

Cardiff Capital Region City Deal Joint Committee Draft Statement of Accounts

2020/21





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Cardiff Capital Region City Deal – Chair’s Statement

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

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

Our City Deal is adaptive to the continual changes we see around us and with the scarring effects on the economy now becoming more visible as the roll-out of the mass-vaccination process allows us to look forward, maintaining the ability to flex and respond will be critical. Through the pandemic period, our governance structures and systems have not just been tested – but enhanced. A shift to digital platforms for meetings of Regional Cabinet, the Regional Transport Authority, Programme Board, Investment Panel, Regional Economic Growth Partnership, Regional Business Council, and the CSC Foundry Board – has enabled greater levels of interaction, a sequencing that has enabled increased productivity and overall, the ability to better align and co-ordinate key governance procedures. This has driven a high rate of productivity as evidenced by not just numbers of meetings – although this is significant in itself - but by the outputs and outcomes at programme level and in respect of the first tranche of projects now fully underway and the success of the first gateway review undertaken by UK Government. Further, many of the ‘live’ projects have been in direct response to the challenges posed by the Covid pandemic and as evidenced in the Covid-19 Priority-set which was approved by Regional Cabinet in June 2020 – Plasma Technologies Investment, Challenge Fund for Local Wealth Building, Strategic Premises Fund and Zipworld.

Overall, the fact that our City Deal is a 20-year programme, has enabled this responsiveness to be met with a measured, thoughtful, and long-term approach. CCR has stayed true to its core commitments, in line with a continuing seam of data and evidence. This means a constant focus on Clusters, R&D, infrastructure investment and work recently started to build a business case for an Innovation Investment Fund maintains the narrative about a longer-term approach to provision of patient, continuity finance.

What is more, during the pandemic and in 2020-21, CCR prepared for Gateway Review and a fundamental deep dive assessment of our progress and performance to date. Preparation for this, required the principles of good governance to be applied in not just formal evaluation – but in our own review work and self-evaluation. This



covered independent review of the Regional Business Council, an assessment of the REGP, RTA and review of Terms of Reference for all main partnerships and advisory bodies, including Investment Panel. It involved, the production of two final evaluation reports by National Evaluation panel leads SQW, production of two Complementary Reports, a self-evaluation review of the Investment and Intervention Framework and Audit Wales work focussed on the effectiveness of the Investment Framework.

A key feature of 2020/21 in governance terms has also been the developed of enhanced programme governance and monitoring. This has set out a strengthened approach to monitoring, benefits realisation, and a new framework for Risk Policy. Not only is this work important by its own measure, but now work is underway in earnest to prepare for the enactment of a new corporate vehicle – a Corporate Joint Committee – it is vital in ensuring CCR is future-proofed as far as possible as it transitions from a single funding programme to a capability to support multiple funding programmes.

We have a strong and steady forward Business Plan – cut through with colourful ambition and high-level aspirations to take our region forward. Five for Five, produced in 2020/21 sets out the need to Build Back Better and Fairer, forge ahead with R&D, establish our Clusters, deliver our rapidly expanding Investment Programme and Pipeline, and build the foundations of the Cardiff Capital region. Our Investment Prospectus, also produced and published in 2020/21 provides a strong platform for ‘levelling-up’ and articulating the asks and offers of CCR as it moves into a more uncertain, but continually dynamic and evolving environment.

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



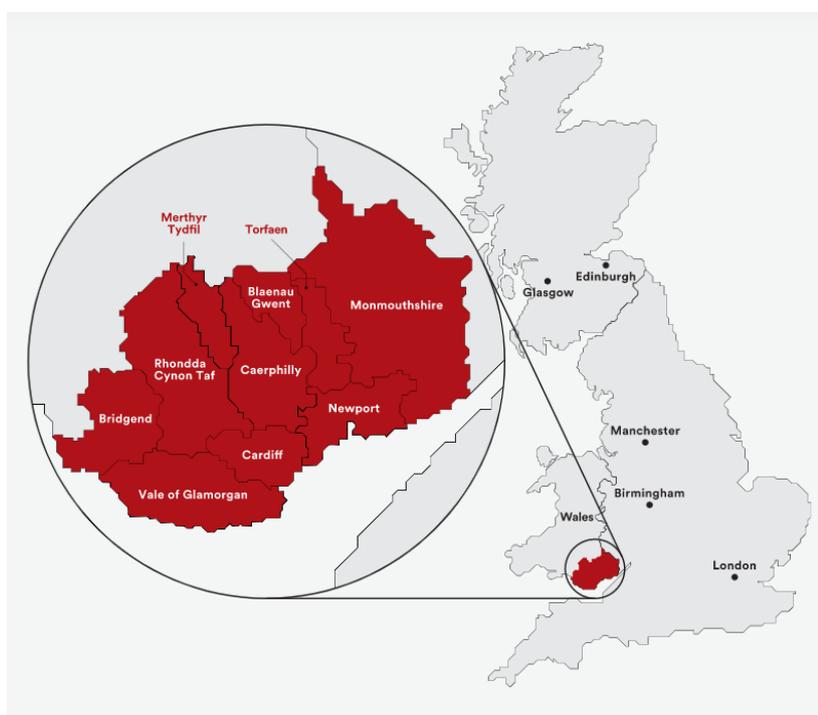
Councillor Anthony Hunt
Chair, Cardiff Capital Region City Deal





Introduction

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



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

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

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



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



Connected.

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



Competitive.

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



Resilient.

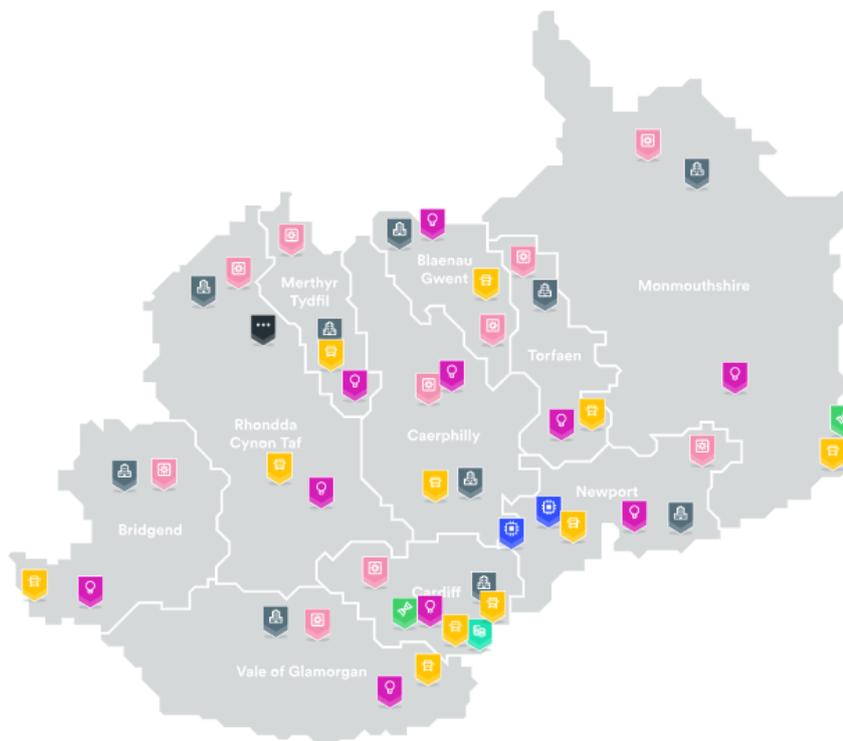
A focus for creating the conditions where our businesses and our people are best equipped to embrace the future. A keystone presence helping the region adapt, improve and overcome periods of economic turbulence or social unrest.

