy 2013-2030, the Swansea Bay City Deal sets out an integrated, transformational approach to delivering the scale and nature of investment needed to support plans for growth in the Region.

The strategic vision is to create a super smart innovation region which will inform and advance solutions to some of the most pressing challenges of modern times in the areas of economic acceleration, smart manufacturing, energy, life sciences and well-being.

The City Deal provides a once in a generation opportunity to further consolidate the region's role in technological innovation through the creation of interconnected testbeds and living laboratories, designed not only for proof of concept but also for proof of business.

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

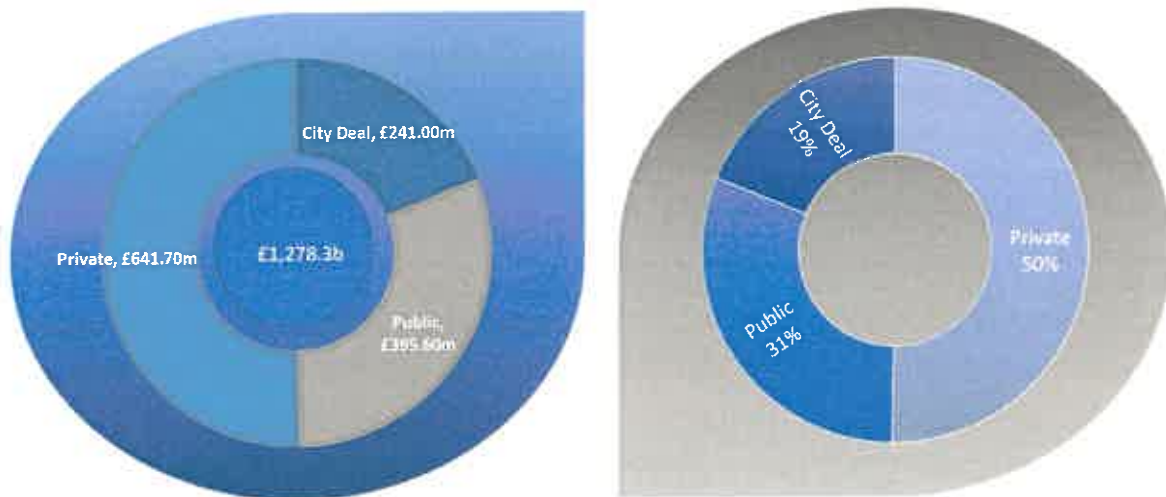
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## Swansea Bay City Region Deal Investment

The City Deal program is fabricated through three forms of funding components, constituting in £1.278 billion of investment within the South Wales region.

The total investment package is made up of £241.0 million (19%) UK and Welsh Government funding, £395.6 million (31%) other public sector investment, and £641.7 million (50%) from the private sector. This totalling £1,278.3 billion.

## Funding Apportionment



## Swansea Bay City Region Deal Grant Funding Profile

It is the aim of the Swansea Bay City Region Deal that all projects will be delivered by 2028/29 in order to maximise the full benefits realisation of the operational schemes during the lifetime of City Deal funding, which is to be released in the form of a capital grant to the Region from both the UK and the Welsh Governments over a 15-year period. On 2nd March 2021 the UK Government announced that it would be cutting its grant payment profile term from fifteen to ten years, front loading its financial commitment to 2027/28. On the 14th March 2024 the UK Government announced that it would reprofile its capital grant funding of the Swansea Bay City Region Deal with the revised reprofile further accelerating the funds in years 6 and 7.

The Portfolio will disperse funding to the regional Project Authority Leads to support the projects on which the grant was awarded. Funding will only be released by the Accountable Body on behalf of the Joint Committee on the successful approval of business cases by both UK and Welsh Government.

With the funding being released to the portfolio over a fifteen-year period an inherent temporary funding gap is recognised. Each Lead Authority is responsible for managing the cashflows in respect of the projects in which they hold responsibility for delivery, and subsequently are accountable for managing inherent risks and the funding gaps recognised. Each Authority shall be responsible for borrowing to provide funding or securing funding for projects in its own area.



## Swansea Bay City Region Deal Investment Breakdown

The Swansea Bay City Region Deal partnership, through the 'Internet Coast' publication and subsequent discussions with the Welsh and UK Governments, has developed a clear strategy which has been underpinned with identified interventions to deliver widespread and sustainable economic growth across the region. These interventions, subject to the submission and approval of detailed business cases for the now nine identified projects by the Welsh and UK governments, and the agreement of necessary governance arrangement and delivery models.

The overall estimated investment position is demonstrated at £1,278.27 billion over the fifteen-year life of the portfolio. The revised budget comprised of a total investment of £1,283.21 billion. Currently the City Deal is presenting under investment against the revised budget of £4.9m. Details of variances are outlined below:

PDM is demonstrating an overall over investment of £1.7m against budget, £1m of which relates to private sector contributions for the MEECE project.

Swansea Waterfront Digital Village is currently demonstrating an underinvestment of £4.4m against budget, however this is expected to be reprofiled in quarter 1 2024-25 to match the existing budget. The Innovation Precinct is currently demonstrating an under investment of £2.4m which will be reviewed during quarter 1 2024-25.

## Portfolio Investment Breakdown

Prior Quarter (Quarter 3 2023/24) Portfolio Forecasted Total (£m)	Investment Component	Revised Budget (Quarter 2 2023/24) Total (£m)	Quarter 4 2023/24 Portfolio Forecasted Total (£m)	Variance (£m)	Variance
235.61	City Deal	240.44	241.00	0.56	0.23%
400.27	Public	405.15	395.62	- 9.53	-2.35%
641.00	Private	637.63	641.66	4.02	0.63%
<b>1,276.88</b>	<b>Grand Total</b>	<b>1,283.21</b>	<b>1,278.27</b>	<b>- 4.94</b>	<b>-0.39%</b>

Funding elements are subject to change as the portfolio evolves and matures. On the successful approval of business cases the Accountable Body will release Government grant funding to projects up to the maximum of the agreed allocated value. Grant values are subject to change, however this will be supported by a full business case and approval by the Joint Committee and both UK and Welsh Governments, as outlined within the Joint Committee Agreement.

# Organisational Overview and External Environment

The Joint Committee is composed of the four Regional Local Authority Leaders, supported by the four Authority Chief Executive Officers and four non-voting co-opt partners. Internal Audit and External Audit (Audit Wales) report independently to the Joint Committee. Chaired by Councillor Rob Stewart, Leader of the City and County of Swansea Council, the Joint Committee whilst not itself a legal entity, rather a joint arrangement under a joint committee agreement, holds responsibility and accountability for the delivery of the Swansea Bay City Region Deal Portfolio.

To oversee delivery of the portfolio, the Joint Committee is supported by an Economic Strategy Board (ESB) (comprising of private sector advisers), Portfolio Board (comprising of the four regional authority Chief Executive Officers and co-opt partners), and an oversight board in the form of a Joint Scrutiny Committee. The Joint Committee has ultimate responsibility and accountability for decisions taken in relation to the Swansea Bay City Region Deal. The role of the Portfolio Board is to ensure that all schemes are developed in accordance with the agreed process, analysing the financial viability, deliverability and risk of each City Deal project proposal. This detailed analysis will then be reported to the ESB and Joint Committee.

To ensure successful delivery the portfolio has embedded core administration functions conforming to statutory and regulatory requirements, with a constructive governance framework entrenching transparency, integrity, objectivity, accountability and responsibility.

**The financial structure of the portfolio has been split in to two distinct delivery areas the Joint Committee including administration and statutory functions, and the Portfolio Investment Fund.**

## Joint Committee

The Joint Committee has ultimate responsibility and accountability for decisions taken and the delivery of the City Deal Portfolio. There is recognition by both the UK and Welsh Governments of a requirement for revenue funding to support the Joint Committee's activities, including the administration and statutory functions. This was also acknowledged by all partners and subsequently an agreement was concluded to support these central functions with an amalgamation of funding consisting of partner contributions (£50k per partner) and applying a top slice to Government grants of 1.5%.



## Portfolio Investment Fund

The Portfolio Investment Fund is overseen and upheld by the Accountable Body who administer the receipt and distribution of City Deal grant on behalf of the Joint Committee. The Accountable Body is accountable to the Joint Committee and manages the City Deal grant and investment pool in line with Carmarthenshire County Council's approved Treasury Management Strategy.

The Joint Committee distributes Government grants on a programme/project basis to Project Lead Authorities. An annual grant award is receipted from Welsh Government on behalf of both Governments and then distributed on actual expenditure in arrears ensuring clear financial governance is pursued. The total investment package is an anticipated £1.278 billion, with grant totalling £241m relating to the Portfolio Investment Fund (UK and Welsh Governments). Any portfolio cash balances are invested to ensure effective optimisation of resources until approval is confirmed to initiate the release of funds from the Portfolio. Joint Committee have formally agreed it will afford Lead Authorities to borrow from any such balances that reside in the portfolio, this is done at a set rate on a 12-month term, as cashflow determines.

## Government Grant 'Top Slice'

The Joint Committee has approved the 'Top Slice' of Government grants on an annual basis up to a value of 1.5%. This allocation will be earmarked to finance the Joint Committee, central administration and statutory functions required to support the delivery of the Portfolio.

## Retention of National Non-Domestic Rates

Welsh Government have agreed in principle (as per below) that 50% of the additional net yield generated through City Deal developments can be retained by the region to support revenue costs associated with the portfolio. This has been acknowledged by the Lead Authorities within the Joint Committee Agreement (JCA - 29th April 2018).

Welsh Government (Cabinet Secretary for Finance, 11th April 2018)

*'I intend to initiate arrangements to allow the region to retain 50% of the additional net yield in Non-Domestic rates generated by the 9 projects which are to be delivered by the Deal'*

The Joint Committee formally agreed (JC-10th February 2022) the distribution basis of the allocated retention. Officers are working with Welsh Government to establish a robust process for the drawdown of the retention of rates. Recent discussions with Welsh Government have further progressed the process for the drawdown of the retention of rates.

## Gateway Reviews

The Welsh Government Assurance Process (consistent with the OGC Gateway) is the responsibility of the Integrated Assurance Hub (IAH) and authorised to deliver assurance under accredited license from the Infrastructure and Projects Authority (IPA), which is part of the UK's Cabinet Office. This process is designed to provide independent guidance to Senior Responsible Owners (SROs), portfolio and project teams and to the departments who commission their work, on how best to ensure that their portfolios and projects are successful.

During 2023/24, the Welsh Government Integrated Assurance Hub conducted an Office of Government Commerce (OGC) Gateway Review at a City Deal portfolio (Gate 0) level. This will assure successful progression and overall delivery, while supporting the SRO in the successful discharge of their duties. The Review was undertaken by an independent, external team in accordance with the Welsh Government Integrated Assurance Hub Guidelines. Sixteen 'conversations' were held with stakeholders between 17th-19th July 2023 together with a workshop session with the four local authority Leaders.

The next Review is due in July 2025.

## Current Economic Climate

Partners and Governments are fully committed to the City Deal recognising it as an important driver in the economic recovery of the region and country. Despite the unprecedented national and global challenges, the City Deal's continued progress should reassure regional businesses and residents that partners remain focused on delivering the City Deal as soon as possible. The remaining programme/project business cases were approved during the year, with the portfolio now in full delivery.

The Joint Committee has conducted an assessment of the risks and issues affecting the delivery of the portfolio and will address and manage the matters identified that could significantly impact the delivery or scope of the Swansea Bay City Deal Portfolio. The Joint Committee will continue to monitor these impacts, risks, and issues.

The financial statements are required to reflect the conditions applying at the end of the financial year.

The City Deal's financial standing has been maintained at a prudent level, with internal audit presenting an assurance rating of 'Substantial' (Green Rating) once again. There continue to be no or few weaknesses in the adequacy and/or effectiveness of the governance, internal control, risk management and financial management arrangements, and they would either be unlikely to occur, or their impact is not likely to affect the achievement of the SBCD objectives.

There are unprecedented significant inflationary and construction cost increases that are impacting the projects. During the year an assessment of increasing construction costs and mitigating actions that are being taken to address them was presented to the Joint Committee. A construction impact assessment summary report is also presented at each Committee meeting.

The impact of continued interest rate increases has had a positive effect on the finances of the City Deal. Cash balances have been high, so substantial additional interest has been redistributed to the projects.

## Operational Model

## Business Case Model

The need to get the best possible value from spending public money will always remain a constant for the Joint Committee and its partners. To this end, all City Deal business cases must be developed using the HM Treasury and Welsh Government's Five Case Model - an approach which is both scalable and proportionate. It is recognised as best practice and is the Treasury's standard methodology.

The business case, both as a product and a process, provides decision-makers, stakeholders and the public with a management tool for evidence-based, transparent decision-making and a framework for the delivery, management and performance monitoring of the resultant scheme.

Each business case in support of a SBCD project must evidence:

- Strategic Case - the intervention is supported by a compelling case for change that provides a holistic fit with other parts of the organisation and public sector
- Economic Case - the intervention represents best public value (to the UK as a whole)
- Commercial Case - the proposed project is attractive to the marketplace, can be procured and is commercially viable
- Financial Case - the proposed spend is affordable
- Management Case - what is required from all parties is achievable

As set out in the Joint Committee Agreement, the Project Business Case shall include a Resolution of the Project Authority Lead and all Councils in whose area the project shall take place will approve the submission of the Project Business case.

