

However it is not just about economic growth in isolation, it is also about building sustainability and resilience into the economy of the region, about creation and dissemination of wealth amongst the most disadvantaged, but also about innovation, not only to business and technology, but also to public services and civic society.



Connected.

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



Competitive.

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



Resilient.

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

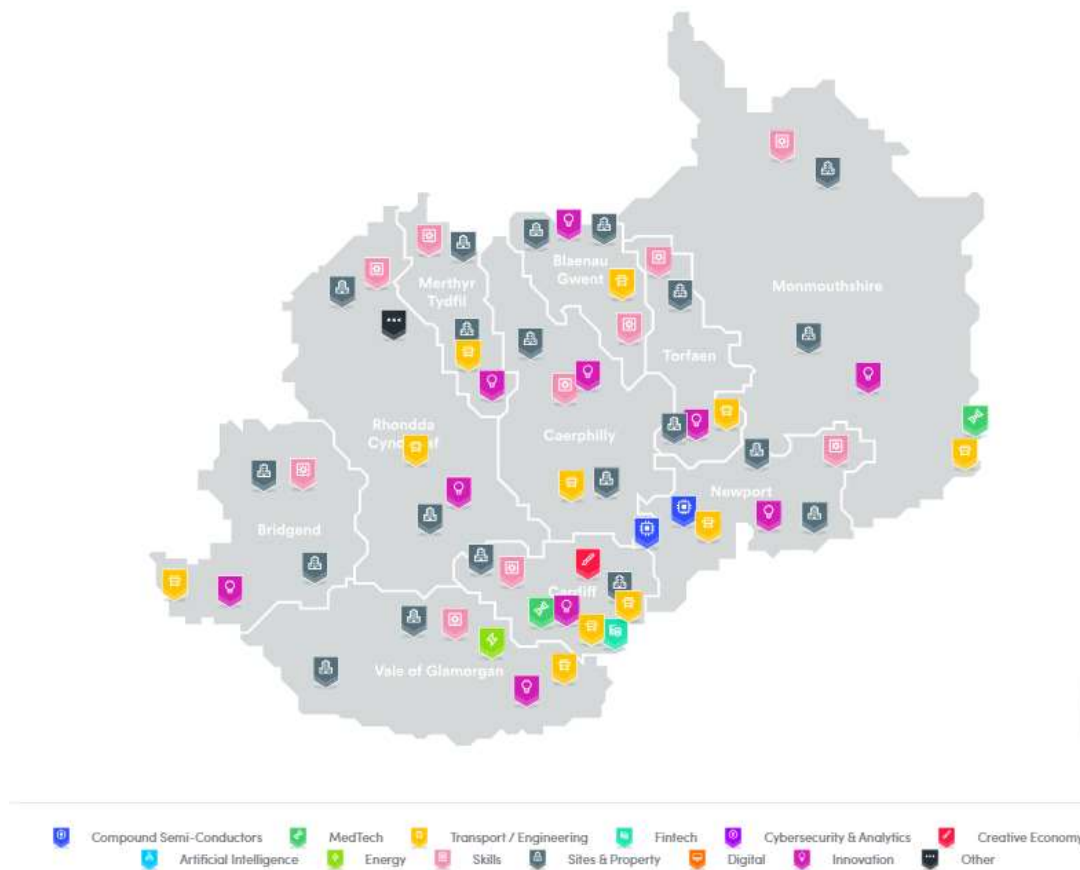
Background

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

Current Approved Projects – Wider Investment Fund

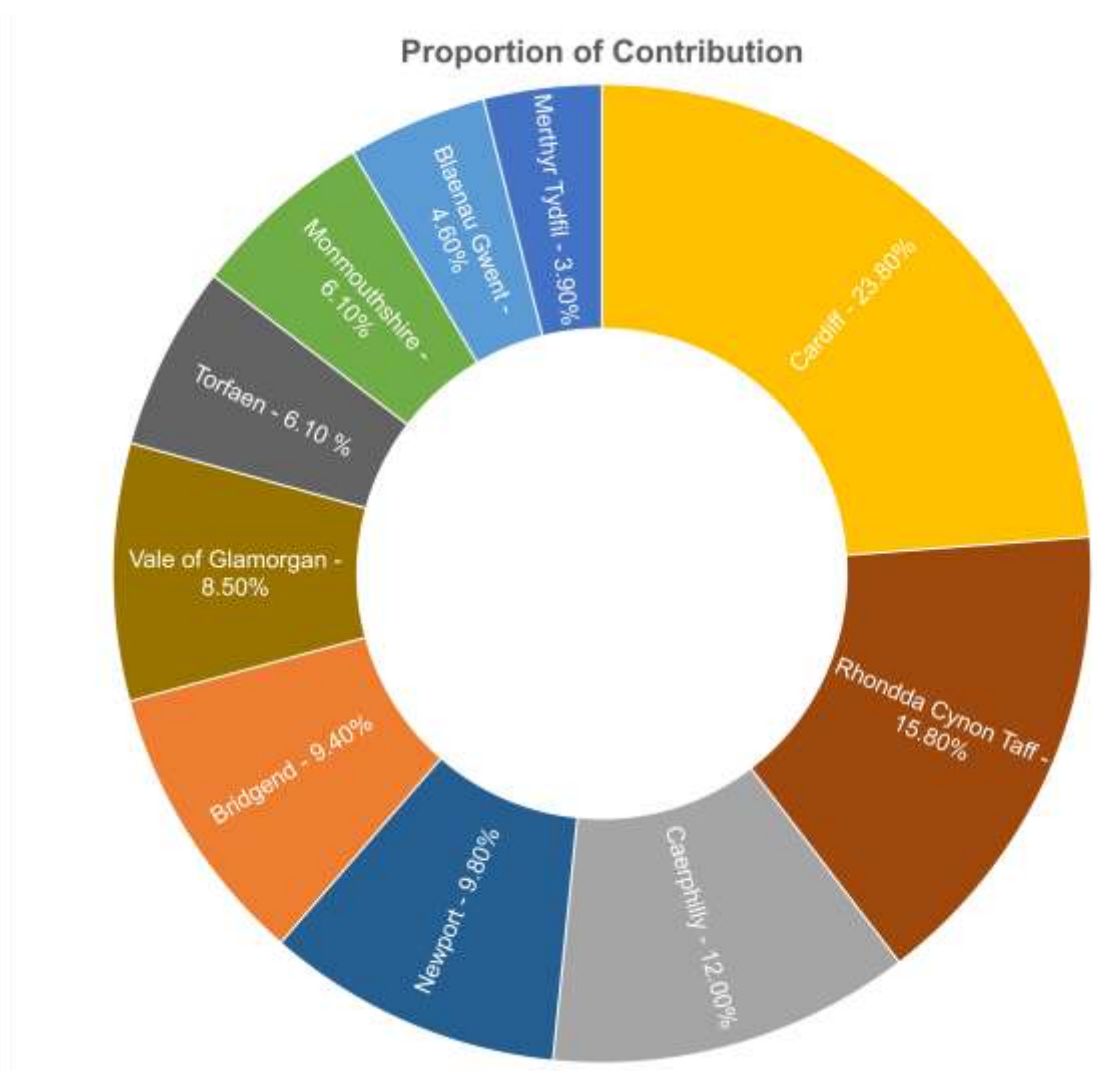
The graphic below shows the location and nature of investments committed to across the Region.





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





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

Funding and Projects

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

- £375 million cash grant over 15 years, with £50 million revenue grant paid in years 1-5, followed by £325 million of capital grant between years 6-15;
- £120 million Council contributions in the form of capital funding, being drawn down as required.

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



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

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

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. A new National Evaluation Framework (NEF) has been developed for the second Gateway Review cycle and the enhancements to the NEF will better demonstrate impact of the City Deal, across four thematic areas – Transport; People; Infrastructure; and Enterprise & Innovation.

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

Funding for financial years 2021/22 to 2025/26 was confirmed following the successful passing of the first Gateway Review, which covered the period up to 31 March 2021, whilst any unspent funding may be subject to repayment if any subsequent Gateway Review is not passed.

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 2022/23 Joint Committee Revenue Budget Final Outturn Position which sets out the financial performance against the approved revenue budget for the financial year. In summary (subject to Audit), the approved budget of £2,863,263 was underspent by £558,079 allowing a reduction in the budgeted drawdown of the Wider Investment Fund 'Top-Slice' funding and the carrying forward of £270,307 as a general reserve.