Background

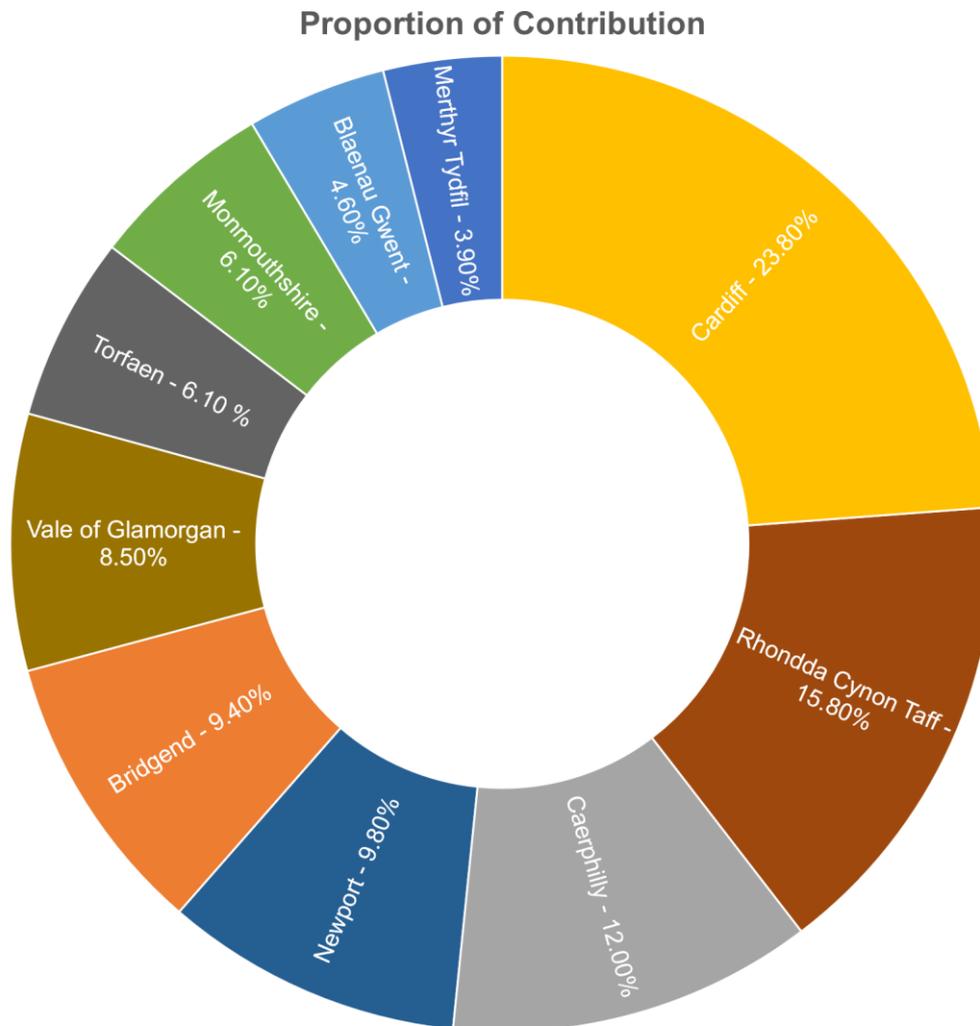
Ten partner authorities established the Cardiff Capital Region City Deal Joint Committee, by signing a Joint Working Agreement (JWA) in relation to the delivery of the City Deal on 1st March 2017. This sets out governance arrangements, an Assurance Framework as well as an implementation plan. One elected member representative from each partnering authority serves on the Joint Committee, the Cardiff Capital Region ‘Regional Cabinet’.

Current Approved Projects

(Wider Investment Fund)



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



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

Funding and Projects

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

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

Up to 3% (£742,500) of the Wider Investment Fund has been earmarked annually to support the work of Regional Bodies and to meet the costs of Programme



Development and Support. This is referred to as the Wider Investment Fund ‘Top-Slice’.

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

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

Strategic Themes



Skills & Employment
Developing a Skilled Workforce
and Tackling Unemployment



Connecting the Region
Improving Connectivity Globally,
Regionally and Locally



Innovation
Creating an Innovation District
and Increasing Entrepreneurial
Activity and Innovation



Regeneration & Infrastructure
Providing the right physical place
and environment to support growth

Gateway Reviews

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

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

Annual Review, Future Plans and Developments

These can be found in the following documents:

Cardiff Capital Region Cabinet 2020/21 Joint Committee Revenue Budget Final Outturn Position which sets out financial performance against the approved revenue budget for the financial year. In summary (subject to Audit), the approved budget of



£1,690,433 was underspent by £322,257 allowing a reduction in the budgeted drawdown of Wider Investment Fund 'Top-Slice' funding.

[Link to be provided in final document](#)

Cardiff Capital Region Cabinet 2020/21 Annual Business Plan – Quarter 4 Performance Report which reports actual expenditure against the approved Wider Investment Fund budgets as set out in the Annual Business Plan for the financial year. This shows (subject to Audit) net expenditure of £441,088 against the approved 'Top-Slice' budget of £742,500 and expenditure of £7,064,563 on approved projects. Unused annual allocations are carried forward to fund future projects.

[Link to be provided in final document](#)

Cardiff Capital Region Cabinet Wider Investment Fund – Annual Business Plan 2021/22 which, as a requirement of City Deal Joint Working Agreement outlines key priorities for the financial year and beyond, and the resources to be used to achieve them. This sets out anticipated total project related expenditure for 2021/22 and the medium term, setting out how this is expected to be funded.

[Link to be provided in final document](#)

Financial Performance 2020/21 (Subject to Audit)

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

2020/21 Joint Committee Revenue Budget & Outturn Position

Joint Committee Revenue Budget	2020/21 Budget £	2020/21 Out-turn £	2020/21 Variance £
Expenditure:			
City Deal Office	1,388,349	1,179,606	(198,810)
Accountable Body Support Services	302,084	188,570	(120,199)
Total	1,690,433	1,368,176	(319,009)
Funded by:			
WIF 'Top-Slice' Contribution - Reserve	(585,616)	(263,359)	319,009
Partner Contributions	(1,104,817)	(1,104,817)	0
Total	(1,690,433)	(1,368,176)	319,009
Net Position	0	0	0

The Joint Committee budget underspend for 2020/21 was utilised by reducing the budgeted funding required from the Wider Investment Fund 'Top-Slice'. Reasons for the underspend are set out in the Final Outturn Position report, to which there is a link above.



2020/21 Wider Investment Fund 'Top-Slice' Budget & Outturn Position

Wider Investment Fund Top-Slice	2020/21 Budget £	2020/21 Out-turn £	2020/21 Variance £
Gross Expenditure:			
Regional Bodies	110,100	26,375	(83,725)
Programme Development & Support	481,200	528,832	47,632
Contribution to CDO Budget	151,200	0	(151,200)
	742,500	555,207	(187,293)
Investment Income	0	(114,119)	(114,119)
Net Expenditure	742,500	441,088	(301,412)
Funded by:			
HMT Revenue Grant	(742,500)	(441,088)	301,412
Total	(742,500)	(441,088)	301,412

The Wider Investment Fund 'Top-Slice' is an allocation of 3% of the total Wider Investment Fund (£495m) budgeted for use across the 20-year lifespan of the City Deal. Its use is set out above with the underspend carried forward for use in future years. Further detail of the expenditure in 2020/21 and anticipated 2021/22 spend are provided in the other reports for which links are provided above.