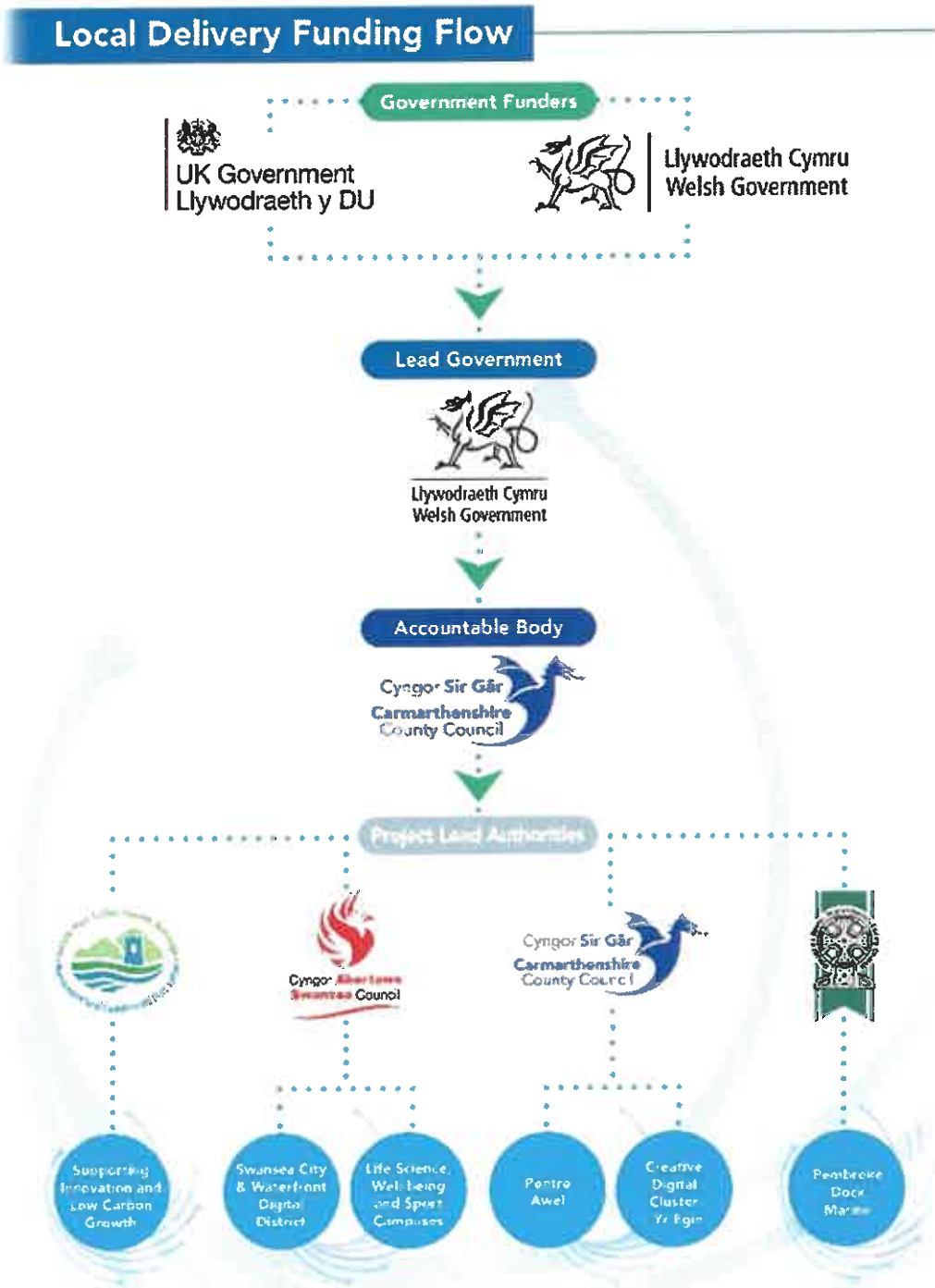
The Portfolio Management Office has day to day responsibility for managing the assessment process for projects.

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

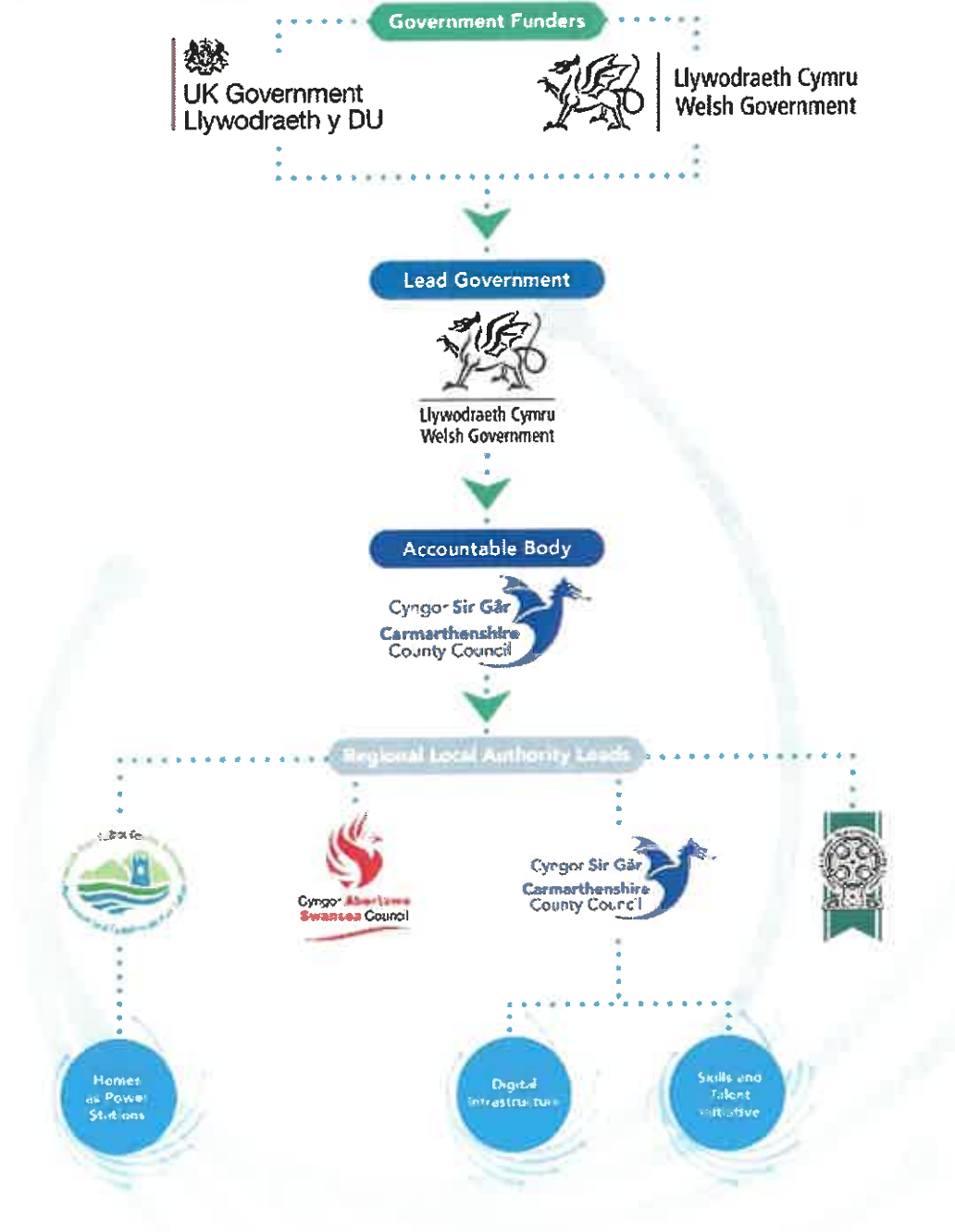
On completion of the final draft business case and following approval from the respective Regional/Project Authority Lead(s), full business cases for each of the City Deal projects will undergo assessment by the Portfolio Management Office before being considered by the respective City Deal governance structures. After approval by the Joint Committee the project business case will be forwarded to the UK Government and Welsh Government for approval to release City Deal Government project funding to the Accountable Body.

## City Deal Flow of Finances

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



## Regional Delivery Funding Flow



# Summary of Financial Performance

## Joint Committee Annual Year-End Outturn Position 2023/24

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

## Joint Committee Budget and Out-Turn Position 2023/24

<u>Actual 2022/23</u>	<u>Description</u>	<u>Budget 2023/24</u>	<u>Actual 2023/24</u>	<u>Variance 2023/24</u>
(£)		(£)	(£)	(£)
	<u>Gross Expenditure</u>			
84,360	Joint Committee	120,385	88,471	31,914
951,145	Accountable Body	86,048	2,869,718	(2,783,670)
21,115	Joint Scrutiny Committee	30,804	21,115	9,689
546,550	Portfolio Management Office	845,167	533,492	311,675
-	City Deal Assurance Grant	-	-	-
<b>1,603,170</b>	<b>Total Expenditure</b>	<b>1,082,404</b>	<b>3,512,796</b>	<b>(2,430,392)</b>
	<u>Income</u>			
(400,000)	Partner Contributions	0	0	-
(252,978)	Top Slice' of Government Grants	(723,000)	(785,198)	62,198
(870,633)	Investment Income	-	(2,769,692)	2,769,692
-	WG Government Revenue Grants	-	-	-
<b>(1,523,611)</b>	<b>Total Income</b>	<b>(723,000)</b>	<b>(3,554,890)</b>	<b>2,831,890</b>
<b>79,559</b>	<b>Net Annual Total - (Surplus)/Deficit</b>	<b>359,404</b>	<b>(42,095)</b>	<b>401,499</b>
<b>* £401,499 is the difference between the Budget and Actuals and is not an additional surplus</b>				



Portfolio Investment Fund Out-Turn Position 2023/24

Actual 2022/23 (£)	Description	Budget 2023/24 (£)	Actual 2023/24 (£)	Variance 2023/24 (£)
	<b>Gross Expenditure</b>			
24,406,436	Project Lead Authorities	23,086,000	39,222,471	16,136,471
<b>24,406,436</b>	<b>Total Expenditure</b>	<b>23,086,000</b>	<b>39,222,471</b>	
	<b>Income</b>			
(23,086,000)	Government Grant Income	(23,086,000)	(42,428,000) -	19,342,000.00
<b>(23,086,000)</b>	<b>Total Income</b>	<b>(23,086,000)</b>	<b>(42,428,000) -</b>	<b>19,342,000.00</b>
<b>1,320,436</b>	<b>Net Annual Total - (Surplus)/Deficit</b>	<b>-</b>	<b>(3,205,529)</b>	<b>(3,205,529)</b>

Summary of Reserves (Extract from Balance Sheet) 2023/24

31st March 2023 (£)	Description	31st March 2024 (£)
140,802	Usable Reserves - Revenue	182,897
51,023,963	Capital Grants Unapplied	54,229,492
-	- Unusable Reserves	-
<b>51,164,765</b>	<b>Total Reserves</b>	<b>54,412,389</b>

## Supporting Information

### Operational Summary

The operational costs demonstrate a surplus of £42k which will be transferred to the ring-fenced reserve.

### Salary and Pension Liabilities

The Joint Committee is not itself a separate legal entity and as such cannot enter into contracts for the provision of goods and services. Officers directly employed to support the Joint Committee are contractually employed through Carmarthenshire County Council. It is the responsibility of the employing Authority to remunerate officers and commit to current and future pension liabilities that may arise from these arrangements. Eight staff members continued to support the activities of the portfolio during the year.

The Joint Committee reimburse all costs in respect of salary and on-costs, including all employer related pension costs and account for this within its Income and Expenditure account. No liability is recognised within the statements of the Joint Committee in respect of future pension liabilities.

### Investment Activities

Portfolio balances are invested in line with Carmarthenshire County Council's approved Treasury Management Strategy. Interest is calculated on an average rate and ring fenced to the City Deal portfolio. Throughout the year balances have been invested through approved institutions in short-term financial instruments in adherence to the protocols set out within the applied Treasury Management Strategy.

On the 11<sup>th</sup> June 2020, the Joint Committee approved the distribution of income generated from investments back to programmed/projects based on an allocation outlined within the original SBCD Heads of Terms. The £2,770k interest earned on balances during 2023/24 has been distributed to the 4 Authorities.

### General Reserves

#### Usable Reserves

A General Fund Usable Reserve has been established due to income through partner contributions, interest on investments and 'Top slice of Government Grants' exceeding actual spend to date. The reserve currently resides at £183k and will support operations in future years.

#### Capital Grants Unapplied Reserve

The Capital Grants Unapplied Reserve comprises of portfolio balances created through the receipt of City Deal Government grant exceeding funding released to Project Authority Leads. Funding is only released to Project Authority Leads based on spend in arrears and upon approval of business cases and engagement in funding agreements. Payments and commitments to projects with a total of £39.2m were transacted during the year.

The SBCD received the grant award offer letter for financial year 2023/24 totalling £23.09 million on the 31<sup>st</sup> August 2023, with subsequent acceptance and grant receipt during November 2023.

# Annual Review

“The Swansea Bay City Deal (SBCD) progressed with significant delivery throughout 2023-24. The progress is becoming more visible across the South West Wales region. Several initiatives valued at £148m, are well underway and will be nearing completion within the next financial year, including the Innovation Matrix and 71/72 Kingsway in Swansea, and Pentre Awel in Llanelli.

The Pembroke Dock Marine (PDM) project has also made significant progress by completing the Pembroke Dock Infrastructure element of the project. The immense scale of the new dock infrastructure will help unlock the potential for Floating Offshore Wind (FLOW) and the testing and deployment of many other marine and renewable technologies in partnership with industry. The infrastructure includes the office developments in the Hangar Annexes, a 11,353 sqm slipway and 17,000 sqm laydown space. The other elements of PDM are also making good progress to leverage public and private sector interest and funding to boost opportunities for Pembrokeshire and the wider region.