<https://www.cardiffcapitalregion.wales/wp-content/uploads/2023/07/item-4-outturn.pdf>

Cardiff Capital Region Cabinet 2022/23 Annual Business Plan – Quarter 4 Performance Report which reports actual expenditure against the approved Wider Investment Fund budgets as set out in the Annual Business Plan for the financial year. This shows (subject to Audit) net expenditure of £1,952,000 against the approved 'Top-Slice' budget of £2,225,300 and expenditure of £44,898,100 on approved projects. Unused annual allocations are carried forward to fund future project expenditure.

<https://www.cardiffcapitalregion.wales/wp-content/uploads/2023/07/item-5-quarter-4.pdf>

Cardiff Capital Region Cabinet Wider Investment Fund – Annual Business Plan 2023/24 which, as a requirement of the City Deal Joint Working Agreement, outlines key priorities for the financial year and beyond, and the resources to be used to achieve them. This sets out anticipated total project related expenditure for 2023/24 and the medium term, also setting out how this is expected to be funded.

<https://www.cardiffcapitalregion.wales/wp-content/uploads/2023/01/item-5-abp.pdf>

Establishment of the South East Wales Corporate Joint Committee. Reports providing the background, progress and future developments which will allow the Cardiff Capital Region City Deal to transition to becoming a part of the new South East Wales Corporate Joint Committee can be found here:

[Governance Papers - Cardiff Capital Region](#)

Financial Performance 2022/23



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

Table 1: 2022/23 Joint Committee Revenue Budget & Outturn Position

Joint Committee Revenue Budget	2022/23 Budget £	2022/23 Out-turn £	2022/23 Variance £
Expenditure:			
City Deal Office	2,529,621	1,970,574	(559,047)
Accountable Body Support Services	333,642	334,610	968
Total	2,863,263	2,305,184	(558,079)
Funded by:			
Partner Contributions	(1,218,061)	(883,759)	334,302
WIF 'Top-Slice' Contribution - Reserve	(1,645,202)	(1,421,425)	223,777
Total	(2,863,263)	(2,305,184)	558,079
Net Position	0	0	0

The Joint Committee budget underspend of £558,079 for 2022/23 was utilised by reducing the budgeted funding required from the Wider Investment Fund 'Top-Slice' and adding the to the Joint Committee's General Reserve. Reasons for the underspend are set out in the Final Outturn Position report, to which there is a link above.

Table 2: 2022/23 Wider Investment Fund 'Top-Slice' Budget & Outturn Position

Wider Investment Fund	2022/23 Budget £	2022/23 Out-turn £	2022/23 Variance £
Expenditure:			
Wider Investment Fund Top Slice	2,225,300	1,952,026	(273,274)
Approved Projects - Revenue	2,244,000	3,502,539	1,258,539
Future Revenue Projects	2,000,000	0	(2,000,000)
Sub Total Revenue	6,469,300	5,454,565	(1,014,735)
Approved Projects - Capital	19,011,800	41,395,600	22,383,800
Future Capital Projects	20,800,000	0	(20,800,000)
Sub Total Capital	39,811,800	41,395,600	1,583,800
Total Investment	46,281,100	46,850,165	569,065
Funded by			
HMT Contribution (Revenue)	(6,469,300)	(5,454,565)	1,014,735
HMT Contribution (Capital)	(36,600,000)	(41,395,600)	(4,795,600)
Sub Total HMT Contributions	(43,069,300)	(46,850,165)	(3,780,865)
Council Contribution	(3,211,800)	0	3,211,800



Temp Borrowing 'Cost of Carry'	0	0	0
Sub Total Council Contributions	(3,211,800)	0	3,211,800
Total Funding	(46,281,100)	(46,850,165)	(569,065)
Net Position	0	0	0

The Wider Investment Fund 'Top-Slice' is an allocation of 3% of the total Wider Investment Fund (£495m) budgeted for use across the 20-year lifespan of the City Deal. Its use is set out above with the underspend carried forward for use in future years. Further detail of the expenditure in 2022/23 and anticipated 2023/24 spend are provided in the other reports for which links are provided above.

Table 2 also details the anticipated use of the Wider Investment Fund for approved and potential new projects during the year, as set out in the 2022/23 Annual Business Plan. Further detail on this is included in the Annual Business Plan – Quarter 4 Performance Report referenced above.