2020/21 Wider Investment Fund 'Balance of Funding' Budget & Out-turn

Wider Investment Fund 'Balance of Funding'	2020/21 Budget £	2020/21 Out-turn £	2020/21 Variance £
Capital Expenditure:			
In Year Project Resources	58,816,600	4,474,938	(54,341,662)
Sub Total	58,816,600	4,474,938	(54,341,662)
Revenue Expenditure:			
In Year Project Resources	2,456,900	2,589,625	132,725
Sub Total	2,456,900	2,589,625	132,725
Total	61,273,500	7,064,563	(54,208,937)
Funded By			
HMT Revenue Grant	(1,856,500)	(1,503,625)	352,875
ULEV Grant	0	(2,474,938)	(2,474,938)
Temporary Borrowing 'Cost of Carry'	(42,126,000)	0	42,126,000
CSC Loan Funding Repayment	(1,800,000)	0	1,800,000
Council Contributions	(15,491,000)	(3,086,000)	12,405,000
Total	(61,273,500)	(7,064,563)	54,208,937



This table details the anticipated use of the Wider Investment Fund for approved and potential future projects during the year, as set out in the 2020/21 Annual Business Plan. The reasons for the underspends are covered in the Performance Report for which a link is provided above. Any unused annual resources are carried forward for use in future years.

There has been limited impact on the 2020/21 accounts, due to the COVID-19 Pandemic. In terms of future years, it is also not felt that there will be a significant impact upon projected expenditure and the approved budgets.

Financial Position as at 31 March 2021

The Joint Committee's Balance Sheet position is summarised below and provides details of its assets and liabilities as at 31 March 2021.

Summary of Balance Sheet	31 March 2020 £	31 March 2021 £
Long Term Assets : Property, Plant & Equipment, Long Term Investments, Long Term Debtors	37,118,359	41,044,297
Current Assets & Liabilities: Short Term Debtors, Cash & Cash Equivalents, less Short-Term Creditors	40,252,291	42,223,189
Long Term Liabilities	(40,640,211)	(42,086,518)
Net Assets	36,727,439	41,180,968
Usable Reserves	212,080	212,080
Unusable Reserves	35,518,359	40,968,888
Financed by	36,730,439	41,180,968

Pensions Liabilities

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

Balances and Reserves

As at 31 March 2021, the Joint Committee held Usable Reserves of £212,080. These are carried forward as a General Reserve to supplement budget resources available in future years.



Annual Governance Statement

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

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

The annual assessment of governance takes place following a review of a number of best practice statements and resulting actions where deemed required. This assessment includes changes in governance arrangements during 2020/21 as a result of the impact of Covid-19, with changes including:

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

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

In addition 2020/21 is also a 'shadow' year for the implementation of CIPFA's Financial Management (FM) Code. A key goal of the FM Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management. As such, the annual review will include the outcome of an initial assessment undertaken during the year of the extent to which the Joint Committees financial management arrangements comply with the FM Code.

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

[*Link to be provided in final document*](#)





The Financial Statements

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

The core statements of the Joint Committee are:

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

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

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





Statement of Responsibilities for the Financial Statements

Cardiff Capital Region City Deal Joint Committee's responsibilities

The Joint Committee is required to:

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

Cllr Anthony Hunt

Date:

2021

Chair of Cardiff Capital Region Joint Committee



Section 151 Officer responsibilities

The Section 151 Officer is responsible for the preparation of the Joint Committee's financial statements in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code).

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

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

The Section 151 Officer has also:

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

The Section 151 Officer Certificate

The financial statements for the Cardiff Capital Region City Deal Joint Committee give a true and fair view of its income and expenditure for the financial year 2020/21 and the financial position at 31 March 2021.



Christopher Lee
Section 151 Officer

Date **15 June 2021**





Audit of Financial Statements Report

This page has been intentionally left blank and will be updated upon receipt of the Auditor General's Final Opinion.





Accounting Policies used when formulating the accounts

The Statement of Accounts summarises the Joint Committee's income and expenditure for the year ended 31 March 2021 and its financial position at that date. The accounts are prepared in accordance with proper accounting practices as contained in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code).

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

1. Accounting Standards issued but not yet adopted

The main change to the Code will be the requirements of International Financial Reporting Standard 16 – Leases adopted in the 2021/22 Code. The required date of application and the date that the Joint Committee will adopt IFRS 16 is 1 April 2022. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for most leases with a term of more than 12 months unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments

Whilst this is expected to have no impact on the Joint Committee accounts, this will need to be a factor to consider in the approach to future years projects and expenditure where leases agreements may be entered into.

2. Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed.
- Services received are recorded as expenditure when the services are received, rather than when the payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the



Balance Sheet. Where debtors are not considered to be collectable the balance is reduced by a provision for doubtful debt.

3. Cash and Cash Equivalents

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

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

4. Contingent assets and liabilities

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

5. Disposals and Capital Receipts

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

6. Financial Assets

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

The main classes of financial assets held are measured at:

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

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

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



Financial Assets Measured at Amortised Cost

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

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

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

Fair Value Measurement of Financial Assets

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

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

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



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

7. Grants and Contributions

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

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

Revenue

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

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

Capital

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

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

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

8. Interests in Companies and Other Entities



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

9. Property, Plant, Equipment

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

Recognition

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

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

Measurement

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

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

10. Investment Property

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

Investment properties are measured at fair value, based on the market value that would be received to sell an asset in an orderly transaction between market participants at the measurement date, reflecting the asset's highest and best use.



A full valuation is undertaken periodically with the most recent valuation having taken place during the preparation of the 2020/21 accounts.

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

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

11. Provisions

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

12. Reserves

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

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

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

14. Value Added Tax (VAT)

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





2020/21 Comprehensive Income & Expenditure Statement

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

2019/2020 £		Notes	2020/2021 £
	Cost of Services		
922,560	Staff Costs	1	1,160,647
17,404	Premises	2	15,434
29,975	Transport	3	3,663
1,094,249	Supplies & Services	4	2,188,028
0	Revenue Expenditure funded from Capital Under Statute	5	1,086,000
279,961	Support Services	6	188,927
2,344,149	Operating Expenditure		4,642,699
(1,089,317)	Contributions from Local Authorities	7/10	(2,190,817)
(826,397)	Grant Income	7	(2,183,693)
(167,284)	Fees and Charges	7	(129,661)
(2,082,998)	Operating Income		(4,504,171)
261,151	Net Cost of Services		138,528
(264,236)	Interest & Investment Income	15	(114,119)
(264,236)	Financing & Investment Income & Expenditure		(114,119)
0	Recognised Capital Grants & Contributions	20	(4,474,938)
0	Taxation and Non-Specific Grant Income		(4,474,938)
(3,085)	(Surplus) / Deficit on Provision of Services		(4,450,529)
0	Other Comprehensive Income & Expenditure		0
(3,085)	Total Comprehensive Income & Expenditure		(4,450,529)





2020/21 Movement in Reserves Statement

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

Movements in Reserves	General Fund Balance £	General Fund Earmarked Reserves £	Total Usable Reserves £	Capital Adjustment Account £	Accumulated Absence Account £	Total Unusable Reserves £	Total Reserves £
Balance at 31st March 2020 Carried Forward	212,080	0	212,080	36,518,359	0	36,518,359	36,730,439
<u>Movements in Reserves During 2020/21</u>							
Surplus / (Deficit) on the Income and Expenditure Account	4,450,530	0	4,450,530	0	0	0	4,450,530
Total Comprehensive Income and Expenditure	4,450,530	0	4,450,530	0	0		4,450,530
Adjustments between Accounting Basis and Funding Basis	(4,474,938)		(4,474,938)	4,474,938	(24,409)	4,450,530	(24,409)
Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves	(24,409)	0	(24,409)	4,474,938	(24,409)	4,450,530	4,426,121
Transfers to/(from) Reserves	24,409	0	24,409	0	0		24,409
Increase/(Decrease in Year)	(0)	0	(0)	4,474,938	(24,409)	4,450,530	4,450,530
Balance at 31st March 2021	212,080	0	212,080	40,993,297	(24,409)	40,968,889	41,180,969
Balance at 31st March 2019 Carried Forward	123,500	85,495	208,995	36,518,359	0	36,518,359	36,727,354
<u>Movements in Reserves During 2019/20</u>							
Surplus / (Deficit) on the Income and Expenditure Account	3,085	0	3,085	0	0	0	3,085
Total Comprehensive Income and Expenditure	3,085	0	3,085	0	0	0	3,085
Adjustments between Accounting Basis and Funding Basis	0	0	0	0	0	0	0
Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves	3,085	0	3,085	0	0	0	3,085
Transfers to/(from) Earmarked Reserves	85,495	(85,495)	0	0	0	0	0
Increase/(Decrease in Year)	88,580	(85,495)	3,085	0	0	0	3,085
Balance at 31st March 2020	212,080	0	212,080	36,518,359	0	36,518,359	36,730,439





