
**GLASGOW CITY REGION - CITY DEAL CABINET
JOINT COMMITTEE**

Annual Accounts

For the year ended 31 March 2016

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❖ **Management Commentary**

History and Statutory Background

Glasgow City area comprises the largest city- region in Scotland and one of the largest in the United Kingdom, with a population of 1.75 million people. As such, Glasgow City Region is a key engine of economic growth for both the Scottish and UK economies, generating around 32% of Scotland’s Gross Value Added, 33% of Scottish jobs and is home to 29% of all businesses in Scotland.

In 2014 eight Councils agreed in principle to establish a Joint Committee to govern the City Deal and determine the strategic economic development priorities for Glasgow City region.

The Glasgow City Region – City Deal is an agreement between the UK government, the Scottish government and the 8 local authorities across Glasgow City region.

The £1.13bn City Deal will fund major infrastructure projects, drive innovation and growth and address challenges in the region’s labour market.

Glasgow City Region - City Deal Cabinet Joint Committee is comprised of eight local authorities: East Dunbartonshire Council, East Renfrewshire Council, Glasgow City Council, Inverclyde Council, North Lanarkshire Council, Renfrewshire Council, South Lanarkshire Council and West Dunbartonshire Council.

An Agreement document was drafted setting out the operational structure of the Joint Committee and how its functions would be governed.

Glasgow City Council is the Lead Authority.

Structure

The lead body of the Joint Committee is Glasgow City Region City Deal Cabinet which has met bi-monthly, with six meetings taking place in 2015/16..

The Cabinet comprises the Leaders of the participating authorities and is responsible for the strategic direction of the organisation and for approving the annual budget and business plan.

The Programme Management Office (PMO) acts as a secretariat for the cabinet and the central point for appraisal and monitoring of all aspects of City Deal.

The Cabinet is supported by a Chief Executives Group, which oversees the management of the PMO in its delivery of the operational functions of the Cabinet. The Group will also propose a programme of works and where required provide recommendations.

The Chief Executives Group is also supported by Sub-groups, comprised of officers from the participating councils, to provide advice as required. There are three portfolios within the Cabinet which are based around the three themes with North Lanarkshire leading on Connectivity, South Lanarkshire leading on Skills and Employment and Renfrewshire Council leading on Enterprise. The Cabinet will take advice from the Independent Commission on Urban Economic Growth (The Commission) and the Glasgow City Region Economic Leadership Board. The Commission has now been appointed and is Chaired by Professor Muscatelli, Principal of Glasgow University, and 5 panel members and they are expected to come back with a workplan in September 2016.

Consultations will also take place with the Glasgow City Region Programme Liaison Group, which has representatives from both the UK and Scottish Governments.

The National Panel procurement has been delayed and this is now due to take place later in 2016/17.

Strategic Aims

The City Deal is one of the largest ever agreed. It is an agreement between the UK Government, the Scottish Government and the eight local authorities across Glasgow City region. Over its 20 year lifetime, local leaders in Glasgow City Region estimate that the City Deal will:

- Support an overall increase in the economy of around 29,000 jobs in the city region.
- Work with 19,000 unemployed residents and support over 5,500 back into sustained employment.
- Secure £1 billion of Scottish Government and UK Government capital funding to support the proposed infrastructure investment programme for the area. This will be complemented by a minimum of £130 million of investment from Glasgow City Region City Deal local authorities.

- Leverage in an estimated £3.3 billion of private sector investment into the proposed infrastructure investment programme.
- Spread the benefits of economic growth across Glasgow City Region, ensuring deprived areas benefit from this growth.

Financial Performance

The first meeting of the Glasgow and Clyde Valley Cabinet was held on 20 January 2015 and this Cabinet was renamed the Glasgow City Region – City Deal Cabinet on 16 February 2016. The meetings of the Cabinet are bi monthly.

The accounting period runs from 1 April 2015 to 31st March 2016..

The cost of running the Programme Management Office (PMO) is the main item of expenditure of the Cabinet.

Salary costs and any administrative expenses incurred by the PMO are re-imbursed in full from the participating authorities.