Key expenditure in 2022/23 was on the following approved projects:

- £0.61m Revenue expenditure and £0.80m Capital expenditure on Challenge Fund projects
- £0.80m Revenue expenditure on the FinTech project
- £0.56m Revenue expenditure on the Media.Cymru project
- £0.25m Revenue expenditure and £0.72m Capital expenditure on the Ultra Low Emission Vehicle project
- £2.25m Capital expenditure on Housing Viability Gap Fund schemes
- £1.86m Capital expenditure on Strategic Premises Fund schemes
- £10.77m Capital expenditure on Metro Plus schemes
- £1.31m Capital expenditure on the Metro Central project
- £7.84m Capital expenditure on equity and loan investments into a number of SMEs with the Region
- £15.70m Capital expenditure on a loan to CCR Energy Ltd in order to purchase and begin the demolition and remediation of the former Aberthaw Power Station

Financial Position as at 31 March 2023



The Joint Committee's Balance Sheet position is summarised below and provides details of its assets and liabilities as at 31 March 2023.

Summary of Balance Sheet	31 March 2022 £	31 March 2023 £
Long Term Assets : Long Term Debtors, Revenue and Capital	42,127,434	63,843,812
Current Assets & Liabilities: Short Term Debtors, Cash & Cash Equivalents, less Short Term Creditors	26,034,553	23,759,059
Long Term Liabilities	(22,578,935)	(12,831,364)
Net Assets	45,583,052	74,771,507
Usable Reserves	2,027,421	9,332,533
Unusable Reserves	43,555,631	65,438,974
Financed by	45,583,052	74,771,507

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 2023, the Joint Committee held Usable Reserves of £9,332,533. These are carried forward as a General Reserve of £355,820 to supplement Joint Committee Revenue Budget resources available in future years, and Earmarked Reserves of £1,698,268 in relation to accumulated interest on investments which is intended to be used to fund future project expenditure, £234,482 in relation to CJC Transition expenses to be incurred in 2023/24, £145,778 in relation to future Gateway Review costs and a usable Capital Receipts reserve of £6,898,186 from recycled funding to be used to fund future project expenditure.



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 is dynamic in nature and takes place following a review of a number of best practice statements and resulting actions where deemed required. For example, the 2020/21 assessment included changes in governance arrangements to reflect the Covid-19 pandemic.

For 2022/23, the context for the assessment concentrated on the following areas:

- The significant strides forward in the deployment of the City Deal fund with £46.85m of funds being deployed against a forecast sum of £37m, by the year-end a total of 24 interventions had been approved since the launch of the Wider Investment Fund with £338m of the fund now committed;
- Performance - the City Deal has now entered the second Gateway Review cycle, which concludes in 2025. There has been significant progress in this area, including revision of the Local Evaluation Framework (LEF) which is a core requirement of the Gateway Review process;
- Preparation for Transition to South East Wales Corporate Joint Committee - CCR has been a key voice and driver in the transition to Corporate Joint Committees across Wales and worked with the UK & Welsh Governments to understand and resolve the challenges to transition. Given this progress, the Transition Plan for the CJC has been approved and workstreams have been enacted across key areas, from finance and HR to portfolio transfer and stakeholder engagement.
- Delivering For Our Communities - the transition to a fully functional CJC will ensure CCR is responsive to changes in the social, political, and economic climate. It will foster local government collaboration; develop new policies and approaches to fiscal levers and incentives; provide enhanced shared services; and improve sustainability and liveability.

Financial year 2021/22 required full implementation of CIPFA's Financial Management (FM) Code. A key goal of the FM Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management. As such, the 2022/23 review builds on the assessments undertaken in previous years, outlining the extent to which the Joint Committee's financial management arrangements comply with the FM Code.



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

[Cardiff Capital Region - Re-energising our Region, Reshaping our Future](#)





The Financial Statements

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

The core statements of the Joint Committee are:

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

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

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





Statement of Responsibilities for the Financial Statements

Cardiff Capital Region City Deal Joint Committee's responsibilities.