Balance Sheet as at 31 March 2021

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

31 March 2020 £		Notes	31 March 2021 £
0	Property, Plant and Equipment - Assets Under Construction		2,474,938
0	Long Term Investments		2,000,000
37,118,359	Long Term Debtors		36,569,359
37,118,359	Long Term Assets	12	41,044,297
168,037	Short Term Debtors	13	7,481,207
44,029,702	Cash & Cash Equivalents	14	47,803,597
44,197,739	Current Assets		55,284,804
(3,945,448)	Short Term Creditors	17	(13,037,206)
0	Accumulated Absences	16	(24,409)
(3,945,448)	Current Liabilities		(13,061,615)
(40,640,211)	Long Term Creditors	17	(42,086,518)
(40,640,211)	Long Term Liabilities		(42,086,518)
36,730,439	Net Assets		41,180,968
212,080	Usable Reserves	18	212,080
36,518,359	Capital Adjustment Account	20	40,993,297
0	Accumulated Absences	16	(24,409)
36,730,439	Total Reserves		41,180,968





2020/21 Cash Flow Statement

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

31 March 2020 £		Notes	31 March 2021 £
(3,085)	Net (Surplus) / Deficit on the provision of services		(4,450,529)
693,582	Adjust net surplus or deficit on the provision of services for non-cash movements	19	6,396,697
690,497	Net cash flows from operating activities		1,946,168
0	Investing activities	19	6,529,938
(15,000,000)	Financing activities	19	(12,250,000)
(14,309,503)	Net (increase) / decrease in cash and cash equivalents		(3,773,894)
(29,720,199)	Cash and cash equivalents at the beginning of the reporting period		(44,029,702)
(44,029,702)	Cash balance as at 31 March		(47,803,596)





Notes to the Core Financial Statements

1. Remuneration

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

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

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

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

These are shown in the tables below.

Remuneration Band £	Number of Employees	
	2019/20	2020/21
115,000 - 119,999	0	1
110,000 - 114,999	1	0
85,000 - 89,999	0	1
70,000 - 74,999	0	1
65,000 - 69,999	0	1
60,000 - 64,999	1	0
Total	2	4

2019/20 Total Remuneration including Pension Contributions £	Post Title	Salary, fees and allowances £	Employers Pension Contributions £	Total £	Notes
139,935	City Deal Director	116,802	26,981	143,783	
63,828	Chief Operating Officer	88,985	18,420	107,405	Post commenced August 2019
51,089	Head of Finance, Risk and Assurance	71,224	14,743	85,967	Post commenced August 2019



55,614	Head of Inclusive Growth & Business Development	66,559	11,924	78,483	Post commenced July 2019
310,464	Sub-Total Senior Staff	343,570	72,068	415,638	
31,168	Senior Staff Employer NI Contributions			415,638	
580,927	Other Staff - Remuneration, Employer Pension and Employer NI Contributions			44,422	
922,560	Total Staff Costs			1,160,647	

2. Premises

The following table analyses premises expenditure for the year.

2019/20 £	Premises	2020/21 £
15,000	Rents	15,120
2,404	Other Premises Related Expenditure	314
17,404	Total	15,434

3. Transport

The following table analyses transport expenditure for the year.

2019/20 £	Transport	2020/21 £
7,383	Car Allowances	2,440
22,592	Travel Expenses	1,223
29,975	Total	3,663

4. Supplies and Services

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

2019/20 £	Supplies & Services	2020/21 £
33,265	ICT, Telephones, Printing & Software	36,466
95,284	Meeting Room Hire & Other Meeting Costs	22,607
133,761	Marketing, Branding & Communications	136,686
688,400	Programme Development & Support*	1,659,505
0	Revenue Project Grants**	150,000
143,539	Other Supplies & Services Costs	182,763
1,094,249	Total	2,188,028



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

** Grants were made to Fintech Wales and in respect of Bridgend Council's work to develop a range of project proposals aimed at boosting place-shaping and local regeneration activity.

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

The following revenue amounts were treated as capital expenditure to be paid for from capital resources. The table includes expenditure on items that do not result in the creation or enhancement of an asset for the Council or where specific approval has been received from Welsh Government to treat such expenditure as capital expenditure and meet from capital resources.

2019/20 £	Revenue Expenditure funded from Capital under Statute (REFCUS)	2020/21 £
0	Metro Central Project Contribution	1,086,000
0	Charged to Income & Expenditure Statement	1,086,000
	Funded by:	
0	Grants and Contributions	(1,086,000)
0	Total	(1,086,000)

6. Support Services

The following table analyses support service expenditure for the year

2019/20 £	Support Services	2020/21 £
16,806	HR People Services	8,570
112,618	Accountancy Support	68,266
3,100	Exchequer, Internal Audit & Insurance	4,857
79,996	Legal & Governance Support	60,541
11,695	ICT, Information & Governance	13,534
10,034	Commissioning & Procurement Support	0
42,162	External Audit	30,882
3,550	Other Support	2,277
279,961	Total	188,927

7. Income

The following table analyses income accounted for during the year.



2019/20 £	Income	2020/21 £
(1,089,317)	Contributions from Local Authorities	(2,190,817)
(167,284)	Fees and Charges	(129,661)
(826,397)	Grant Income	(2,183,693)
(2,082,998)	Total	(4,504,171)

Contributions from Local Authorities are in respect of the Joint Committee Revenue Budget from the ten partnering authorities (£1,104,817) and Revenue Expenditure funded from Capital under Statute for the Metro Central Project (£1,086,000).

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

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

2019/20 £	Grants and Contributions Credited to Operating Income	2020/21 £
(826,397)	WIF HM Treasury Revenue Grant	(2,183,693)
(826,397)	Total	(2,183,693)

2019/20 £	Grants and Contributions Receipts in Advance	2020/21 £
(3,199,000)	WIF HM Treasury Revenue Grant - Short Term Creditor	(4,819,000)
0	WG Small Business Research Initiative Grant	(250,000)
(3,199,000)	Sub Total	(5,069,000)
(35,640,211)	WIF HM Treasury Revenue Grant - Long Term Creditor	(42,086,518)
(5,000,000)	Housing Viability Gap Funding - Long Term Creditor	(5,000,000)
(40,640,211)	Sub Total	(47,086,518)
(43,839,211)	Total	(52,155,518)