The total budget for the Programme Management Office was set at £802,462. There was an underspend of £89,249 on the total budget for 2015/16. This was in the main due to a number of vacancies within the PMO and a delay in the establishment of the National Panel.

Expenditure of **£713,213** was incurred for the period and was re-charged in total to the participating authorities on the basis set out in the Joint Committee Agreement.

There was a nil balance of funds as at 31 March 2016.

The accounts have been prepared on a going concern basis.

Councillor Frank McAveety
Council Leader and Chair,
Glasgow City Region Cabinet
16 August 2016

Lynn Brown OBE MA (Hons) CPFA
Executive Director of Financial Services
Glasgow City Council
16 August 2016

❖ **Statement of Responsibilities for the Statement of Accounts**

1. The lead authority's responsibilities

The lead authority is required:

- To make arrangements for the proper administration of the financial affairs of the Joint Committee and to ensure that one of its officers has the responsibility for the administration of those affairs. In Glasgow City Council, that officer is the Executive Director of Financial Services.
- To manage its affairs to secure economic, efficient and effective use of the resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (the Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003); and
- Approve the Annual Accounts for signature.

I certify that the annual accounts have been approved for signature by the Cabinet at its meeting on 16 August 2016.

Councillor Frank McAveety
Council Leader and
Chair, Glasgow City Region Cabinet
16 August 2016

2. Responsibilities of the Executive Director of Financial Services, Glasgow City Council

The Executive Director of Financial Services in Glasgow City Council is responsible for the preparation of the statement of accounts of the Joint Committee, in accordance with proper practices as required by legislation and as set out in the Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing the Annual Accounts, the Executive Director of Financial Services has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgments and estimates that were reasonable and prudent;
- Complied with the legislation; and
- Complied with the local authority Accounting Code (in so far as it is compatible with legislation).

The Executive Director of Financial Services 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.

I certify that the financial statements give a true and fair view of the financial position of Glasgow City Region City Deal Cabinet Joint Committee as at 31 March 2016 and the transactions for the year then ended.

Lynn Brown OBE MA (Hons) CPFA
Executive Director of Financial Services
Glasgow City Council
16 August 2016

3. Comprehensive Income and Expenditure Statement for the year ended 31 March 2016

2014/15 Net Expenditure £	Service	Note	2015/16 Net Expenditure £
68,349	Gross expenditure	3	713,213
(68,349)	Gross income	3	(713,213)
0	Cost of Services		0
0	Interest and investment income		0
0	Financing and Investment Income and Expenditure		0
0	(Surplus) or Deficit on the Provision of Services		0
0	Other Comprehensive (Income) and Expenditure		0
0	Total Comprehensive (Income) and Expenditure		0

Comprehensive Income and Expenditure Statement – shows income and expenditure incurred in the year relating to the provision of services for the Joint Committee.

The accounting period of the Joint Committee runs from the 1st April 2015 to 31st March 2016.

4. Balance Sheet as at 31 March 2016

31 March 2015 £		Note	31 March 2016 £
12,765	Cash and cash equivalents		141,805
12,765	Current Assets		141,805
(12,765)	Short-term creditors	6	(141,805)
(12,765)	Current Liabilities		(141,805)
0	Net Assets / (Liabilities)		0
0	Usable Reserves		0
0	Unusable Reserves		0
0	Total Reserves		0

Balance Sheet – The balance sheet of the Joint Committee shows that there were no reserve balances as at 31 March 2016.

The unaudited accounts were issued on 7 June 2016 and the audited accounts were authorised for publication on 16 August 2016.

Lynn Brown, OBE MA (Hons) CPFA
Executive Director of Financial
Services
Glasgow City Council
16 August 2016

5. Cash Flow Statement for the Year ended 31 March 2016

2014/15 £	Revenue Activities	2015/16 £
0	Surplus or (Deficit) on the Provision of Services	0
	Adjustments for non-cash items:	
0	(Increase) / decrease in debtors	0
12,765	Increase / (decrease) in creditors	129,040
12,765		129,040
12,765	Net cash inflow / (outflow) from activities	129,040
0	Cash and cash equivalents at the beginning of the reporting period	12,765
12,765	Cash and cash equivalents at the end of the reporting period	141,805

Cash Flow Statement – details the changes in cash and cash equivalents of the Joint Committee.