Several projects also continue to realise economic impact through their operations including the popular and stylish Swansea Arena, office and lab space in Neath Port Talbot’s Bay Technology Centre and supporting the region’s creative sector through the Yr Egin development in Carmarthenshire.

Yr Egin celebrated its fifth-year anniversary of operation in 2023-24 and produced an economic impact report for 2022-23. The independently verified assessment shows that Yr Egin generated £7.6m in the economy of Carmarthenshire with 174 staff being employed at Yr Egin.

Our three regional initiatives are also making headlines. The Skills and Talent programme is working in collaboration with training providers and industry. Key activity to date includes funding of 19 pilot projects, new curriculum development, apprenticeship opportunities and building platforms to develop centres of excellence across the region. The Digital Infrastructure programme has transformed regional working and engagement with digital infrastructure providers. This joined up working has helped leverage in over £45m funding to support connectivity across South West Wales. The Homes As Power Stations project has launched 16 schemes, developed 361 HAPS homes, and leveraged over £50m of public and private sector funding.

Further developments are underway across the region, where several initiatives are working through the pre procurement activity. These include the Campuses project, Advanced Manufacturing Production Facility, South Wales Industrial Transition from Carbon Hub (SWITCH), Innovation Precinct and Yr Egin Phase 2.

We will continue to see the realisation of benefits as a result of the UK Government and Welsh Government’s City Deal funding, that will catalyse further investment and interest with our partners throughout South West Wales. Construction costs and inflationary pressures remain a key issue for developments but are being managed and mitigated appropriately by the lead delivery organisations.

The 2023/24 Portfolio assurance and audit assessments are extremely positive and reflect the current and robust position of the SBCD Portfolio. The Portfolio Office will continue to work closely with all project teams to report and resolve barriers as we move through the delivery phases of the Portfolio.

The Swansea Bay City Deal has created a real opportunity through alignment of regional priorities to achieve growth in investment, jobs, and economic impact.”



*Dr Jonathan Burnes*

*Portfolio Director*

*Swansea Bay City Deal*

# Statement of Responsibilities

## for the Statement of Accounts

### The Joint Committee Responsibilities

The Joint Committee is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of these affairs. In this Authority, that officer is the Director of Corporate Services.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

### Joint Committee Approval

Approval of Statement of Accounts post audit.

Signed:

Dated:

*Councillor Rob Stewart*

Chair of Swansea Bay City Region Deal Joint Committee

Leader of City and County of Swansea Council



# Certificate of the Chief Finance Officer

## The Director of Corporate Services Responsibilities

The Portfolio Section 151 Officer (Director of Corporate Services) is responsible for the preparation of the Joint Committee's Statement of Accounts, in accordance with proper accounting practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code) 2023/24.

In preparing this Statement of Accounts, the Director of Corporate Services has:

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code;
- Kept proper and timely accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities;

## Certification of Accounts

I certify that the Statement of Accounts on pages 27 to 42 demonstrates a true and fair view of the financial position of Swansea Bay City Region Deal at 31st March 2024 and its income and expenditure for the year ended 31st March 2024.

Signed:



Chris Moore FCCA

Director of Corporate Services

Swansea Bay City Region Deal Section 151 Officer

Carmarthenshire County Council



Dated:

10/07/24



# Audit Report

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

# A

# ccounting Policies

The Statement of Accounts summarises the transactions of the Swansea Bay City Region Deal for the 2023/24 financial year and its position at the year ended 31 March 2024.

Carmarthenshire County Council as the Accountable Body is required to prepare annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and the Service Reporting Code of Practice 2023/24, supported by International Financial Reporting Standards (IFRS).

## Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Assets constructed or held as part of a project delivered within the portfolio will be disclosed and held on the Balance Sheet within the Project Lead Authority responsible for the delivery of such project.

Assets constructed or held as part of a regional project within the portfolio will be proportioned accordingly or reside within the balance sheet of the Project Authority Lead in which constituency such asset resides.

**The Joint Committee will hold no such physical asset as categorised above within its legal remit.**

## Related Party Disclosures

Related parties denote the possibility that the SBCD financial position and profit or loss may have been affected or influenced by the existence of related parties, inhibiting the SBCD Joint Committee to operate and conduct its duties independently.

A related party is a person or an entity that is related to the reporting entity:

- A person or a close member of that person's family is related to a reporting entity if that person has control, joint control, or significant influence over the entity or is a member of its key management personnel.
- An entity is related to a reporting entity if, among other circumstances, it is a parent, subsidiary, fellow subsidiary, associate, or joint venture of the reporting entity, or it is controlled, jointly controlled, or significantly influenced or managed by a person who is a related party.

Disclosure:

For the financial year 2023/24 all related party transactions are identified under the Notes to the Accounts, schedule 7: Related Party Disclosures.

### Accruals Basis (Concept)

Financial Statements are prepared under the Accruals Concept of accounting which requires that income and expense must be recognised in the accounting periods to which they relate rather than on a cash basis. An exception to this general rule is the cash flow statement whose main purpose is to present the cash flow effects of transaction during an accounting period.

**The Joint Committee applied the Accruals concept throughout the preparation of the Financial Statements and Accounts.**

Under the Accruals basis of accounting, the Joint Committee recognized income in the accounting period in which it was earned. Income received was recognised within accounting period in which it arose, rather than in the subsequent period in which it will be received. Expenses, in contradiction, were recorded in the accounting period in which they incurred. Therefore, accrued expenditure was recognized in the accounting period in which it occurred, rather than period in which it was paid.

### Revenue Income

It has been recognised by the Joint Committee and by both Governments that an element of revenue funding is required to support the central services employed to deliver the City Deal Portfolio. Revenue income to support the portfolio has been agreed as an amalgamation of partner contributions (£50k per partner) and "Top Slice" of Government grants (1.5%). Any surpluses are transferred to a ring-fenced reserve.

### Cash and Cash Equivalents

Cash Equivalents are investments that are readily convertible to known amounts of cash with no change in value. Cash is withdrawn and deposited depending on a deficit or surplus of cash on the day. All call accounts are classified for this purpose. Cash Equivalents also includes fixed term investments that mature within three months or less from the date of acquisition.

**The Joint Committee does not operate its own independent bank account, all cash related transactions are managed through Carmarthenshire County Council as the Accountable Body.**

Carmarthenshire manage the Joint Committee's cash balances and short-term investments in line with their own approved Treasury Management Strategy.

The Treasury Management Strategy allows Carmarthenshire to successfully manage the Joint Committee's funds independently from its own resources and ring-fence any reserves for future utilisation by the Committee. Arrangements consist of short-term investments through approved financial institutions to maximise the return on cash balances, whilst managing the cash requirement of approved projects within the portfolio.

## Government Grants

The Government grant was awarded to fund expenditure incurred and future spend in the delivery of the approved projects within the portfolio. The terms and conditions of the grant award were not accepted by 31<sup>st</sup> March 2024, and as such, transactions in respect of the grant award have been included based on the below judgments and methodology in line with **The Code of Practice on Local Authority Accounting in the UK, Section C: Government and Non-Government Grants**.

Government grants are recognised within the statements of the Portfolio when there is reasonable assurance that:

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

Repayment of funding attached to the grant award will be initiated as a last resort on the occurrence of a notification event, and subsequent failed remedy (Welsh Government, Award of Funding - Terms and Conditions). As such, the Terms and Conditions are interpreted to be that of a **restrictive** nature, under **The Code of Practice on Local Authority Accounting in the UK** (Restriction - Paragraph 2.3.2.14; a return of funding obligation does not arise until such time as it is expected that a condition based on the occurrence (or otherwise) of a specified future event will be breached).

The afore mentioned accounting principle has concluded in the below treatment of government grants;

The receipt of grant is included within the balance sheet as Cash and Cash Equivalent, with a Capital Grants Unapplied Reserve created.

Funding Agreements demonstrating the legal framework between the Accountable Body and Lead Authorities embedding the terms and conditions, obligations and target outputs attached to the funding, were approved by the Joint Committee.

## Events After the Reporting Period

Events occurring between the end of the reporting period and the date when the financial statements are authorised for issue are required to be accounted for in accordance with International Accounting Standard 10.

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

## Reserves

All reserves are considered usable reserves as they are available for future use in the delivery of the portfolio. There are two forms of reserve held within the City Deal:

### Usable Reserves

This reserve is created through partner contributions, interest and the "Top Slice of Government Grants" exceeding operational expenditure. A prior year reserve was carried forward and is included within the Movement in Reserves Statement.

### Capital Grants Unapplied Reserve

Reserves are created through the value of capital grant receipted exceeding the allowable release of funding to Project Lead Authorities in line with project delivery. Relevant grant is released and matched with eligible expenditure, with any balance residing in this reserve. This reserve is held within the accounts of the Accountable Body but ring-fenced to the Swansea Bay City Region Deal.

### Financial Instruments

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

Portfolio balances are invested in line with Carmarthenshire County Council's Treasury Management Policy to optimise the return on cash surpluses. Interest is calculated on an average rate and ring fenced to the City Deal portfolio. Throughout the year balances have been invested through approved institutions in short-term financial instruments in adherence to the protocols set out within the applied Treasury Policy. Within the Treasury strategy, investments are only employed with Counterparties whose risk appetite is very low.

Carmarthenshire County Council conducts its treasury management activities in accordance with the Prudential Code of Practice first developed for public services in 2002 by the Chartered Institute of Public Finance and Accountancy (CIPFA). This Code was last revised in 2017. The Council also carries out its treasury management activities in accordance with the CIPFA Treasury Management Code of Practice 2017.

### Going Concern

The Swansea Bay City Deal Joint Committee Statement of Accounts have been prepared on a going concern basis. There has been no indication that the Swansea Bay City Deal cannot operate in its current form or fail to deliver its objectives outlined within the original Heads of Terms. Five projects have currently been approved by both UK and Welsh Government and three grant awards have been receipted and in line with the agreed profile.

### Value Added Tax

VAT payable has been excluded from expenditure with exception where it is not recoverable from HMRC. The VAT on income receivable has been omitted from the statements.

## Provisions, Contingent Assets and Liabilities

### Provisions

A provision is a liability of uncertain timing or amount. The liability may be a legal obligation or a constructive obligation. A constructive obligation arises from the entity's actions, through which it has indicated to others that it will accept certain responsibilities, and as a result has created an expectation that it will discharge those responsibilities.

The Joint Committee will recognise a provision if it is probable that an outflow of cash or other economic resource will be required to settle the provision. If an outflow is not probable, the item is treated as a contingent liability. When payments are made, they are charged to the provision account held within the balance sheet and are credited back to the service category if no longer required. All provisions are reviewed at the end of the financial year.

### Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the entity. Contingent liabilities also include obligations that are not recognised because their amount cannot be measured reliably or because settlement is not probable.

Contingent liabilities do not include provisions for which it is certain that the entity has a present obligation that is more likely than not to lead to an outflow of cash or other economic resources, even though the amount or timing is uncertain.

A contingent liability is not recognised in the Statement of Financial position. However, unless the possibility of an outflow of economic resources is remote, a contingent liability is disclosed in the notes of the Statement of Accounts.

### Contingent assets

Contingent assets are possible assets whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events that are not wholly within the control of the entity. Contingent assets are not recognised, but they are disclosed when it is more likely than not that an inflow of benefits will occur. However, when the inflow of benefits is virtually certain an asset is recognised in the statement of financial position because that asset is no longer considered to be contingent.

## Judgements and Key Assumptions

- There were no further critical judgments made in the preparation of the financial statements other than those outlined within the specific accounting policies adopted and the estimations used in the compilation of the statement of accounts.

No information key assumptions concerning the future, and other key sources of estimation uncertainty were disclosed at the end of the reporting period.



# F inancial Statements

## Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of the delivery of portfolio outputs in accordance with generally accepted accounting practices, rather than the amount to be funded from the award of grant. The reconciliation to the grant position is shown in the Movement in Reserves Statement.

## Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Joint Committee, analysed into usable reserves. The Provision of Services line shows a surplus of £3,247,624 with operational expenditure of £3,512,795 being the true economic cost of providing the Joint Committee's services, more details of which are shown in the Comprehensive income and Expenditure Statement.

## The Balance Sheet

This shows the assets and liabilities of the Joint Committee as at 31 March 2024.

## The Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Joint Committee during the reporting period.

## Notes to the Financial Statements

These are the notes that accompany the financial statements and provide further information to support the stated accounts.

# Comprehensive Income and Expenditure Statement

The below statement demonstrates all income and expenditure, received, and incurred by the Joint Committee throughout the financial year. The statement represents the accounting cost of service provision during the financial year 2023/24, aligned with United Kingdom Generally Accepted Accounting Practices.