The Joint Committee is required to:

- make arrangements for the proper administration of its financial affairs and secure that an appropriate officer has the responsibility for the administration of those affairs. This is the Corporate Director Resources and Section 151 Officer of 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:

2023

Chair of Cardiff Capital Region Joint Committee



37. Usable Reserves

Usable Reserves	General Fund 2022/23 £	Earmarked Reserves 2022/23 £	Usable Capital Receipts Reserve 2022/23 £	CSC Foundry Ltd P&L 2022/23 £	CCR Energy Ltd P&L 2022/23 £	Total Usable Reserves 2022/23 £
Balance as at 1 April	212,080	465,341	1,350,000	11,871,864	0	13,899,285
Movements during year:						
Surplus / (Deficit) on Provision of Services	29,188,455	0	0	674,799	(55,694)	29,807,560
Financing of Expenditure, Capital Adjustment Account	(30,497,338)	0	0	1,061,911	0	(29,435,427)
Transfer from Capital Adjustment Account	0	0	0	0	0	0
Financing of Expenditure, Accumulated Absences Account	0	0	0	0	0	0
Transfer from General Fund to Earmarked Reserves	1,452,624	1,613,186	5,548,186	0	0	8,613,996
Balance as at 31 March	355,821	2,078,527	6,898,186	13,608,574	-55,694	22,885,414

Usable Reserves - Prior Year for Comparison	General Fund 2021/22 £	Earmarked Reserves 2021/22 £	Usable Capital Receipts Reserve 2021/22 £	CSC Foundry Ltd P&L 2021/22 £	CCR Energy Ltd P&L 2021/22 £	Total Usable Reserves 2021/22 £
Balance as at 1 April	212,080	41,872	0	9,678,687	0	9,932,639
Movements during year:						
Surplus / (Deficit) on Provision of Services	4,360,211	0	0	2,081,478	0	6,441,689
Financing of Expenditure, Capital Adjustment Account	(3,936,742)	0	0	111,699	0	(3,825,043)
Transfer from Capital Adjustment Account	0	0	1,350,000	0	0	1,350,000
Financing of Expenditure, Accumulated Absences Account	0	0	0	0	0	0
Transfer from General Fund to Earmarked Reserves	(423,469)	423,469	0	0	0	0
Balance as at 31 March	212,080	465,341	1,350,000	11,871,864	0	13,899,285

38. Notes to the Cash Flow Statement

31 March 2022 £	Operating Activities	31 March 2023 £
(812,348)	Increase / (Decrease) in Creditors	(3,794,867)
2,186,828	(Increase) / Decrease in Debtors	5,201,059
412,773	Depreciation	811,976
111,699	Change in Fair Value of Investment Properties	2,411,499
(4,370,706)	Capital grants / contributions recognised in I&E	(28,219,928)
(4,562,130)	Revenue grants / contributions recognised in I&E	(21,139,356)
(7,033,884)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(44,729,617)

31 March 2022 £	Investing Activities	31 March 2023 £
0	Long Term Investments	6,828,320
1,762,406	Purchase of Property, Plant and Equipment	13,562,458
3,128,753	Long Term Debtors	18,410,000
4,891,159	Adjustments to net surplus or deficit on the provision of services for investing activities	38,800,778

31st March 2022 £	Financing Activities	31st March 2023 £
(22,000,000)	HMT Grant received	(22,000,000)
(200,000)	SBRI Grant	0
(410,846)	ULEV Grant	(1,304,100)
(250,001)	CJC Grant	(250,001)
0	SPF Grant	(244,794)
0	LAEP Grant	(400,000)
0	Loans Raised	(15,700,000)
(22,860,847)	Adjustments to net surplus or deficit on the provision of services for financing activities	(39,898,895)

39. Capital Adjustment Account

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

2021/22 £	Capital Adjustment Account	2022/23 £
34,054,217	Balance as at 01 April	36,550,449
	Capital financing applied in the year:	
4,370,705	Grants and contributions	28,219,927
(111,699)	Revaluation of Investment Property	(2,411,499)
(1,350,000)	Return on Investment	(5,548,186)
(412,773)	Depreciation Adjustment	(811,976)



36,550,450	Balance as at 31 March	55,998,715
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Glossary of Relevant Local Government Accountancy Terms

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

Accruals Basis

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

Asset Under Construction

An asset that is not yet complete.

Borrowing

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

Capital Adjustment Account

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

Capital Expenditure

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

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

Carrying Amount

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



Cash and Cash Equivalents

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

Chartered Institute of Public Finance & Accountancy (CIPFA)

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

Creditors

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

Current Value

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

Debtors

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

Earmarked Reserves

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

External Audit

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

Fair Value

Fair Value is the price that would be received to sell 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.