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

8. Expenditure and Funding Analysis

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



Expenditure and Funding Analysis 2020/21	Net Expenditure Chargeable to General Fund Balances £	Adjustments between accounting and funding basis - Capital £	Adjustments between accounting and funding basis - Other £	Comprehensive Income & Expenditure 2020/21 £
Staff Costs	1,160,647	0	0	1,160,647
Premises	15,434	0	0	15,434
Transport	3,663	0	0	3,663
Supplies & Services	3,274,028	0	0	3,274,028
Support Services	188,927	0	0	188,927
Contributions from Local Authorities	(2,190,817)	0	0	(2,190,817)
Grant Income	(2,183,693)	0	0	(2,183,693)
Fees and Charges	(129,661)	0	0	(129,661)
Net Cost of Services	138,528	0	0	138,528
Interest & Investment Income	(114,119)	0	0	(114,119)
Recognised Capital Grants & Contributions	(4,474,938)	0	0	(4,474,938)
Other Income and Expenditure from the Funding Analysis	4,474,938	(4,474,938)	0	0
(Surplus) or Deficit	24,409	(4,474,938)	0	(4,450,529)
Opening Usable Reserves Balance 1st April 2020	(212,080)			
Plus Surplus on Usable Reserves Balance in Year	0			
Closing Usable Reserves Balance 31 March 2021	(212,080)			

Expenditure and Funding Analysis 2019/20	Net Expenditure Chargeable to General Fund Balances £	Adjustments between accounting and funding basis - Capital £	Adjustments between accounting and funding basis - Other £	Comprehensive Income & Expenditure 2019/20 £
Staff Costs	922,560	0	0	922,560
Premises	17,404	0	0	17,404
Transport	29,975	0	0	29,975
Supplies & Services	1,094,248	0	0	1,094,248
Support Services	279,961	0	0	279,961
Contributions from Local Authorities	(1,086,231)	0	(3,085)	(1,089,316)
Grant Income	(826,397)	0	0	(826,397)
Fees and Charges	(167,284)	0	0	(167,284)
Net Cost of Services	264,236	0	(3,085)	261,151
Interest & Investment Income	(264,236)	0	0	(264,236)
Recognised Capital Grants & Contributions	0	0	0	0
Other Income and Expenditure from the Funding Analysis	0	0	0	0
(Surplus) or Deficit	0	0	(3,085)	(3,085)
Opening Usable Reserves Balance 1st April 2018	(208,995)			
Plus Surplus on Usable Reserves Balance in Year	(3,085)			
Closing Usable Reserves Balance 31 March 2019	(212,080)			



9. Adjustments between Accounting Basis and Funding Basis under Regulation

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

2020/21	Usable Reserves £	Unusable Reserves £	Total Reserves £
Capital Adjustment Account - Grants & Contributions	(4,474,938)	4,474,938	0
Total	(4,474,938)	4,474,938	0

2019/20 for Comparison	Usable Reserves £	Unusable Reserves £	Total Reserves £
Capital Adjustment Account - Grants & Contributions	0	0	0
Total	0	0	0

10. Related Parties

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

Welsh Government has the ability to effect influence on the Joint Committee via legislation and grant funding. Grants received in 2020/21 are detailed in note 6.

Such transactions are detailed below.

Related Party Transactions	Revenue	Capital	2020/21 £
	£	£	
Blaenau Gwent CBC	(101,210)	(92,395)	(193,605)
Bridgend CBC	(206,792)	(188,780)	(395,572)
Caerphilly CBC	(262,199)	(239,362)	(501,561)
Cardiff Council	(519,788)	(474,515)	(994,303)
Merthyr Tydfil CBC	(86,336)	(78,817)	(165,153)
Monmouthshire County Council	(134,584)	(122,862)	(257,445)
Newport City Council	(215,054)	(196,323)	(411,376)
Rhondda Cynon Taf CBC	(345,513)	(315,419)	(660,932)
Torfaen CBC	(133,652)	(122,011)	(255,664)
Vale of Glamorgan Council	(185,689)	(169,516)	(355,205)
Sub Total	(2,190,817)	(2,000,000)	(4,190,817)



HMT Revenue Grant Funding	(10,000,000)	0	(10,000,000)
WG Small Business Research Initiative Grant	(250,000)	0	(250,000)
Total	(12,440,817)	(2,000,000)	(14,440,817)

For Comparison - Related Party Transactions 2019/20	Revenue	Capital	2019/20 £
	£	£	
Blaenau Gwent CBC	(50,324)	0	(50,324)
Bridgend CBC	(102,821)	0	(102,821)
Caerphilly CBC	(130,371)	0	(130,371)
Cardiff Council	(258,447)	0	(258,447)
Merthyr Tydfil CBC	(42,928)	0	(42,928)
Monmouthshire County Council	(66,918)	0	(66,918)
Newport City Council	(106,929)	0	(106,929)
Rhondda Cynon Taf CBC	(171,796)	0	(171,796)
Torfaen CBC	(66,455)	0	(66,455)
Vale of Glamorgan Council	(92,328)	0	(92,328)
Sub Total	(1,089,317)	0	(1,089,317)
HMT Revenue Grant Funding	(10,000,000)	0	(10,000,000)
Housing Viability Gap Funding	0	(5,000,000)	(5,000,000)
Total	(11,089,317)	(5,000,000)	(16,089,317)

Registration and Declarations of Interests

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

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

11. External Audit Costs

2019/20 £	External Audit Costs	2020/21 £
24,500	Joint Committee Financial Audit	24,500
14,819	Joint Committee Performance Audit	20,748
39,319	Total	45,248

Note 11 records the Audit Fee proposed for the year's audit as per the Audit Plans presented to Regional Cabinet and differ from those shown in the Comprehensive Income and Expenditure Statement and Note 6 above which show in year actual costs, made up of accruals for planned costs along with differences between planned and actual costs. Final costs for the 2020/21 audit will be charged following the completion of audit work.



12. Long Term Assets

2019/20 £	Long Term Assets	2020/21 £
0	Property, Plant and Equipment - Assets Under Construction	2,474,938
0	Long Term Investment - Equity	2,000,000
0	CREO Medical Loan (Long Term Debtors)	2,055,000
37,118,359	CSC Foundry Loan (Long Term Debtors)	34,514,359
37,118,359	Total	41,044,297

13. Debtors

31 March 2020 £	Debtors	31 March 2021 £
104,530	Other Local Authorities	4,800,243
63,507	Other Entities and Individuals	2,680,964
168,037	Total	7,481,207

The main components of the Debtor Balances with Other Local Authorities as at 31 March 2021 are a result of timings of recharges being made at Financial Year End and principally comprise of £2.475m in Ultra Low Electric Vehicle WG grant funding to be passported to CCR from Merthyr Tydfil County Borough Council and £2.089m from the 10 Partner Authorities in respect of Revenue and Capital Expenditure contributions.

The Debtor Balance with Other Entities and Individuals consists mainly of the first repayment of the CSC Foundry loan (£2.604m) due in 2021/22.

14. Cash and Cash Equivalents

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

The amount of £47,803,597 shown as Cash and Cash Equivalents in the Balance is represented by monies held with Cardiff Council as investments and inter-authority cash on behalf of the Joint Committee and immediately available for the Joint Committee's use.

31 March 2020 £	Cash and Cash Equivalents	31 March 2021 £
44,029,702	Cardiff Council Inter-Co Cash	47,803,597
44,029,702	Total	47,803,597



15. Financial Instruments

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

'Equity' refers to CCRC's £2 million investment in Pharmatelligence Ltd and their 'Project Livingstone' supporting the commercialisation and roll out of an analytical software product in the medical data arena. The investment provides CCRC with a ca.16% shareholding, which does not represent any form of 'control'.

A loan to Compound Semi-Conductor Foundry Ltd funded the acquisition (from Welsh Government) of the Foundry building, its refurbishment, fit-out and initial start-up costs. Loans amounting to £24.66 million were drawn down in 2017/18 and £12.46 million in 2018/19. The loan is profiled to be repaid over an 11-year term with repayments commencing in August 2021. The loan repayments will be recycled back into the Wider Investment Fund and used to fund future City Deal projects.

A further loan of £2.06 million has been made to Creo Medical to support the development of cool plasma sterilisation and decontamination technology. The loan was drawn down in July 2020, has a backstop repayment date of July 2025 and an interest-free period to October 2021.