Actuals 2022/23 (£)	Description	Actuals 2023/24 (£)	Notes
	<b>Cost of Service</b>		
486,398	Employee Expenditure	471,455	1
21,577	Premises Related Expenditure	22,513	2
769	Transport Related Expenditure	1,802	3
1,014,174	Supplies & Services	2,957,477	4
80,252	Support Services	59,548	5
<b>1,603,170</b>	<b>Total Operating Expenditure</b>	<b>3,512,795</b>	
	<b>Income</b>		
(400,000)	Partner Contributions	0	6
(252,978)	Top Slice' of Government Grants	(785,198)	6
0	Other: Government Grant	-	6
<b>(652,978)</b>	<b>Total Operating Income</b>	<b>(785,198)</b>	
<b>950,192</b>	<b>Net Cost of Service - (Surplus) / Deficit</b>	<b>2,727,597</b>	
	<b>Financing and Investment Activities</b>		
(870,633)	Investment Interest Income	(2,769,692)	14
<b>(870,633)</b>	<b>Net Financing and Investment Activities</b>	<b>(2,769,692)</b>	
	<b>Taxation and Non-Specific Grant Income and Expenditure</b>		
(23,086,000)	Capital Grants and Contributions Receipted	(42,428,000)	15
24,406,436	Capital Grants and Contributions Applied	39,222,471	15
<b>1,320,436</b>	<b>Net Taxation and Non-Specific Grant Income</b>	<b>(3,205,529)</b>	
<b>1,399,995</b>	<b>Total (Surplus) / Deficit on Service Provision</b>	<b>(3,247,624)</b>	
	<b>Other Comprehensive Income and Expenditure</b>		
-	Other Income and Expenditure	-	
-	<b>Net Other Comprehensive Income and Expenditure</b>	-	
<b>1,399,995</b>	<b>Total (Surplus)/Defecit on Comprehensive Income and Expenditure</b>	<b>(3,247,624)</b>	

# Movement in Reserves Statement

The statement below demonstrates the Swansea Bay City Deal reserve position as at 31st March 2024.

Description	General Fund Balance (£)	General Fund Earmarked Reserves (£)	Capital Grants Unapplied (£)	Total Usable Reserves (£)	Unusable Reserves (£)	Total Reserves (£)
<b>Balance Brought Forward (as at 1st April 2022)</b>	<b>220,361</b>	-	<b>52,344,399</b>	<b>52,564,760</b>	-	<b>52,564,760</b>
<b>Movements in Reserve during Financial year 2022/23:</b>						
Provision of Services - Surplus / (Deficit)	(1,399,995)	-	-	(1,399,995)	-	(1,399,995)
Adjustments Between Accounting Basis and Funding Basis Under Regulations - Surplus / (Deficit)	1,320,436	-	-1,320,436	-	-	-
<b>Total In-Year Reserve Movement</b>	<b>(79,559)</b>	-	<b>1,320,436</b>	<b>(1,399,995)</b>	-	<b>(1,399,995)</b>
<b>Balance Carried Forward (as at 31<sup>st</sup> March 2023)</b>						<b>51,164,765</b>
<b>Movements in Reserve during Financial year 2023/24:</b>						
Provision of Services - Surplus / (Deficit)	3,247,624	-	-	3,247,624	-	3,247,624
Adjustments Between Accounting Basis and Funding Basis Under Regulations - Surplus / (Deficit)	(3,205,529)	-	3,205,529	-	-	-
<b>Total In-Year Reserve Movement</b>	<b>42,095</b>	-	<b>3,205,529</b>	<b>3,247,624</b>	-	<b>3,247,624</b>
<b>Balance Carried Forward (as at 31<sup>st</sup> March 2024)</b>	<b>182,897</b>	-	<b>54,229,492</b>	<b>54,412,389</b>	-	<b>54,412,389</b>

# Balance Sheet

The below statement demonstrates the assets held and the committed obligations and liabilities of the Joint Committee, together with its current reserve balance, as at the 31<sup>st</sup> March 2024.

31st March 2023 (£)	Description	31st March 2024 (£)	Notes
<b>Non-Current Assets</b>			
	- Long Term Debtors Capital	-	
	<b>- Total Long Term Assets</b>	<b>-</b>	
<b>Current Assets</b>			
23,685,872	Short Term Debtors	325,595	9
33,448,200	Cash and Cash Equivalents	72,445,249	10
<b>57,134,072</b>	<b>Total Current Assets</b>	<b>72,770,844</b>	
<b>Current Liabilities</b>			
(5,969,307)	Short Term Creditors	(18,358,455)	12
<b>(5,969,307)</b>	<b>Total Current Liabilities</b>	<b>(18,358,455)</b>	
<b>Long Term Liabilities</b>			
	- Long Term Creditor	-	
	<b>- Total Long Term Liabilities</b>	<b>-</b>	
<b>51,164,765</b>	<b>Total Net Assets</b>	<b>54,412,389</b>	
<b>Total Reserves</b>			
140,802	Usable Reserves - Revenue	182,897	13
51,023,963	Capital Grants Unapplied	54,229,492	15
	- Unusable Reserves	-	
<b>51,164,765</b>	<b>Total Reserves</b>	<b>54,412,389</b>	

# Cashflow Statement

The statement below demonstrates how cash and cash equivalents are generated and applied to the portfolio by the Joint Committee. These are presented through classifying cashflows as ascending from either operating, investing, or financing activities, during the Financial Year.

<u>Actuals 2022/23</u> (£)	<u>Description</u>	<u>Actuals 2023/24</u> (£)	<u>Notes</u>
1,399,995	Net (surplus)/Deficit on the provision of services	(3,247,624)	
(435,421)	Adjust net surplus or deficit on the provision of services for non-cash movements	(29,774,204)	17
<b>964,574</b>	<b>Net Cashflows from operating activities</b>	<b>(33,021,828)</b>	
449,803	Investing Activities	(5,975,221)	17
	- Financing Activities	-	17
<b>1,414,377</b>	<b>(Net increase) / Decrease in cash and cash equivalents</b>	<b>(38,997,049)</b>	
(34,862,577)	Cash and cash equivalents at the beginning of the reporting period	(33,448,200)	
<b>(33,448,200)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>(72,445,249)</b>	

# Notes to the Accounts

## 1. Employee and Related Expenditure

<u>Actuals 2022/23</u> (£)	<u>Description</u>	<u>Actuals 2023/24</u> (£)
486,398	Employee and Related Expenditure	471,455
	- Training Of Staff	-
<b>486,398</b>	<b>Total Employee and Related Expenditure</b>	<b>471,455</b>

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

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

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

### Employee Voluntary Remuneration Disclosures

Under the Accounts and Audit (Wales) Regulations 2014 it is a requirement to disclose the number of employees in receipt of remuneration exceeding £60,000 per annum. Further disclosure is required under the afore mentioned regulation in respect of senior officers employed within the portfolio.

Details of officer remuneration have been made on voluntary basis, as per the reasoning outlined above. Disclosures of officers who fall within the Officer Emoluments criteria are demonstrated below:

### Number of Senior Employees (Exceeding £60,000)

Remuneration Bandings	Number of Employees	
	2022/23	2023/24
£100,000 to £104,999	1	1



### Senior Officer Disclosures

<u>Total Remuneration</u> <u>2022/23 (£)</u>	<u>Senior Employee Position Title</u>	<u>Salary, Fees &amp;</u> <u>Allowances (£)</u>	<u>Employers Pension</u> <u>Contribution (£)</u>	<u>Total Remuneration</u> <u>2023/24 (£)</u>
118,411	Programme Director	103,860	16,825	120,685
<b>118,411</b>		<b>103,860</b>	<b>16,825</b>	<b>120,685</b>

### 2. Premises Related Expenditure

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

<u>Actuals 2022/23</u> <u>(£)</u>	<u>Description</u>	<u>Actuals 2023/24</u> <u>(£)</u>
14,889	Rents & Room Hire	14,889
-	Premises Maintenance	-
6,688	National Non Domestic Rates	7,624
<b>21,577</b>	<b>Total Premises Related Expenditure</b>	<b>22,513</b>

### 3. Transport Related Expenditure

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

<u>Actuals 2022/23</u> <u>(£)</u>	<u>Description</u>	<u>Actuals 2023/24</u> <u>(£)</u>
-	Public Transport - Staff	192
769	Staff Travelling Expenses	1,610
<b>769</b>	<b>Total Transport Related Expenditure</b>	<b>1,802</b>

#### 4. Supplies and Services

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

<u>Actuals 2022/23</u> (£)	<u>Description</u>	<u>Actuals 2023/24</u> (£)
113,786	Professional Fees	165,473
10,511	Admin, Office & Operational Consumables	174
415	Computer software	1,084
7,048	Translation/Interpret Services	995
68	Subsistence & Meetings Expenses	445
11,713	Promotions, Marketing & Advertising	19,614
870,633	Projects & Activities Expenditure*	2,769,692
<b>1,014,174</b>	<b>Total Supplies and Services</b>	<b>2,957,477</b>
<i>* Relates to interest earned on cash balances, paid out to projects</i>		

#### 5. Support Services

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

<u>Actuals 2022/23</u> (£)	<u>Description</u>	<u>Actuals 2023/24</u> (£)
56,435	Recharges - Employee costs (in-direct)	59,268
23,712	Central Recharges	263
105	Photocopying Recharge	17
<b>80,252</b>	<b>Total Support Services</b>	<b>59,548</b>

#### 6. Income

The total received income during the year is demonstrated below:

<u>Actuals 2022/23</u> (£)	<u>Description</u>	<u>Actuals 2023/24</u> (£)
(400,000)	Income - Partnership Contributions	0
(252,978)	Top Slice' of Government Grants	(785,198)
0	Government Revenue Grants - WAG	0
<b>(652,978)</b>	<b>Total Income</b>	<b>(785,198)</b>

### Partnership Income

Within the Joint Committee Agreement there is an acknowledgment that all partners will contribute £50,000 per annum to support the central and administrative functions of the portfolio, this contribution ceased in 2022/23. This applies to all eight partners (including co-opt members).

### 'Top Slice of Government Grants'

The income in respect of the 'Top slice' has been drawn down against grant paid and committed throughout the year. The top slice is agreed at 1.5% of the grant value as outlined within the Joint Committee Agreement.

## 7. Related Party Disclosures

Under *International Accounting Standard 24 – Related Party Disclosures* the Joint Committee is required to disclose material transactions between partners, bodies, individuals, or related parties, that could potentially influence the decisions of the Joint Committee or be influenced by the Joint Committee.

Any transactions between parties outlined above will require disclosure to allow the users of these financial statements to assess the extent to which the Joint Committee independence could potentially been impaired or influenced another party's ability to transact with the Joint Committee.

Welsh and UK Governments could influence the Joint Committees decision making abilities or operational delivery, through grant terms and conditions or legislation and regulation. Details of grant receipts are outlined in note 6. *Income.*

## Related Party Transactions

Actuals 2023/24							
Related Party	Revenue		Total Revenue (£)	Capital		Total Capital (£)	Total (£)
	Income (£)	Expenditure (£)		Receipts (£)	Expenditure (£)		
PEMBROKESHIRE COUN	0	474,283	474,283	-	5,871,333	5,871,333	6,345,616
HYWEL DDA UNIVERSIT	0	-	0	-	-	-	0
SWANSEA UNIVERSITY	0	-	0	-	-	-	0
CITY & COUNTY OF SW.	0	632,776	632,776	-	13,507,176	13,507,176	14,139,952
SWANSEA UNIVERSITY	0	-	0	-	-	-	0
NEATH PORT TALBOT C	0	569,781	569,781	-	776,142	776,142	1,345,923
UNIVERSITY OF WALES	0	-	0	-	-	-	0
CARMARTHENSHIRE CC	(3,554,890)	3,512,795	(42,095)	(42,428,000)	39,222,471	(3,205,529)	(3,247,624)

Actuals 2022/23							
Related Party	Revenue		Total Revenue (£)	Capital		Total Capital (£)	Total (£)
	Income (£)	Expenditure (£)		Receipts (£)	Expenditure (£)		
PEMBROKESHIRE COUN	(50,000)	129,480	79,480	-	9,848,059	9,848,059	9,927,539
HYWEL DDA UNIVERSIT	(50,000)	-	(50,000)	-	-	-	(50,000)
SWANSEA UNIVERSITY	(50,000)	-	(50,000)	-	-	-	(50,000)
CITY & COUNTY OF SW.	(50,000)	314,705	264,705	-	4,957,677	4,957,677	5,222,382
SWANSEA UNIVERSITY	(50,000)	-	(50,000)	-	-	-	(50,000)
NEATH PORT TALBOT C	(50,000)	263,993	213,993	-	3,369,351	3,369,351	3,583,344
UNIVERSITY OF WALES	(50,000)	-	(50,000)	-	-	-	(50,000)
CARMARTHENSHIRE CC	(1,523,611)	1,603,170	79,559	(23,086,000)	24,406,436	1,320,436	1,399,995

## Balance Sheet Disclosures

Actuals 2022/23			Description	Actuals 2023/24		
Debtors (£)	Creditors (£)	Balance (£)		Debtors (£)	Creditors (£)	Balance (£)
599,872	(5,935,003)	(5,335,131)	Partner Local Authorities	325,595	(18,304,122)	(17,978,527)
23,086,000	(4,950)	23,081,050	Central Government Bodies	-	(208)	(208)
<b>23,685,872</b>	<b>(5,939,953)</b>	<b>17,745,919</b>	<b>Total</b>	<b>325,595</b>	<b>(18,304,330)</b>	<b>(17,978,735)</b>

## Carmarthenshire County Council (as the Accountable Body) Disclosures

Actuals 2022/23 (£)	Description	Actuals 2023/24 (£)
1,603,170	Expenditure	3,512,795
(1,523,611)	Income	(3,554,890)
<b>79,559</b>	<b>Net Cost of Service - (Surplus) / Deficit</b>	<b>(42,095)</b>
55,719,695	Assets	72,770,844
(5,969,307)	Liabilities	(18,358,455)
<b>49,750,388</b>	<b>Total Net Assets</b>	<b>54,412,389</b>
<b>49,750,388</b>	<b>Total Reserves</b>	<b>54,412,389</b>

## 8. External Audit Fees

The following charge is the cost payable to Audit Wales for external audit services provided to the Swansea Bay City Region Deal:

<u>Actuals 2022/23</u>	<u>Description</u>	<u>Actuals 2023/24</u>
(£)		(£)
11,330	Audit Fees - Audit of Accounts	13,886
12,746	Audit Fees - Performance Audit	11,731
<b>24,076</b>	<b>Total External Audit Fees</b>	<b>25,617</b>

## 9. Debtors

The total outstanding debtor balances as at 31<sup>st</sup> March 2024 are demonstrated below:

<u>31st March 2023</u>	<u>Description</u>	<u>31st March 2024</u>
(£)		(£)
599,872	Income - other Authorities & Bodies	325,595
23,086,000	Government Grant Income	-
<b>23,685,872</b>	<b>Total Debtor Balance</b>	<b>325,595</b>

## 10. Cash and Cash Equivalents

The Joint Committee itself does not operate or control its own individual bank account to facilitate the delivery of the Portfolio. Carmarthenshire County Council in its role as the Accountable Body administer all cash and cash equivalent transactions on behalf of the Joint Committee.