❖ **Notes to the accounts**

The main objective of these notes is to provide further explanation for certain aspects of the core Financial Statements.

1. Statement of accounting policies

- 1.1 The financial statements for the year ended 31 March 2016 have been compiled on the basis of recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the Code). The Code is based on International Financial Reporting Standards (IFRS) with interpretation appropriate to the public sector. The statements are designed to give a 'true and fair view' of the financial performance and position of the Joint Committee.
- 1.2 The accounting concepts of 'materiality', 'accruals', 'going concern' and 'primacy of legislative requirements' have been considered in the application of accounting policies. In this regard the materiality concept means that information is included where the information is of such significance as to justify its inclusion. The accruals concept requires the non-cash effects of transactions to be included in the financial statement for the year in which they occur, not in the period in which the cash is paid or received. The going concern concept assumes that the Joint Committee will not significantly curtail the scale of its operation. Wherever accounting principles and legislative requirements are in conflict the latter shall apply.
- 1.3 Suppliers' invoices received up to 31 March 2016 have been included in the accounts. In addition, expenditure has been accrued, in accordance with the Code, where the goods or services were received prior to 31 March 2016. Salaries and wages earned to 31 March 2016 are included in the accounts for 2015/16 irrespective of when the actual payments were made.
- 1.4 Income includes all sums due in respect of contributions from participating authorities. No interest was earned on fund balances for the year ended 31 March 2016.
- 1.5 There were no complex transactions or potential future uncertainties requiring critical judgments or estimations of uncertainty in preparing the 2015/16 accounts.

2. Accounting Standards Issued not Adopted

There are no accounting standards which have been issued, but not adopted, that would have a material effect on the 2015/16 Financial Statements of the Joint Committee.

3. Income and expenditure statement

The table below provides a detailed breakdown of income and expenditure of the Joint Committee during 2015/16.

	Note	2014/15 Net Expenditure £	2015/16 Net Expenditure £
Income			
Expenditure re-imburement from participating local authorities	4	(68,349)	(713,213)
Total income		(68,349)	(713,213)
Expenditure			
Employee costs		55,985	570,605
Transport		0	51
Supplies and services		12,364	134,557
Third Party Payments		0	8,000
Total expenditure		68,349	713,213
(Surplus) or deficit for period		0	0
(Surplus) brought forward		0	0
Accumulated (surplus) or deficit		0	0

4. PMO Budget and Funding

Based on the initial agreement signed by participating authorities, parameters were set out to determine the method for funding of the Programme Management Office (PMO).

The Contribution Sum is to be calculated as a proportion of the PMO budget, based on the population of each Member Authority's area and expressed as a percentage of the total population within the areas of the Member Authorities.

A detailed breakdown of each member's contribution towards the cost of running the PMO is shown in the table below:-

Local Authority	Contribution 2015/16 £
East Dunbartonshire Council	41,906
East Renfrewshire Council	36,139
Glasgow City Council	236,703
Inverclyde Council	32,513
North Lanarkshire Council	134,752
Renfrewshire Council	69,788
South Lanarkshire Council	125,215
West Dunbartonshire Council	36,197
Total	713,213

5. Employee benefits

All 9 full time members of staff of the Joint committee were employed on a secondment basis.

All members of staff were employed by Glasgow City Council. There were no secondments from any Member Authority in year of a paid nature.

In accordance with International Accounting Standard 19 (IAS 19) – Employee Benefits, the employing council is required to disclose certain information concerning assets, liabilities, income and expenditure, of the pension scheme. As the Cabinet does not directly employ staff, the staff pension costs of the PMO will be reflected in the figures disclosed in the financial statements of Glasgow City Council.

The Code requires that employee benefits are recognised in the accounts when they are earned rather than when they are paid. As a result, there is a requirement to consider notional entitlements to annual leave earned but not taken as at 31 March 2016.

Employees providing professional services to the PMO are contracted to Glasgow City Council and therefore any notional liability will have been included within the accounts of Glasgow City Council who hold the contract of employment.