Equity, Loans and Cash and Cash Equivalents are shown in the accounts at their fair value, which is equal to their carrying value.

31 March 2020			31 March 2021	
Carrying Amount £	Fair Value £		Carrying Amount £	Fair Value £
0	0	Equity	2,000,000	2,000,000
37,118,359	37,118,359	Loans	39,173,359	39,173,359
44,029,702	44,029,702	Cash and Cash Equivalents	47,803,597	47,803,597
81,148,061	81,148,061	Total	88,976,956	88,976,956

Financial Instrument Gains/Losses

Interest amounting to £114,119 (2019/20: £264,236) was earned on the Joint Committee's Cash balances held by the Accountable Body during the year.

The structure of the loan made to the Compound Semi-Conductor Foundry Ltd (CSC Foundry Ltd) was agreed as part of the extensive due diligence and associated State Aid advice undertaken to approve the investment proposal. This confirmed that the



investment would not carry any coupon/interest charge and therefore the loan has generated no gains or losses during the year.

The Nature and Extent of Risks arising from Financial Instruments

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

Cardiff Council places deposits only with banks and building societies that have the Fitch minimum criteria of F1. Ratings are regularly reviewed and to date, the Council has not experienced default of any institution and this is not deemed to be a significant risk for investments held. Therefore in respect of 2020/21, it has been determined that no provisions for expected credit losses are required.

The recoverability of loans e.g. that made to CSC Foundry Ltd and CREO Medical are subject to regular reviews by both its board members (via quarterly project update reports) and the City Deal Director. This range of measures provide the framework for the ongoing review of the loan value; accordingly, no impairment is considered to be required in respect of the outstanding loan value as at 31 March 2021.

The valuation of equity purchased in Health Care Associated is not based on any quoted price as the company is not listed. The valuation may change subject to the company's performance in terms of profit and income along with the relevant multipliers in the industry within the company's areas of operation. This is reviewed annually and as at 31 March 2021 is deemed to be in line with the initial acquisition value.

16. Accumulated Absences Account

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

2019/20 £	Accumulated Absences Account	2020/21 £
0	Balance as at 1 April	0
0	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with accounting requirements.	(24,409)
0	Balance as at 31 March	(24,409)



17. Creditors

Short Term £	Long Term £	31 March 2020 £	Creditors	Short Term £	Long Term £	31 March 2021 £
3,199,000	40,640,211	43,839,211	Central Government Bodies	9,881,600	42,086,518	51,968,118
35,197	0	35,197	Other Local Authorities	94,303	0	94,303
711,251	0	711,251	Other Entities and Individuals (Inc. Public Corporations)	3,061,303	0	3,061,303
3,945,448	40,640,211	44,585,659	Total	13,037,206	42,086,518	55,123,724

HM Treasury revenue grant totalling £10 million was received during the year in respect of the fourth year of City Deal funding. The grant is passported through Welsh Government (the grant paying body) following acceptance of their grant terms & conditions. A grant of £5 million was also provided by Cardiff Council during 2019/20, in accordance with an agreement with Welsh Government to support the Housing Investment Fund Project and in particular the viability gap fund element.

Welsh Government have confirmed that in any year, where funds have been committed and/or there is a clear intention to spend, carry forward of funding to future years will be permitted. £2,183,693 of the funding available has been drawn down to cover eligible expenditure during the financial year.

18. Usable Reserves

2019/20 £	Usable Reserves	2020/21 £
208,995	Balance as at 1 April	212,080
	Movements during year:	
3,085	Surplus on Provision of Services	0
0	Financing of Expenditure	0
212,080	Balance as at 31 March	212,080

19. Notes to the Cash Flow Statement

2019/20 £	Operating Activities	2020/21 £
267,737	Increase / (Decrease) in Creditors	2,496,166
(134,923)	(Increase) / Decrease in Debtors	(4,709,170)
0	Capital grants / contributions recognised in I&E	(2,000,000)
(826,397)	Revenue grants / contributions recognised in I&E	(2,183,693)
(693,583)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(6,396,697)



2019/20 £	Investing Activities	2020/21 £
0	Long Term Investments	2,000,000
0	Purchase of Property, Plant and Equipment	2,474,938
0	Long Term Debtors	2,055,000
0	Adjustments to net surplus or deficit on the provision of services for investing activities	6,529,938

2019/20 £	Financing Activities	2020/21 £
(10,000,000)	HMT Grant received	(10,000,000)
(5,000,000)	Housing Viability Gap Funding received	0
0	WG Small Business Research Initiative Grant	(250,000)
0	Capital contribution received	(2,000,000)
(15,000,000)	Adjustments to net surplus or deficit on the provision of services for financing activities	(12,250,000)

20. Capital Adjustment Account

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

2019/20 £	Capital Adjustment Account	2020/21 £
36,518,359	Balance as at 1 April	36,518,359
	Capital financing applied in the year:	
0	Grants and contributions	4,474,938
36,518,359	Balance as at 31 March	40,993,297





Introduction

The group accounts that follow comply with the requirement of the 2020/21 Code of Practice, that a local authority with interests in subsidiaries, associates and joint ventures should prepare group accounts in addition to its single entity accounts. These accounts consolidate the operating results and balances of Cardiff Capital Region City Deal Joint Committee and its subsidiary, Compound Semi-Conductor Foundry Ltd (CSC Foundry Ltd).

At the point of drafting these accounts, the accounts for CSC Foundry Ltd had not been audited and, therefore, the draft figures have been consolidated within the Group Accounts.

Accounting Policies Applicable to the Group Accounts

Basis of Consolidation

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

Accounting policies

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

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

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





2020/21 Group Comprehensive Income & Expenditure Statement

2019/20 £		Notes	2020/21 £
	Cost of Services		
972,265	Staff Costs	21	1,198,815
17,404	Premises	22	15,434
29,975	Transport	23	3,663
1,121,601	Supplies & Services	24	2,206,807
0	Revenue Expenditure funded from Capital Under Statute		1,086,000
298,461	Support Services	25	207,427
2,439,706	Operating Expenditure		4,718,146
(1,089,317)	Contributions from Local Authorities	27/28	(2,190,817)
(826,397)	Grant Income	27	(2,183,693)
(3,101,139)	Fees and Charges	27	(2,911,253)
(5,016,853)	Operating Income		(7,285,763)
(2,577,147)	Net Cost of Services		(2,567,617)
(282,733)	Interest & Investment Income	33	(114,810)
(611,519)	Change in Fair Value of Investment Properties	34	7,550,589
(894,252)	Financing & Investment Income & Expenditure		7,435,779
0	Recognised Capital Grants & Contributions	38	(4,474,938)
658,979	Corporation Tax	26	(920,313)
658,979	Taxation and Non-Specific Grant Income		(5,395,251)
(2,812,420)	(Surplus) / Deficit on Provision of Services		(527,089)
0	Other Comprehensive Income & Expenditure		0
(2,812,420)	Total Comprehensive Income & Expenditure		(527,089)