Portfolio balances are invested in line with Carmarthenshire County Council's Treasury Management Policy to optimise the return on cash surpluses. Interest yielded is recognised in the Comprehensive Income and Expenditure Statement and accounted for within Carmarthenshire Council's Statement of Accounts.

All monies demonstrated within the Cash and Cash equivalents are retained within the accounts of Carmarthenshire County Council as the accountable body, ring-fenced to the Swansea Bay City Deal Joint Committee and available for immediate use.

<u>31st March 2023</u>	<u>Description</u>	<u>31st March 2024</u>
(£)		(£)
34,862,577	Balance B/F	33,448,200
(1,414,377)	Cash and Cash Equivalents In Year Movements	38,997,049
<b>33,448,200</b>	<b>Total Cash and Cash Equivalents</b>	<b>72,445,249</b>

## 11. Financial Instruments

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

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

Portfolio balances are invested in line with Carmarthenshire County Council's Treasury Management Policy to optimise the return on cash surpluses. Interest is calculated on an average rate and ring fenced to the City Deal portfolio. Throughout the year balances have been invested through approved institutions in short-term financial instruments in adherence to the protocols set out within the applied Treasury strategy. Within the Treasury strategy, investments are only employed with Counterparties whose risk appetite is very low.

Carmarthenshire Council carries out its treasury management activities in accordance with the Prudential Code of Practice first developed for public services in 2002 by the Chartered Institute of Public Finance and Accountancy (CIPFA). This Code was last revised in 2017. The Council also carries out its treasury management activities in accordance with the CIPFA Treasury Management Code of Practice 2017.

All cash and cash equivalents are demonstrated within these financial statement's representative of their fair value, which equates to their carrying value, in accordance with the requirements of IFRS 9 Financial Instruments.

<u>31st March 2023</u>	<u>Description</u>	<u>31st March 2024</u>
(£)		(£)
Fair Value		Fair Value
34,862,577	Balance B/F	33,448,200
(1,414,377)	Cash and Cash Equivalents In Year Movements	38,997,049
<b>33,448,200</b>	<b>Total Financial Instruments</b>	<b>72,445,249</b>

## 12. Creditors

The total outstanding creditor balances as at 31<sup>st</sup> March 2024 are demonstrated below:

<u>31st March 2023</u>	<u>Description</u>	<u>31st March 2024</u>
(£)		(£)
(4,950)	Central Government Bodies	0
(5,935,003)	Local Authorities	(18,304,330)
(29,354)	Other: Short Term Creditors	(54,125)
<b>(5,969,307)</b>	<b>Total Creditors Balance</b>	<b>(18,358,455)</b>



### 13. Usable Reserves

Usable reserves in respect of the Swansea Bay City Region Deal Portfolio are demonstrated below:

<u>31st March 2023</u>	<u>Description</u>	<u>31st March 2024</u>
(£)		(£)
220,361	Balance B/F	140,802
(79,559)	Usable Reserves In Year Movements	42,095
<b>140,802</b>	<b>Total Usable Reserves</b>	<b>182,897</b>

### 14. Interest

Carmarthenshire County Council upholds responsibility as the Accountable Body for managing investments of cash balances held by the Joint Committee. Portfolio balances are invested in line with Carmarthenshire County Council's treasury policy. Interest is calculated on an average rate and ring fenced to the Swansea Bay City Region Deal Portfolio.

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

<u>31st March 2023</u>	<u>Description</u>	<u>31st March 2024</u>
(£)		(£)
(870,633)	Interest Income	(2,769,692)
<b>(870,633)</b>	<b>Total Interest Income Balance</b>	<b>(2,769,692)</b>

### 15. Capital Grants Unapplied Reserve

This reserve is in sole respect of the capital grant received by the portfolio from the Welsh and UK Governments.

<u>31st March 2023</u>	<u>Description</u>	<u>31st March 2024</u>
(£)		(£)
52,344,399	Balance B/F	51,023,963
23,086,000	Capital Grants Unapplied	42,428,000
(24,406,436)	Capital Grants Applied	(39,222,471)
<b>51,023,963</b>	<b>Total Capital Grants Unapplied</b>	<b>54,229,492</b>



## 16. Grant Income – Capital

Capital grant income received is demonstrated below:

<u>31st March 2023</u>	<u>Description</u>	<u>31st March 2024</u>
<u>(£)</u>		<u>(£)</u>
(77,086,000)	Balance B/F	(100,172,000)
(23,086,000)	Government Grant Income	(42,428,000)
<b>(100,172,000)</b>	<b>Total Government Grant Income</b>	<b>(142,600,000)</b>

## 17. Notes in Respect of the Cashflow Statement

### Operating Activities

This statement outlines the cash generated through the activities of the Joint Committee, including the Portfolio Investment Fund.

<u>Actuals 2022/23</u>	<u>Description</u>	<u>Actuals 2023/24</u>
<u>(£)</u>		<u>(£)</u>
0	Creditors - (Increase) / Decrease	(12,389,148)
0	Debtors - Increase / (Decrease)	(23,360,277)
23,086,000	Capital grants and contributions recognised in CIES	42,428,000
(24,406,436)	Capital Grants and Contributions Applied in CEIS	(39,222,471)
870,633	Interest Received	2,769,692
<b>(449,803)</b>	<b>Net Cashflow from Operating Activities</b>	<b>(29,774,204)</b>

### Investing Activities

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

<u>Actuals 2022/23</u>	<u>Description</u>	<u>Actuals 2023/24</u>
<u>(£)</u>		<u>(£)</u>
1,320,436	Short-Term Investments	(3,205,529)
(870,633)	Interest Received	(2,769,692)
<b>449,803</b>	<b>Net Cashflow from Investing Activities</b>	<b>(5,975,221)</b>

## 18. Expenditure and Funding Analysis

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

## 19. Contingent Liabilities

During the financial year 2020/21 it was agreed to extend the budget for the Portfolio Management Office to five operational years to 2024/25. Within the budget there was a provision for redundancy in respect of the current posts employed by Carmarthenshire directly attributable to the City Deal.

All employees are permanently contracted to Carmarthenshire County Council and at present the probability of redundancy preceding the budgeted operational term is considered remote due to the delay in the commencement of programmes / projects. Therefore, no redundancy provision has been included within the accounts, should there be need for consideration of any such payment this would be provided from the reserves.

# Annual Governance Statement

## Scope of Responsibility

The Swansea Bay City Region Joint Committee is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It must also ensure that public money is safeguarded and properly accounted for and used economically, efficiently, and effectively and to secure continuous improvement and delivery in this regard.

The Joint Committee is responsible for putting in place appropriate arrangements for the Governance of its affairs and facilitating the effective exercise of its functions including having appropriate arrangements for the management of risk and portfolio delivery.

The Joint Committee details how it deals with all aspects of Governance through its Joint Committee Agreement which defines the standards, roles and responsibilities of the Chair, its Members, Committees, and its Officers. The Joint Committee Agreement includes a Scheme of Delegation outlining the decision-making process taking into account the relevant legislation.

## The Governance Framework

The Governance Framework comprises of the systems, processes, cultures, and values by which the Joint Committee is directed, controlled and the way it accounts to, engages with and leads the Region and Community. It enables the Committee to monitor the achievement of its strategic objectives and to consider whether those objectives are/have led to the delivery of appropriate, relevant, value for money projects.

The system of internal control is a significant part of that framework and is designed to manage risk to an appropriate level. It aims to identify and prioritise the risks to the achievement of the Committee's policies, aims and objectives. It evaluates the likelihood and impact of identified risks being realised and to manage individual risks appropriately.

This Statement explains how the Joint Committee has complied with the various elements of the Governance Framework.

The Joint Committee has adopted and implemented a code of Corporate Governance based on the Framework 'Delivering Good Governance in Local Government' published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives and Senior Managers (SOLACE).

## The Governance Environment

The Governance framework comprises of 7 fundamental principles implemented to endorse high standards of confidence and trust in the governance and operation of the Portfolio, whilst upholding a commitment to ongoing improvement on a continuing basis through a process of evaluation and review.

The CIPFA/SOLACE Governance Framework sets out 7 fundamental principles of Corporate Governance. The 'CIPFA Seven' are:

1. Integrity and Values - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
2. Openness and engagement - Ensuring openness and comprehensive stakeholder engagement.
3. Making a difference - Defining outcomes in terms of sustainable economic, social, and environmental benefits.
4. Making sure we achieve what we set out to do - Determining the interventions necessary to optimise the achievement of the intended outcomes.
5. Valuing our people; engaging, leading, and supporting - Developing capacity and the capability of leadership and individuals.
6. Managing risks, performance, and finance - Managing risks and performance through robust internal control and strong public financial management.
7. Good transparency and accountability - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

## Integrity and Values

- The behaviour and expectations of Officers/Members are set out in the Swansea Bay City Region Joint Committee Agreement. The Agreement sets out the procedure for meetings, highlights conflicts of interest and includes Rules of Conduct of Co-opted Members of the Joint Committee and the Economic Strategy Board.
- The Joint Committee Agreement sets out requirements for members and officers to disclose gifts and hospitality annually.
- The Joint Committee Agreement provides that Members must at all times act in accordance with the Member Code of Conduct of their respective authorities. The Code of Conduct will apply when they are acting in their capacity as Joint Committee Member.
- Declarations of interest is a standing item of the agenda for both Portfolio Board and Joint Committee.
- All members of the Joint Committee, Programme Board, Economic Strategy Board, as well as Statutory Officers and direct SBCD portfolio employees, are required to complete a declaration of interest form on a six-month basis, including within, third party interests and related party disclosures.
- Compliance with policies and rules set out in the Joint Committee Agreement.
- Reports to both Portfolio Board and Joint Committee have legal/finance clearance prior to publication.
- Comprehensive scrutiny function.
- Comprehensive audit scrutiny.
- The Monitoring Officer ensures compliance with statute and reports on any maladministration.
- External challenge from auditors.

## Openness and Engagement

- The Joint Committee ensures an open culture evidenced by open meetings and publication of agendas, minutes, and webcasts where appropriate.
- There is enough opportunity for public questions at Joint Committee.
- Portfolio and project risks are published.
- There is appropriate consultation and engagement supporting the decision-making process including annual budget consultation, engagement with Governments, Economic Strategy Board regional advisers and key stakeholders.
- The scrutiny function invites stakeholder participation and contribution.
- The Portfolio's Marketing and Media function promotes the work of the Portfolio and supports proactive engagement with members of the public, helping them to access information on project delivery wherever and whenever it is convenient to them.

### Making a difference

- The portfolio has a clear vision set out within its heads of terms.
- The portfolio deliverables will make a step change in the economic prosperity of the Swansea Bay Region.
- The Portfolio Management Office presents quarterly the Implementation Plan and has developed an Integrated Assurance Action Plan, Monitoring and Evaluation Plan and a Portfolio Business Plan.
- The Accountable Body provides regular financial monitoring updates.
- Portfolio risk management policy ensures consistent application of risk registers and terminology and audit scrutiny.
- Improved communications and regional working across all 8 primary stakeholders.

### Making sure we achieve what we set out to do

- Establishment of a regional Portfolio Management Office to oversee the governance, assurance, and portfolio progression.
- Appointment of a Senior Responsible Officer for the Swansea Bay City Deal Portfolio to work with the Portfolio Director and Joint Committee.
- There is regular public and stakeholder engagement at project level.
- The Portfolio takes a sustainable view, with Lead Authorities each having their own independent social and environmental policies and plans, including:
  - *Medium term financial plan*
  - *Corporate Plan*
  - *Annual reports*
- Projects are supported by detailed business cases with clear deliverables and are managed locally.
- There is an annual budget setting process in place. There is regular financial monitoring updates and engagement in respect of financial matters with members.
- The portfolio has a detailed risk management procedure.

## Valuing our people; engaging, leading and supporting

- The Joint Committee ensures that members and officers have the right skills, knowledge and mind set to operate efficiently and effectively to achieve its intended outcomes by:
  - *Providing a comprehensive induction portfolio*
  - *Annual performance review*
  - *Providing job related training*
- The Joint Committee encompasses a robust governance structure including private sector advisors.
- Effective shared leadership and understanding of roles and objectives is supported by:
  - *Clear and defined leadership roles.*
  - *Appraisal of Portfolio Director role and remuneration.*
  - *Regular committee and board meetings.*
  - *The JCS sets out clearly defined roles and responsibilities of members, officers and advisers.*

## Managing risks, performance and finance

- Decision making supported by;
  - *Risk register*
  - *Issue log*
  - *Progress update log*
- Regular financial monitoring updates by the Section 151 officer.
- Monthly review of all risk logs and registers
- There are regular individual project updates, given by respective Lead Authority leaders/chief executives.
- Internal audit provides an independent and objective assurance on the effectiveness of internal control, risk management and governance.
- The portfolio has approved and embedded anti-fraud and corruption policy.
- The Internal Audit plan is approved by Joint Committee
- The External Audit plan is approved by Joint Committee.
- Financial Management is integrated through all levels of planning and control by:
  - *Specific corporate risk around financial control within the risk register.*
  - *Financial implications are included within all decision-making reports.*



## Good Transparency and Accountability

- Joint Committee Agreement demonstrates clear accountability of project delivery leads.
- Project outputs and outcomes linked to grant funding.
- Government progress updates.
- Reports are published on the City Deal website and are available in the Welsh language.
- Where possible exempt reports are split so the main report can be heard in public with confidential information being a separate exempt report.
- The Joint Committee have adopted the Code of Corporate Governance based on CIPFA framework.
- Implementation of Audit Wales and Internal Audit recommended actions monitored by Joint Committee.
- Peer review and inspection from regulatory bodies, including Gateway Assurance Processes.

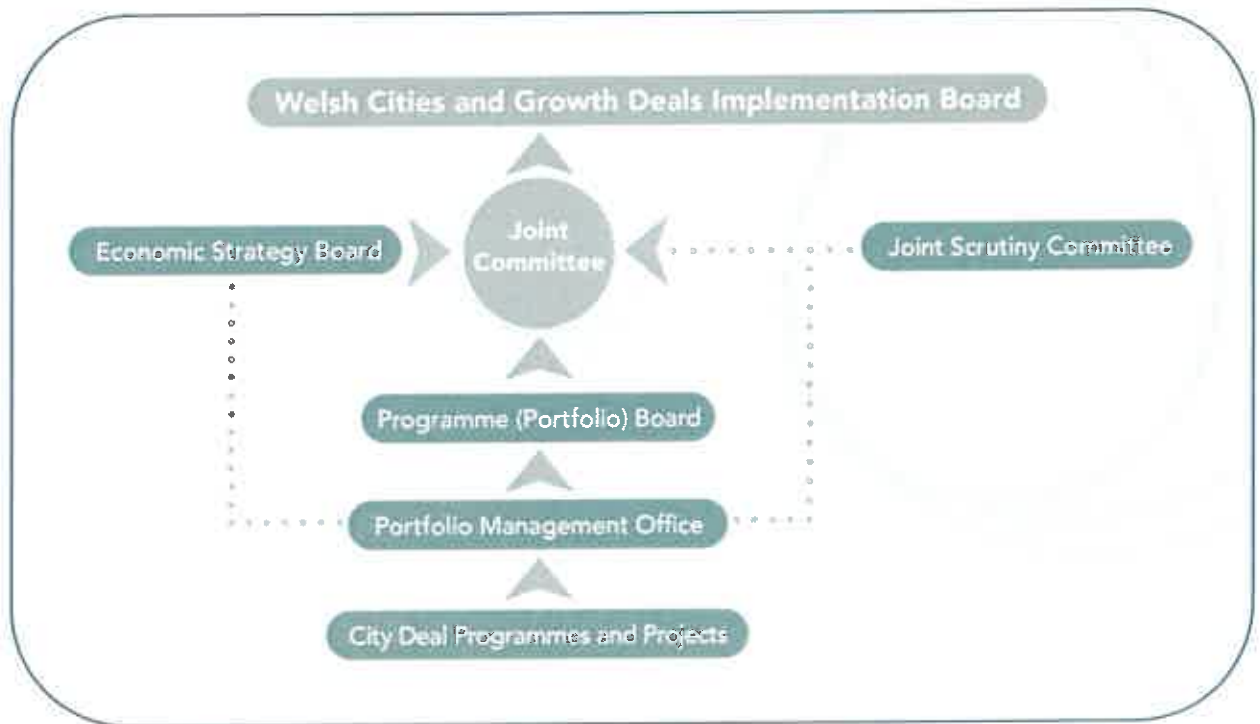
## Embracing good governance in the Public Sector



## Governance Structure

The Governance Structure details the hierarchy of committees and boards adopted to successfully manage, control, and deliver the Swansea Bay City Region Deal portfolio. The formal Governance Structure adopted by the City Deal for project implementation is demonstrated below. The Joint Committee upholds ultimate responsibility and accountability for decisions taken in the City Deal portfolio. However, this is not an independent entity, rather a collaborative leadership group consisting of the four regional Local Authorities, underpinned by a Joint Committee Agreement.

### Swansea Bay City Deal Governance Structure



Swansea Bay City Deal Accountable Officers

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

Senior Responsible Owner – Wendy Walters, Chief Executive of Carmarthenshire County Council

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

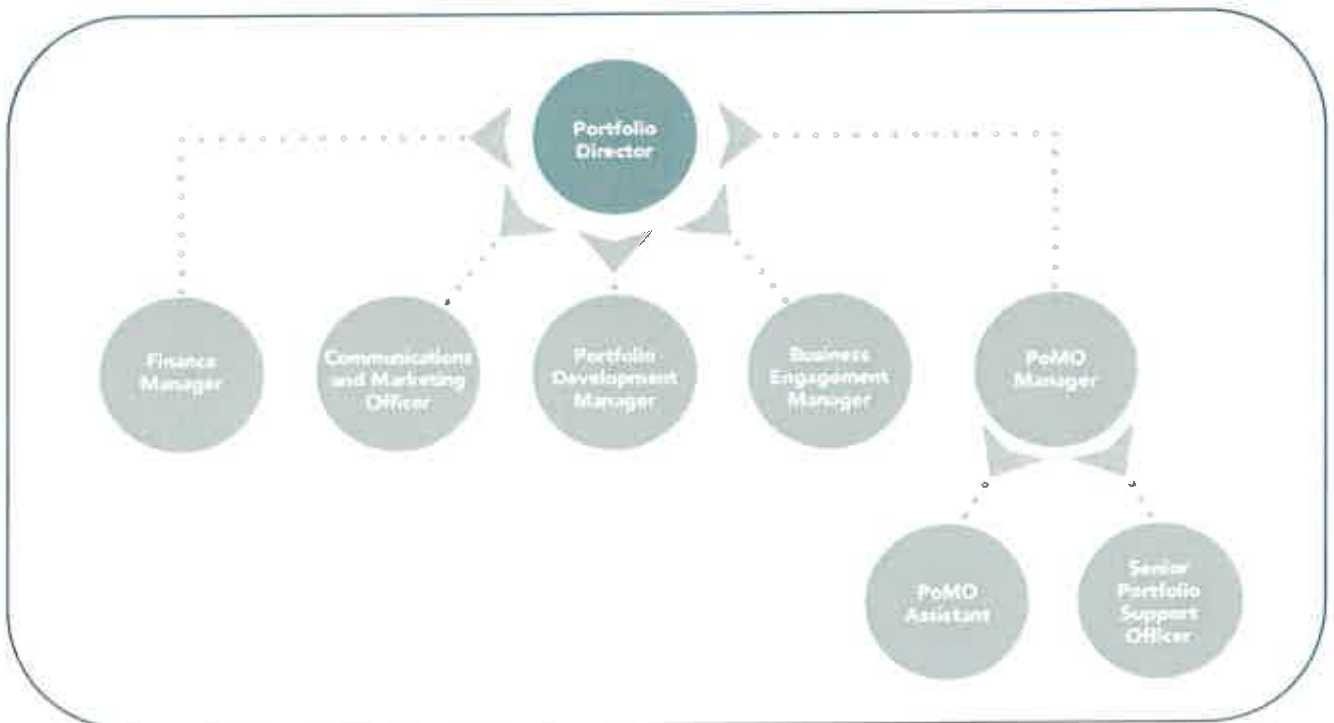
Deputy Monitoring Officer – Debbie Smith, Deputy Chief Legal Officer and Deputy Monitoring Officer, City and County of Swansea Council

Portfolio Management Office – Dr Jonathan Burnes, Portfolio Director

Portfolio Management Office

The PoMO is tasked with the responsibility for the day-to-day management of matters relating to the Swansea Bay City Deal. One post is vacant as at year end (PoMO Manager). The PoMO staffing structure is outlined below:

Portfolio Management Office Staffing Structure\*



\*The Finance Manager is responsible to the Portfolio Section 151 Officer.

## Internal Sources of Assurance

### Governance Structure

#### Joint Committee

The Joint Committee comprises of the four Local Authority Leaders of Carmarthenshire, Neath Port Talbot, Pembrokeshire, and Swansea councils.

The Joint Committee will be chaired by a Local Authority Leader, and it has been agreed by the four Councils that the Leader of Swansea Council will take on this responsibility. The Chair of the Joint Committee will be elected for a two-year term in the first instance, reviewed annually thereafter.

The Joint Committee has ultimate responsibility and accountability for decisions taken in relation to the Swansea Bay City Deal, in line with the visions and interests of all participating parties and the Swansea Bay City Deal document signed on 20th March 2017.

Since the signing of the Heads of Terms document, to maintain momentum, the Joint Committee operated in shadow form. The first formal meeting of this committee took place on 29<sup>th</sup> August 2018 when each of the four Local Authorities signed the Joint Committee Agreement, the legal document which sets out how the Councils will work together.

The Head of Paid Service, Monitoring Officer, and Section 151 officer of each of the Councils shall be entitled to attend meetings of the Joint Committee as an adviser and shall not have a vote.

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

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

- Identifying and implementing appropriate governance structures for the implementation of any projects within the Swansea Bay City Deal portfolio. This shall include the formation of bodies corporate and any other structures which the Councils can lawfully establish or participate in.
- Agreeing and planning the overall strategy for and delivery of the portfolio for the Swansea Bay City Deal.
- Performance management of the Swansea Bay City Deal portfolio.
- Strategic communications
- Monitoring of the impact of the Swansea Bay City Deal portfolio and reporting on this to the Councils.
- Authorising the Accountable Body to commission external support and to oversee the delivery and management of project expenditure.
- Progressing a regional approach for the Swansea Bay City Region for the discharge of strategic functions. These functions may include land use planning, transport planning and economic development.
- Approval and adoption of the Implementation Plan.
- Approval of any extension agreed by the Councils to the deadline for approval of the Implementation Plan.
- Agreeing the terms and conditions of Government Funding.
- Overseeing the proportion of each Council's responsibility for borrowing to provide funding for regional projects.
- Reviewing performance of the Chair of the Economic Strategy Board on an annual basis.
- Agreeing the Annual Costs Budget.

Following the process as set out in the Joint Committee Agreement, the Joint Committee shall consider the project business case and the recommendations of the Portfolio Board and the Economic Strategy Board and shall decide whether or not to approve the project for submission to the UK Government and Welsh Government for approval by the UK Government and Welsh Government for the release of government funding for the project.

## Economic Strategy Board

Reporting to the Joint Committee, the Economic Strategy Board will represent the wider community, including the private sector.

The Economic Strategy Board will act as the voice of business and will provide strategic direction for the Swansea Bay City Deal, through advice to the Joint Committee on matters relating to the Swansea Bay City Region. It will have a role in advising the Joint Committee on opportunities to strengthen the City Deal's impact.

The Chair will be accountable to the Joint Committee. The Economic Strategy Board will not have any formal decision-making powers and it will reach agreement by consensus.

The Economic Strategy Board will meet with the following frequency or as and when required:

- Quarterly in advance of any Joint Committee meeting.
- When necessary to deal with business as agreed by the Chair of the Economic Strategy Board.
- The Portfolio Management Office will arrange for minutes of the proceedings of each meeting to be taken, approved, and recorded. Key activities of the Economic Strategy Board include.
- Submit strategic objectives for the Swansea Bay City Region.
- Assess the individual Project Business Cases against the strategic aims and objectives of the Swansea Bay City Deal and make a recommendation to the Joint Committee on whether or not the Project Business Case should proceed.
- Consider implications of a proposed withdrawal or change of Project Authority Lead and any proposal for a new project and provide recommendations to the Joint Committee on whether the new project proposed should replace the project to be withdrawn and if not the process for selecting new projects or reallocation of funding.
- Monitor progress with regard to the delivery of the Swansea Bay City Deal.

The Chair of the Economic Strategy Board has been appointed following an open competition exercise. The process of appointing other members of the Economic Strategy Board has taken place through an open recruitment and nomination process, membership being drawn from across the wider private and public sectors. The Economic Strategy Board membership was agreed through a vote at the first formal meeting of the Joint Committee on 29<sup>th</sup> August 2018. Members are expected to adhere to the conditions of membership as outlined in schedule 13 of the Joint Committee Agreement.

## Portfolio Board

The Portfolio Board is accountable to the Joint Committee and consists of the Head of Paid Service of each of the four Councils, or another officer nominated by the Head of Paid Service. The Portfolio Board Chair shall be reviewed annually.

The Portfolio Board may co-opt additional representatives to the Board. Co-opted members may include representatives of Swansea University, University of Wales Trinity St David, Hywel Dda University Health Board and Swansea Bay University Health Board.

It has been unanimously agreed by the Councils that the Chief Executive of Carmarthenshire County Council will chair the Portfolio Board meetings.