2020/21 Group Movement in Reserves Statement

Movements in Reserves	General Fund Balance £	General Fund Earmarked Reserves £	Total Usable Reserves £	Capital Adjustment Account £	Accumulated Absence Account £	Total Unusable Reserves £	Total Reserves £
Balance at 31st March 2020 Carried Forward	6,875,136	0	6,875,136	36,518,369	0	36,518,369	43,393,505
<u>Movements in Reserves During 2020/21</u>							
Surplus / (Deficit) on the Income and Expenditure Account	527,089	0	527,089	0	0	0	527,089
Total Comprehensive Income and Expenditure	527,089	0	527,089	0	0	0	527,089
Adjustments between Accounting Basis and Funding Basis	(4,474,938)		(4,474,938)	4,474,938	(24,409)	4,450,529	(24,409)
Called up Share Capital	0		0	0	0	0	0
Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves	(3,947,849)	0	(3,947,849)	4,474,938	(24,409)	4,450,529	502,680
Transfers to/(from) Earmarked Reserves	24,409	0	24,409	0	0	0	24,409
Increase/(Decrease in Year)	(3,923,440)	0	(3,923,440)	4,474,938	(24,409)	4,450,529	527,089
Balance at 31st March 2021	2,951,696	0	2,951,696	40,993,307	(24,409)	40,968,899	43,920,594
Balance at 31st March 2019 Carried Forward	3,977,221	85,495	4,062,716	36,518,369	0	36,518,369	40,581,085
<u>Movements in Reserves During 2019/20</u>							
Surplus / (Deficit) on the Income and Expenditure Account	2,812,420	0	2,812,420	0	0	0	2,812,420
Total Comprehensive Income and Expenditure	2,812,420	0	2,812,420	0	0	0	2,812,420
Adjustments between Accounting Basis and Funding Basis	0	0	0	0	0	0	0
Called up Share Capital	0	0	0	0	0	0	0
Net Increase/(Decrease) before Transfers to/(from) Earmarked Reserves	2,812,420	0	2,812,420	0	0	0	2,812,420
Transfers to/(from) Earmarked Reserves	85,495	(85,495)	0	0	0	0	0
Increase/(Decrease in Year)	2,897,915	(85,495)	2,812,420	0	0	0	2,812,420
Balance at 31st March 2020	6,875,136	0	6,875,136	36,518,369	0	36,518,369	43,393,505





Group Balance Sheet as at 31 March 2021

31 March 2020 £		Notes	31 March 2021 £
36,488,889	Investment Properties	34	29,000,000
0	Property, Plant & Equipment - Assets Under Construction		2,474,938
0	Long Term Investments		2,000,000
7,902,967	Long Term Debtors		1,632,592
44,391,856	Long Term Assets		35,107,530
163,503	Short Term Debtors	30	17,953,051
0	Deferred Tax Asset		1,434,612
47,599,710	Cash & Cash Equivalents	32	51,356,967
47,763,213	Current Assets		70,744,630
(5,779,784)	Short Term Creditors	35	(14,899,071)
0	Accumulated Absences	31	(24,409)
(5,779,784)	Current Liabilities		(14,923,480)
(41,418,782)	Long Term Creditors	34	(44,930,788)
(1,562,998)	Provision for Liabilities	26	(2,077,298)
(42,981,780)	Long Term Liabilities		(47,008,086)
43,393,505	Net Assets		43,920,594
212,080	Usable Reserves	36	212,080
10	Called up Share Capital		10
6,663,056	Profit and Loss Account	36	2,739,616
36,518,359	Capital Adjustment Account	38	40,993,297
0	Accumulated Absences	31	(24,409)
43,393,505	Total Reserves		43,920,594





2020/21 Group Cash Flow Statement

31 March 2020 £		Notes	31 March 2021 £
(2,812,419)	Net (Surplus) / Deficit on the provision of services		(527,089)
3,220,672	Adjust net surplus or deficit on the provision of services for non-cash movements	37	2,489,894
408,253	Net cash flows from operating activities		1,962,805
341,559	Investing activities	37	6,529,938
(15,000,000)	Financing activities	37	(12,250,000)
(14,250,188)	Net (increase) / decrease in cash and cash equivalents		(3,757,257)
(33,349,522)	Cash and cash equivalents at the beginning of the reporting period		(47,599,710)
(47,599,710)	Cash balance as at 31 March		(51,356,967)





Notes to the Core Group Financial Statements

21. Remuneration

Remuneration Band	Number of Employees	
	2019/20	2020/21
£		
115,000 - 119,999	0	1
110,000 - 114,999	1	0
85,000 - 89,999	0	1
70,000 - 74,999	0	1
65,000 - 69,999	0	1
60,000 - 64,999	1	0
Total	2	4

2019/20 Total Remuneration including Pension Contributions £	Post Title	Salary, fees and allowances £	Employers Pension Contributions £	Total £	Notes
139,935	City Deal Director	116,802	26,981	143,783	
63,828	Chief Operating Officer	88,985	18,420	107,405	Post commenced August 2019
51,089	Head of Finance, Risk and Assurance	71,224	14,743	85,967	Post commenced August 2019
55,614	Head of Inclusive Growth & Business Development	66,559	11,924	78,483	Post commenced July 2019
310,464	Sub-Total Senior Staff	343,570	72,068	415,638	
31,168	Senior Staff Employer NI Contributions			44,422	
630,632	Other Staff - Remuneration, Employer Pension and Employer NI Contributions			738,755	
972,265	Total Staff Costs			1,198,815	



22. Premises Costs

The following table analyses Premises expenditure for the year.

2019/20 £	Premises Costs	Joint Committee £	CSC Foundry Ltd £	2020/21 £
15,000	Rents	15,120	0	15,120
2,404	Other Premises Related Expenditure	314	0	314
17,404	Total	15,434	0	15,434

23. Transport Costs

The following table analyses Transport expenditure for the year.

2019/20 £	Transport Costs	Joint Committee £	CSC Foundry Ltd £	2020/21 £
7,383	Car Allowances	2,440	0	2,440
22,592	Travel Expenses	1,224	0	1,224
29,975	Total	3,664	0	3,664

24. Supplies and Services

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

2019/20 £	Supplies and Services	Joint Committee £	CSC Foundry Ltd £	2020/21 £
33,265	ICT, Telephones, Printing & Software	36,466	0	36,466
95,284	Meeting Room Hire & Other Meeting Costs	22,607	0	22,607
133,761	Marketing, Branding & Communications	136,686	0	136,686
688,400	Programme Development & Support	1,659,506	0	1,659,506
170,891	Other Supplies & Services Costs	332,763	18,778	351,541
1,121,601	Total	2,188,028	18,778	2,206,806

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



25. Support Service Costs

The following table analyses Support Service expenditure for the year.

2019/20 £	Support Service Costs	Joint Committee £	CSC Foundry Ltd £	2020/21 £
16,806	HR People Services	8,570	0	8,570
127,118	Accountancy Support	68,267	15,000	83,267
3,100	Exchequer, Internal Audit & Insurance	4,857	0	4,857
79,996	Legal & Governance Support	60,540	0	60,540
11,695	ICT, Information & Governance	13,534	0	13,534
10,034	Commissioning & Procurement Support	0	0	0
46,162	External Audit	30,882	3,500	34,382
3,550	Other Support	2,277	0	2,277
298,461	Total	188,927	18,500	207,427

26. Corporation Tax

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

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

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

The following table analyses Provisions made for this purpose in the year.

2019/20 £	Provisions	Joint Committee £	CSC Foundry Ltd £	2020/21 £
1,562,998	Deferred Tax - Accelerated Capital Allowances	0	2,077,298	2,077,298
1,562,998	Total	0	2,077,298	2,077,298



27. Income

The following table analyses Income accounted for during the year.