Portfolio Board was formally established by the Joint Committee at its first meeting.

The Portfolio Board has four distinct roles:

- Preparing recommendations on the Swansea Bay City Deal portfolio:
  - *Ensuring that all schemes are developed in accordance with the agreed package, analysing the financial viability, deliverability, and risk of each City Deal project proposal.*
  - *Overseeing production of business case.*
- Advising on the strategic direction of the Economic Strategy Board.
- Overseeing performance and delivery of the delivery of projects, reviewing progress against agreed milestones, focusing on delivery and financial risks, and identifying any necessary remedial action.
- Working on a regional basis to improve public services especially in the areas of economic development, transport, planning and strategic land use, housing, and regeneration.

Meetings of the Portfolio Board take place on a quarterly basis before the Joint Committee meeting and before all quarterly meetings of the Economic Strategy Board.

## Portfolio Management Office

Reporting directly to the Accountable Officer and the Joint Committee, the Portfolio Management Office plays a pivotal coordinating and supporting role and it is responsible for the day-to-day management of matters relating to the Joint Committee and the Swansea Bay City Deal.

Key activities of the Portfolio Management Office include:

- Strategic liaison with UK Government and Welsh Governments and policy advisors.
- Governance support for all aspects of the City Deal governance structure, the SBCD Joint Committee, Portfolio Board and Economic Strategy Board.
- Portfolio implementation co-ordination, monitoring, and evaluation.
- Undertake research, analysis and report on findings as requested by groups within the governance structure.
- Strategic project co-ordination includes advising on and coordinating the development and submission of 5 case business models for City Deal projects.
- Liaison and engagement with government funding bodies and portfolios, and with the Universities and Health Boards.
- Responsibility for managing the identification, assessment, approval, monitoring and evaluation processes for Regional interventions and projects.
- Communications and engagement management for the Swansea Bay City Deal.
- Private sector involvement, business development and inward investment.

Utilising the Joint Committee's governance model to lead in the consideration and development of opportunities for additional capital and revenue external funding bids for additional funding sources to assist in the delivery of the regional activities which are complimentary to the SBCD.



## Accountable Body

The Councils have agreed that Carmarthenshire County Council will act as the Accountable Body responsible for discharging the Councils' Obligations in relation to the Swansea Bay City Deal in accordance with the Joint Committee Agreement.

The role of the Accountable Body is to:

- o Act as the primary interface with Welsh Government, UK Government, and any other funding bodies necessary to discharge the Councils' Obligations.
- o Hold and release any Government Funding in relation to the Swansea Bay City Deal and only to use and release such funds as agreed in accordance with the terms of such funding and the Joint Committee Agreement.
- o Comply with the Funding Conditions as set out in the JCA.
- o Undertake the accounting responsibilities set out in this Agreement.
- o Employ the Regional Office staff.

The Joint Committee will designate the Chief Executive of the Accountable Body as Lead Chief Executive to act as its principal adviser and as Accountable Officer to manage and oversee the work of the Accountable Body and the Portfolio Management Office team.

## Monitoring Officer

The Monitoring Officer is responsible for ensuring good governance and maintaining the highest ethical standards, ensuring the legality of arrangements as well as ensuring that the Joint Committee Agreement is adhered to. The Monitoring Officer has access to all meetings of the Joint Committee including the Economic Strategy Board and the Portfolio Board.

The Councils have agreed that the Monitoring Officer function and occupation with responsibility for discharging the Councils' Obligations in relation to the Swansea Bay City Deal in accordance with the Joint Committee Agreement, will be supported by the City and County of Swansea. Due to sickness absence the Monitoring Officer duties have been undertaken since May 2023 by the Deputy Chief Legal Officer and Deputy Monitoring Officer of Swansea Council.

The Monitoring Officer is well placed to play a proactive role in supporting Members and Officers in both formal and informal settings to comply with the law and with the Joint Committee's own procedures. The Monitoring Officer is supported by the Democratic Services function of City and County of Swansea Council who is responsible for the formal recording and publication of the democratic decision-making process.

The Monitoring Officer works closely with the Portfolio Director and the Section 151 Officer in accordance with the provisions of the Local Government and Housing Act 1989 and will report to Joint Committee or the Portfolio Board if she considers that any proposal will give rise to unlawfulness.

## Financial Services (Section 151 Officer)

The Director of Corporate Services Carmarthenshire County Council is the responsible officer for the administration of the Joint Committees affairs under Section 151 of the Local Government Act 1972 and carries overall responsibility for the financial administration of the Swansea Bay City Region Deal.

The Chartered Institute of Public Finance and Accountancy (CIPFA) previously published a “Statement on the Role of the Chief Financial Officer in Local Government”. The Statement describes the role and responsibilities of the Chief Financial Officer (CFO) and sets out 5 Key Principles (see below) that define the core activities and behaviours that belong to the role of CFO in public service organisations and the organisational arrangements needed to support them. Carmarthenshire County Council through the appointment of the Director of Corporate Services fully complies with the Statement.

- Principle 1 - The CFO in a Local Authority is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the Authority’s strategic objectives sustainably and in the public interest.
- Principle 2 - The CFO in a Local Authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the Authority’s overall financial strategy.
- Principle 3 - The CFO in a Local Authority must lead the promotion and delivery by the whole Authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.
- Principle 4 - The CFO in a Local Authority must lead and direct a finance function that is resourced to be fit for purpose.
- Principle 5 - The CFO in a Local Authority must be professionally qualified and suitably experienced.

The Financial Services function provides support to the Joint Committee and co-ordinates and supports the budget preparation and financial monitoring process.

## Internal Audit

The review of the effectiveness of the system of Internal Control and Governance arrangements is informed by the work of the Internal Auditors on which the Joint Committee gains assurance. Internal Audit are required to undertake their work in accordance with the standards as set out in the Public Sector Internal Audit Standards (PSIAS) established in 2013 are the agreed professional standards for Internal Audit in Local Government. The principles of Internal audit are demonstrated below.

As required by the Standards, the Head of Internal Audit (Pembrokeshire County Council) prepares an annual report for consideration by the Joint Committee. The format of the Annual Report complies with the requirements of the Code of Practice.

### Internal Audit Report – Swansea Bay City Deal

The audit aims to provide assurance that the Swansea Bay City Deal has adequate governance, internal control, risk management and financial management arrangements in place, which are operating effectively and assisting it to achieve its objectives.

### Audit Scope

<b>Governance:</b>	<ul style="list-style-type: none"><li>• Follow Up of Previous Recommendations</li><li>• Joint Committee Agreement, Governance Boards &amp; Decision-Making Arrangements</li><li>• Assurance, Audit and Scrutiny</li></ul>
<b>Risk Management:</b>	<ul style="list-style-type: none"><li>• Risk Management Arrangements</li></ul>
<b>Project Management &amp; Monitoring Arrangements</b>	<ul style="list-style-type: none"><li>• Project Management Process</li><li>• Monitoring and Evaluation Arrangements</li><li>• Change Control Process</li><li>• Post Completion Reviews</li></ul>
<b>Financial Management:</b>	<ul style="list-style-type: none"><li>• Budgetary Control</li><li>• Private Sector Investment</li><li>• Grant Claims Process</li></ul>

The internal audit report, agreed by Joint Committee on 13<sup>th</sup> June 2024, has determined an audit assurance rating of 'Substantial'; There are none or few weaknesses in the adequacy and/or effectiveness of the governance, internal control, risk management and financial management arrangements, and they would either be unlikely to occur, or their impact is not likely to affect the achievement of the SBCD objectives.

The Strategic and Annual Audit Plans are approved by Joint Committee annually and regular reports are made to the Joint Committee throughout the year on progress and any significant weaknesses identified.

In addition to the planned work, the Internal Audit Unit undertakes fraud investigation and proactive fraud detection work.

## Committees

### Joint Scrutiny Committee

The Joint Scrutiny Committee comprise of 12 members in total, three from each of the four Constituent Authorities. The Role of the Joint Scrutiny Committee is to provide advice, challenge and support to the Joint Committee. The Joint Scrutiny Committee is required to:

- Review and Scrutinise the Joint Committee's financial affairs.
- Review and assess the Joint Committees risk management, internal control and corporate governance arrangements.
- Review and assess the economy, efficiency and effectiveness with which resources have been used.
- Make reports and recommendations to the Joint Committee in relation to the points outlines above.

The purpose of the Joint Scrutiny Committee shall be:

- Performing the overview and scrutiny function for the Swansea Bay City Deal on behalf of the four constituent authorities.
- To develop a forward work Portfolio reflecting the functions as demonstrated in the Joint Committee Agreement (Cl. 2.1.1)
- To seek reassurance and consider if the city deal is operating according to the Joint Committee Agreement, its business plan, timetable and/or is being managed effectively.
- To monitor any City Deal Regional projects against its portfolio plan.
- To make any reports and recommendations to the constituent authorities, whether to their executive boards or Full Council as appropriate, in respect of any function which has been delegated to the Joint Committee pursuant to the Joint Committee Agreement.

Scrutiny of individual authorities' projects shall be a matter for the relevant Constituent authorities Scrutiny Committee.

## External Sources of Assurance

### External Audit

The Auditor General (Audit Wales) is the auditor for Carmarthenshire County Council and discharges his responsibilities under the Public Audit (Wales) Act 2004 through the external audit of the Swansea Bay City Deal Joint Committee statement of accounts.

Carmarthenshire County Council holds responsibility of the Accountable Body function on behalf of the Swansea Bay City Deal Joint Committee.

The agreed Annual Audit plan 2024 outlined the proposed audit plan and scope of the external audit to be undertaken by Audit Wales of the Swansea Bay City Deal Joint Committee Statement of Accounts. This plan was prepared and agreed by the Joint Committee and represents the fourth year of external audit work.

The Auditor General has a duty under the Public Audit (Wales) Act to assure himself each year that audited bodies, including the Swansea Bay City Deal Region Joint Committee, have put in place proper arrangements to secure value for money in the use of their resources. Audit Wales undertook this review between October 2023 and March 2024.

## Gateway Reviews

Office of Government Commerce (OGC) Gateway Reviews will be appropriately carried out at both a City Deal Portfolio (Gate 0) and project level (Project Assessment Reviews (PARS) or Gates 1-5) to examine specific points in their lifecycles. This will assure successful progression and overall delivery, while supporting the Senior Responsible Owner (SRO) in the successful discharge of their duties.

These reviews are among a suite of assurance activities the City Deal's Portfolio Management Office will organise, with the best course of action determined by the maturity of the portfolio or the stage of a constituent project's development or delivery.

To support this process the Portfolio SRO and Joint Committee will ensure the delivery of an Integrated Assurance and Approval Plan (IAAP), a Monitoring and Evaluation Plan and a Portfolio plan. The Regional Portfolio Management Office will provide visibility to the SRO and Joint Committee of the collaborative work undertaken with Welsh Assurance Hub to develop these assurances and monitoring plans over the coming months. A portfolio level IAAP has been developed and implemented together with individual IAAPs for each of the constituent projects. A Joint SBCD / WG / UKG Assurance Panel has been established and a Portfolio Assurance Framework developed to inform and guide assurance activity across the Portfolio.

## Government Review (5 case business model)

The need to get the best possible value from spending public money will always remain a constant for the Joint Committee and its partners. To this end, all City Deal business cases must be developed using the HM Treasury and Welsh Government's Five Case Model - an approach which is both scalable and proportionate. It is recognised as best practice and is the Treasury's standard methodology.

The business case, both as a product and a process, provides decision-makers, stakeholders, and the public with a management tool for evidence-based, transparent decision-making and a framework for the delivery, management and performance monitoring of the resultant scheme.

Each business case in support of SBCD project must evidence:



- o Strategic Case - the intervention is supported by a compelling case for change that provides a holistic fit with other parts of the organisation and public sector

- Economic Case - the intervention represents best public value (to the UK as a whole)
- Commercial Case - the proposed project is attractive to the marketplace, can be procured and is commercially viable
- Financial Case - the proposed spend is affordable
- Management Case - what is required from all parties is deliverable

As set out in the Joint Committee Agreement, the Project Business Case shall include a Resolution of the Project Authority Lead and all Councils in whose area the project shall take place that they approve the submission of the Project Business case.

The Portfolio Management Office has day to day responsibility for managing the assessment and approval process for all City Deal projects.

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

On completion of the final draft business case and following approval from the respective Regional/Project Authority Lead(s), business cases for each of the City Deal projects will undergo assessment by the Portfolio Management Office before being considered by the respective City Deal governance structures. After approval by the Joint Committee the project business case will be forwarded to the UK Government and Welsh Government for approval to release City Deal Government project funding to the Accountable Body. Following outline business case approval there is an expectation that all the SBCD project and programme business cases are developed as they progress into Full Business Case stage and reported through the SBCD Governance arrangements. A Business Case Update process has been developed and approved to facilitate this process.

### Well-being of Future Generations Act (Wales) 2015

The Swansea Bay City Deal demonstrates close alignment with the Well-being of Future Generations Act (Wales) 2015, as well as the seven well-being goals for Wales, which are at the core of the investment portfolio.

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

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

### OGC Gateway™ Review 0: Strategic assessment

As part of the assurance arrangements for the SBCD Portfolio, an independent Gateway 0 Review was undertaken in July 2023.

The Review was undertaken by an independent, external team in accordance with the Welsh Government Integrated Assurance Hub Guidelines. Sixteen 'conversations' were held with stakeholders between 17th-19th July 2023 together with a workshop session with the local authority Leaders.

The SBCD Portfolio received an Amber-Green Delivery Confidence Assessment (DCA) rating. The summary finding of the Review were:

1. The SBCD Portfolio continues to make progress under the leadership of a strong SRO and Portfolio Director
2. The Portfolio continues to exercise good disciplines and work well with the individual SROs across the multiple partners in a quest to capitalise on the opportunities SBCD presents to the region.
3. There is a need to keep all parts of the Portfolio strategically relevant in enabling, contributing to, or delivering directly the Outcomes and Benefits intended.



4. The Portfolio is in good shape and indications are that successful delivery appears probable. Constant attention should be maintained, however, to ensure that risks to not materialise into issues threatening delivery (of the Projects and Programmes) or the achievement of the strategic intent (of the Portfolio).

The Review Team made four recommendations to the Portfolio SRO to ensure that the portfolio is positioned for effective management and delivery. The recommendations cover communications regarding strategic intent, benefits management, governance (in terms of the alignment with the CJC) and maximising value from dependencies and opportunities, particularly in relation to the private sector.

All of the recommendations of the Review team are shown below.

1.	Reinforce communication of the strategic, regionalised approach, both internally and externally, in order to embed further the understanding of the sum of the parts rather than simply individual project benefits.	R - Recommended	July 24
2.	Further develop the benefits management approach to shift the focus to sustainable social and economic uplift, not just enablers.	R - Recommended	July 24
3.	Review and refresh the Portfolio Governance structure, considering potential options to integrate within the new Corporate Joint Committee structure, update the terms of reference and membership of the governance bodies should options progress.	E- Essential	December 24
4.	Emphasise the focus on Dependencies and Opportunities, particularly in respect of private sector investment and clarity surrounding the respective responsibilities for harnessing and driving emerging prospects.	R - Recommended	July 24

## Internal review

### Project approval process and flow of funds

On completion of a final draft business case and following approval from the respective regional/project authority lead, business cases for each of the City Deal projects will undergo assessment by the Regional Portfolio Management Office before being considered by the respective City Deal governance structures. After regional approval by the Joint Committee, the project business case will undergo an external Stage Gate review before progressing to the UK Government and Welsh Government for Ministerial approval.

The flow of funds for the City Deal portfolio is set out in the financial section of this Portfolio Business Case.

### Governance Assessment Process

Each Swansea Bay City Deal project has its own governance structure and management arrangements to oversee their development and delivery, which are outlined in their individual business case.

Portfolio level governance arrangements are also in place that each project will be expected to implement and provide updates on.



These include, but are not limited to:

- Implementation plan
- Risk and issue management
- Monitoring and evaluation
- Benefits realisation
- Community Benefits
- Change control
- Dependencies and interdependencies
- Escalation and reporting structures
- Integrated Assurance and Approval Plan
- Construction Impact Assessment
- Procurement Pipeline Activity
- Financial control and contingency management

## Integrated Assurance and Approval Plan

This plan will ensure the planning, coordination and provision of assurance activities and approval points throughout the City Deal portfolio, proportionate to levels of project cost and risk. As well as a portfolio level IAAP, constituent projects will also feed into the overall plan. The IAAP is a live document that will be kept updated and actioned throughout the lifecycle of the City Deal portfolio.

## Risk Management Arrangements

The Swansea Bay City Deal risk register logs risks both at a project and portfolio level. These include business, organisational and external risks. Each risk is updated periodically and reported to Portfolio Board where each risk details the description, owner, consequence and review update, accompanied by a scoring based on probability and impact.

Key business risks captured in a portfolio risk register include SBCD partner withdrawal, delays to project approval and funding draw down and portfolio delivery delays.

Following Portfolio Board review, the portfolio red risks and portfolio red issues, are considered by Joint Committee on a quarterly basis. These documents are also considered by Joint Scrutiny Committee at each of its meetings, which take place once every two months.

Organisational risks are captured in project specific risk registers.

The current portfolio risk register demonstrates risks of an operational, governance and financial nature with emphasis on the significant (red) risks, which are risks that will significantly impact the delivery of the portfolio. A summary of the current significant risks are demonstrated below:

Area	Key findings from the 2023/24 PoMO
Slippage in delivery of programmes / projects against key milestones	Slippage is being monitored by PoMO and Finance Manager. Programmes / Projects are requested to submit Change Notifications and Procurement Pipeline being updated quarterly. Governments were informed of BCD slippage at the June WCGIB. PoMO and Finance Manager will be working with Programmes and Projects to more accurately forecast progress and report spend.
Increase in cost of construction	The PoMO will continue to work closely with programme / project leads to identify potential impact and determine whether it is managed locally or whether intervention at Portfolio level is required. Overall current estimated construction cost is £43.5m. The Residual Gap following mitigations currently stands at £12.7m. Key significant procurements still in pipeline which currently have not identified CIA funding gap. PoMO to continue to monitor.
WG 2021 update of Technical Advice Note (TAN) 15 development risk of flooding, coastal erosion and associated flood planning maps	Following a consultation period, WG have been working with NRW to understand the integrity of existing flood defences in the National Growth Areas set out in Future Wales. WG expect to be putting advice to the Cabinet Secretary soon with a redrafted version of the TAN15.
Prog/Proj delivering all outputs and outcomes within the business case	Portfolio benefits profiles have been agreed with all programmes/projects. Other major programme/project benefits are being forecasted and will be reported via SBCD governance. Joint scrutiny Committee and partner Local Authority scrutiny committees are requesting more visibility on Benefits Realisation reporting. Monitoring and Evaluation Task and Finish Group have developed a Draft Evaluation Profile to include a schedule of evaluations for all projects and programmes.
In year underspend	Slippage is being monitored by PoMO and Finance Manager. Slippage of £54m identified for 2023/24. Governments were informed of SBCD slippage at the June WCGIB. PoMO and Finance Manager will be working with Programmes and Projects to more accurately forecast, and report spend.

## Benefits Realisation Arrangements

The Swansea Bay City Deal headline benefits are at least a £1.8 billion boost to regional GVA and the creation of at least 9,000 high-value jobs.

The focus on the regional economy across the SBCD projects will also support regional supply chain businesses, with the City Deal's energy theme due to further accelerate the growth of the region's blue and green economies, helping meet regional, Wales and UK-wide decarbonisation targets.

As well as financial benefits, the City Deal will also lead to societal benefits. These include tackling fuel poverty, improving people's health and well-being, and creating more resilient communities and businesses.

The benefits realisation plan is made up from the constituent projects, where they are required to develop and submit a benefit's register as part of the business case submission. The approach to monitoring and evaluating the portfolio benefits features in the Portfolio's Monitoring and Evaluation Plan and are regularly reported at project and portfolio level at the Portfolio Board and Joint Committee governance groups.

Monitoring and evaluating the portfolio performance and impact will improve informed decision making and planning and risk management in order to deliver the widest possible benefits to the region and value for money. It will also create a culture of learning from doing and sharing.

The Portfolio SRO will oversee the vision, objectives, and project governance arrangements, in conjunction with the Joint Committee and Portfolio Director, including the benefits realisation of the portfolio.

Post Implementation and Evaluation Arrangements

The Swansea Bay City Deal deliverables are aligned to SMART (specific, measurable, achievable, realistic and timebound) objectives. These will aid with the post evaluation at both project and portfolio level.

The objectives will be detailed in the tools adopted in the Monitoring and Evaluation Plan at both a portfolio and individual project level. Periodic reports and evaluations will be undertaken both at key project and portfolio milestones and at the end of the implementation stage. External stage gate reviews will form part of this process, along with regional reviews and assessments.

Action Plan of Portfolio Governance Issues July 2024

<p>Monthly and Quarterly monitoring reports should be enhanced, to ensure Programme/Project progress over the period is clearly identifiable and bring consistency to information reported. In addition, further work should be undertaken to enhance the synergy in the financial RAG rating of Programmes/Projects, by including the annual investment and grant draw-down status in RAG rating determinations.</p>	<p>A framework will be drafted, and guidance provided to all Project/Programme leads to ensure consistency across the Portfolio when reporting RAG status of the 6 categories (Delivery, Scope, Staffing / Resources, Finance, Stakeholder Engagement, Overall Rating) that make up the Scorecard within the Quarterly Report.</p> <p>A more in-depth review will be undertaken by the PoMO with Project and Programme leads regarding Highlight Reports and Quarterly monitoring. The aims will be to ensure all Programmes and Projects are reporting progress, reduce repetition between reports and provide consistency across the Portfolio e.g. all are reporting key risks and issues and their mitigating/resolving actions.</p>	<p>End of quarter 1 FY 2024/25</p>
<p>Programmes/Projects in delivery should submit grant claims on a more frequent basis, to allow funding to be distributed in a timely manner (and within the correct financial-year), enabling draw down of the top-slice to support the PoMO budget.</p>	<p>A reminder will be sent to Project Managers in respect of grant claim forms being submitted on a timely basis and these claims should include supporting evidence before funding can be released.</p>	<p>End of quarter 1 FY 2024/25</p>

The above governance issues will be monitored and assessed as part of the internal audit work undertaken on the City Deal and through the implementation of an Annual Governance Statement.

## Certificate of Approval

### Chair of Joint Committee Approval:

Signed:



Date: 10/07/24

**Councillor Rob Stewart**

Chair of Swansea Bay City Region Deal Joint Committee

Leader of City and County of Swansea Council



### Senior Responsible Owner Approval:

Signed:



Date: 10/7/2024.

**Wendy Walters**

Chair of Swansea Bay City Deal Portfolio Board

Chief Executive, Carmarthenshire County Council



# Glossary of Terms

The following section summarises expiation around the technical terminology demonstrated and included within the Financial Statements and accompanying narrative.

## General Terms

### Accrual

An accrual is a sum shown in our accounts to cover income or expenditure for the accounting period that was not paid at the date of the balance sheet.

### Audit

An audit is an independent examination of our activities.

### Audit Wales

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

### Balance

The surplus or deficit on any account at any point in time.

### Balance Sheet

This is a statement of our assets, liabilities and other balances at the end of the financial year.

### Budget

A budget is a spending plan, usually for the following financial year.

### Capital Expenditure

Capital expenditure is spending on non-current assets such as Property, Plant and Equipment, Investment Properties and Heritage Assets. This would include the purchase or construction of new assets, together with subsequent expenditure on major maintenance or development work.

### Capital Receipt

These are the sales proceeds from the disposal of land and buildings which are restricted in their use by statute. They can only be used to fund new capital expenditure or set aside to finance historic capital expenditure.

### Creditor

A creditor is someone to whom money is owed at the end of the financial year for work done, goods received, or services rendered.

### Current Assets

These are short-term assets that are available for us to use in the following accounting year.

### Current Liabilities

These are short-term liabilities that are due for payment by us in the following accounting year.

### Debtor

A debtor is someone who owes money to us at end of the financial year.

### Depreciation

Depreciation is a method of allocating the cost of Property Plant and Equipment assets over their useful lives.

### Employer Contributions

The employer contributions are the amounts actually paid by the employer during the year. They include any amounts paid in respect of early retirement strains and any recharges in respect of compulsory added years benefits.

### Financial Year

This is the accounting period. For local authorities it starts on 1 April and finishes on 31 March in the following year.

### Gross Expenditure

The total cost of providing the council's services before taking into account income, such as fees and charges for services etc.

### IFRS\*

International Financial Reporting Standard.

### IFRIC\*

International Financial Reporting Interpretations Committee.

*\*The above two are accounting standards which provide a guideline for financial accounting.*

### Liability

A liability is an amount due and payable at some time in the future.

### National Non-Domestic Rates (NNDR)

The NNDR, or Business Rate, is the charge occupiers of business premises pay to finance part of local Authority spending. The NNDR is set by Government and is a percentage of the rateable values. The percentage is the same throughout Wales. The total collected is split among individual authorities in proportion to their adult populations.

### Net Realisable Value

The selling price of the asset reduced by the relevant costs of selling it.

### Operating Leases

A means by which capital items are bought. These are leases where risks (and rewards) of ownership of the asset remain with the owner.

### Pension Fund

The fund maintained to meet pension payments on the retirement of participants.

### Property, Plant and Equipment

These are assets with a physical substance that are held for use in the production or supply of goods and services, for rental to others (as part of a service) or for administrative purposes. Any asset included in this category is expected to be used for more than one financial year.

### Provision

Provisions are amounts set aside for liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain.

### Prudential Code

The Prudential Code is a professional code of practice to support local authorities in making capital investment decisions.

### Public Works Loan Board (PWLB)

This is a Government agency that provides longer-term loans to local authorities. It charges interest rates only slightly higher than those at which the Government itself can borrow.

### Reserve

Reserves are amounts set aside that do not fall within the definition of provisions and include general reserves (or 'balances') which every Authority must maintain as a matter of prudence.



#### Revenue Account

This is an account that records our day-to-day spending and income on items such as salaries and wages, running costs of services and the financing of capital expenditure.

#### Securities

These are investments such as stocks, shares, and bonds.

#### Inventories

Inventories are raw materials purchased for day-to-day use. The value of those items not used at the end of the financial year is shown within current assets in the balance sheet.

#### Subjective Analysis

An analysis of income and expenditure according to type. Such expenditure headings include employee, premises and

transport expenses. Income includes government grants and fees and charges.

#### Variance

The difference between actual expenditure and budget - expressed in cash or percentage terms.



### Portfolio Management Office

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### Accountable Body

County Hall

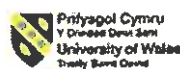
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The Swansea Bay City Deal is an alliance of four Regional Local Authorities governed by a legally constituted Joint Committee.