2019/20 £	Income	Joint Committee £	CSC Foundry Ltd £	2020/21 £
(1,089,317)	Contributions from Local Authorities	(2,190,817)	0	(2,190,817)
(826,396)	Grant Income	(2,183,693)	0	(2,183,693)
(3,101,140)	Fees and Charges	(129,661)	(2,781,592)	(2,911,253)
(5,016,853)	Total	(4,504,171)	(2,781,592)	(7,285,763)

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

28. Related Parties

2019/20 £	Related Party Transactions	Joint Committee £	CSC Foundry Ltd £	2020/21 £
(50,324)	Blaenau Gwent CBC	(193,605)	0	(193,605)
(102,821)	Bridgend CBC	(395,572)	0	(395,572)
(130,371)	Caerphilly CBC	(501,561)	0	(501,561)
(258,447)	City of Cardiff Council	(994,303)	0	(994,303)
(42,928)	Merthyr Tydfil CBC	(165,153)	0	(165,153)
(66,918)	Monmouthshire County Council	(257,445)	0	(257,446)
(106,929)	Newport City Council	(411,376)	0	(411,376)
(171,796)	Rhondda Cynon Taf CBC	(660,932)	0	(660,932)
(66,455)	Torfaen CBC	(255,664)	0	(255,664)
(92,328)	Vale of Glamorgan Council	(355,205)	0	(355,205)
(1,089,317)	Sub Total	(4,190,817)	0	(4,190,817)
(10,000,000)	HMT Revenue Grant Funding	(10,000,000)	0	(10,000,000)
0	WG Small Business Research Initiative Grant	(250,000)	0	(250,000)
(5,000,000)	Housing Viability Gap Funding	0	0	0
(16,089,317)	Total	(14,440,817)	0	(14,440,817)

29. External Audit Costs

2019/20 £	External Audit Costs	Joint Committee £	CSC Foundry Ltd £	2020/21 £
18,118	Joint Committee Financial Audit	24,500	0	24,500
14,819	Joint Committee Performance Audit	20,748	0	20,748
4,000	Audit of Accounts	0	3,500	3,500
36,937	Total	45,248	3,500	48,748



Note 29 records the Audit Fee proposed for the year's audit as per the Audit Plans presented to Regional Cabinet and differ from those shown in the Comprehensive Income and Expenditure Statement and Note 23 above which show in year actual costs, made up of accruals for planned costs along with differences between planned and actual costs. Final costs for the 2020/21 audit will be charged following the completion of audit work.

30. Debtors

Total 31 March 2020 £	Debtors	Joint Committee £	CSC Foundry Ltd £	Total 31 March 2021 £
104,530	Other Local Authorities	4,800,243	0	4,800,243
7,961,940	Other Entities and Individuals	2,680,964	10,471,844	13,152,808
8,066,470	Total	7,481,207	10,471,844	17,953,051

Debtors - Long and Short Term	Short Term £	Long Term £	Total 31 March 2021 £
Other Local Authorities	4,800,243	0	4,800,243
Other Entities and Individuals	13,152,808	1,632,592	14,785,400
Total	17,953,051	1,632,592	19,585,643

31. Accumulated Absences Account

2019/20 £	Accumulated Absences Account	Joint Committee £	CSC Foundry Ltd £	31st March 2021 £
0	Balance as at 1 April	0	0	0
0	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with accounting requirements.	(24,409)	0	(24,409)
0	Balance as at 31 March	(24,409)	0	(24,409)

32. Cash and Cash Equivalents

The Joint Committee does not hold its own bank account so all income and expenditure is managed by Cardiff Council in its role as the Accountable Body, through its own bank balance. Therefore, the amount of £47,803,597 shown as cash in the balance sheet represents the inter-authority cash held by the Accountable Body on behalf of the Joint Committee along with balances held by CSC Foundry Ltd.



31 March 2020 £	Cash and Cash Equivalents	Joint Committee £	CSC Foundry Ltd £	31 March 2021 £
3,570,008	Bank	0	3,553,370	3,553,370
44,029,702	Cardiff CC Inter-Co Cash	47,803,597	0	47,803,597
47,599,710	Total	47,803,597	3,553,370	51,356,967

33. Financial Instruments

In addition to the Financial Assets of the Joint Committee, CSC Foundry Ltd. holds Cash and Cash Equivalents amounting to £3,553,370. All balances are shown at their fair value, which is equal to their carrying value.

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

31 March 2019		Financial Instruments	31 March 2020	
Carrying Amount £	Fair Value £		Carrying Amount £	Fair Value £
0	0	Equity	2,000,000	2,000,000
0	0	Loans	2,055,000	2,055,000
47,599,710	47,599,710	Cash and Cash Equivalents	51,356,967	51,356,967
47,599,710	47,599,710	Total	55,411,967	55,411,967

Financial Instrument Gains/Losses

Net interest of £114,810 (2019/20: £282,733) has been earned on balances held, in line with each organisation's policies.

The Nature and Extent of Risks arising from Financial Instruments:

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

34. Investment Property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.



35. Creditors

31 March 2020 £	Creditors	Joint Committee £	CSC Foundry Ltd £	31 March 2021 £
43,839,211	Central Government Bodies	51,968,119	0	51,968,119
35,197	Other Local Authorities	94,303	0	94,303
3,324,158	Other Entities and Individuals (Inc. Public Corporations)	3,061,302	4,706,135	7,767,437
47,198,566	Total	55,123,724	4,706,135	59,829,859

Creditors	Short Term £	Long Term £	31 March 2021 £
Central Government Bodies	4,881,601	44,930,788	49,812,389
Other Local Authorities	94,303	0	94,303
Other Entities and Individuals	9,923,168	0	9,923,168
Total	14,899,072	44,930,788	59,829,860

36. Usable Reserves

2019/20 £	Usable Reserves	2020/21 £
4,062,716	Balance as at 1st April	6,875,136
	Movements during year:	
0	Financing of Expenditure	
2,812,420	Surplus on Provision of Services	(3,923,440)
6,875,136	Balance as at 31 March	2,951,696

37. Notes to the Cash Flow Statement

2019/20 £	Operating Activities	2020/21 £
927,585	Increase / (Decrease) in Creditors	3,116,547
(2,710,343)	(Increase) / Decrease in Debtors	(8,911,637)
(611,517)	Change in Fair Value of Investment Properties	7,488,889
0	Capital grants / contributions recognised in I&E	(2,000,000)
(826,397)	Revenue grants / contributions recognised in I&E	(2,183,693)
(3,220,672)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(2,489,894)



2019/20 £	Investing Activities	2020/21 £
0	Capital Loan	0
0	Long Term Investments	2,000,000
341,559	Purchase of Property, Plant and Equipment	2,474,938
0	Long Term Debtors	2,055,000
341,559	Adjustments to net surplus or deficit on the provision of services for investing activities	6,529,938

2019/20 £	Financing Activities	2020/21 £
(10,000,000)	HMT Grant received	(10,000,000)
(5,000,000)	Housing Viability Gap Funding received	0
0	WG Small Business Research Initiative Grant	(250,000)
0	Capital contribution received	(2,000,000)
(15,000,000)	Adjustments to net surplus or deficit on the provision of services for financing activities	(12,250,000)

38. Capital Adjustment Account

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

2019/20 £	Capital Adjustment Account	2020/21 £
36,518,359	Balance as at 1 April	36,518,359
	Capital financing applied in the year:	
0	Grants and contributions	4,474,938
36,518,359	Balance as at 31 March	40,993,297





Glossary of Relevant Local Government Accountancy Terms

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

Accruals Basis

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

Asset Under Construction

An asset that is not yet complete.

Borrowing

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

Capital Adjustment Account

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

Capital Expenditure

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

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

Carrying Amount

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



Cash and Cash Equivalents

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

Chartered Institute of Public Finance & Accountancy (CIPFA)

CIPFA is the leading professional accountancy body which determines accounting standards and reporting standards to be followed by Local Government.

Creditors

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

Current Value

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

Debtors

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

Earmarked Reserves

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

External Audit

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

Fair Value

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

Financial Instruments

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

Impairment

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

Investments

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



Liabilities

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

Prior Period Adjustments

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

Property, Plant and Equipment (PPE)

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

Provisions

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

Related Parties

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

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

Reserves

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

Revenue Expenditure funded from Capital Under Statute (REFCUS)

Represents expenditure that may properly be capitalised under statutory provisions, but which creates no tangible asset for the Joint Committee.

Treasury Management

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