6. Short-term creditors

The short-term creditors figure for 2015/16 of £141,805 comprises the following:-

Short-term creditors	31 March 2016 £
Gleeds Consultancy Services	24,950
Audit Scotland Audit Fee 15/16	8,000
Payroll Accruals 15/16	18,541
City Region Credit Recharge	1,065
City Region 15/16 Credit Recharge	89,249
Total sundry creditors	141,805

7. Remuneration Report

Glasgow City Region – City Deal Cabinet is a Joint Committee comprising eight participating local authorities. The Cabinet does not directly employ any members of staff, with all services being provided by staff of the participating authorities on a secondment basis.

A remuneration report providing disclosures in respect of elected members and chief officers of the Councils, including those with authority and responsibility for the Cabinet, are included in the Annual Accounts of each of the participating local authorities.

8. Related Parties

Glasgow City Council is the administering body responsible for the Joint Committee. The related party transactions between the Joint Committee and Glasgow City Council are shown in the table below:

Related Party transactions and balances	2015/16 Expenditure £	2015/16 Income £	Debtor/(Creditor) at 31 March 2016 £
Related bodies			
Glasgow City Council	236,703	236,703	(29,620)

9. Auditor remuneration

Audit Scotland has agreed with the Joint Committee that the audit fee would be £8,000 for the 2015/16 financial year. No fees were payable in respect of other services provided by the appointed auditor.

10. Events after the balance sheet date

There were no material events between 31 March 2016 and the date of signing that require to be reflected in the Financial Statements.

❖ **Annual Governance Statement 2015/16**

Role and responsibilities

The Glasgow City Region Cabinet is a Joint Committee established under Section 57 of the Local Government (Scotland) Act 1973, by the eight member authorities.

The main functions of the Cabinet are to determine the strategic economic development opportunities for the Glasgow City Region area, to deliver the City Deal and to approve the remits of the Independent Commission on Urban Growth, the Glasgow and Clyde Valley Economic Leadership Board and the Regeneration and Economy Consultative Group. The Cabinet will also deal with any areas of activity as are delegated to it by the member authorities.

The matters reserved to the member authorities for decision making which cannot be dealt with by the Cabinet are as follows:

- Any material financial decisions over and above what has been committed through the City Deal
- Any amendment of the Joint Committee
- Any requests for the addition of another local authority as member authority
- Approval by a member authority to enter into a grant agreement in relation to a specific City Deal project.

Lead Authority

Glasgow City Council is the lead authority for the Glasgow City Region Cabinet and City Deal. As lead authority, the Council holds and disburses the City Deal grant funding through grant agreements with member authorities; holds the budget for the Project Management Office (PMO); signs any grant agreements with the Scottish and UK Governments, and where appropriate the Department for Work and Pensions (DWP) and the Department for Business Innovation and Skills (BIS); and makes disbursements to member authorities and other bodies as appropriate under the terms of the grant agreement.

Cabinet meetings

Meetings of the Glasgow City Region Cabinet are held on an 8 weekly basis. Occasional ad hoc meetings are also held as required. Cabinet meeting dates are listed in the Council Diary which is available at:

<http://www.glasgow.gov.uk/councillorsandcommittees/calendar.asp>

Representation

The Glasgow City Region Cabinet is comprised of the Council Leaders of each of the eight member authorities, and is chaired by the Leader of Glasgow City Council as lead authority.

Chief Executives' Group

A management group has been established comprising the Chief Executive of each of the member authorities (or their nominees). The group has responsibility on a collective basis for the overall supervision and management and for the monitoring of the performance of the PMO in delivering the City Deal. The group is chaired by the Chief Executive of Glasgow City Council as lead authority.

Project Management Office

The PMO undertakes the administrative role required to support the Cabinet, its sub-committees and portfolios. The PMO is delivered by Glasgow City Council as lead authority, and the role includes:

- Provision of administrative and technical support services
- Preparation and circulation of meeting minutes and agendas
- Publishing the Cabinet processes and outcomes
- Facilitating engagement by the stakeholders, and
- Managing Cabinet communications including the Glasgow City Region website.

Support Groups

A number of informal support groups have been created to support the delivery of the City Deal and share knowledge and information. The remit of these groups has been agreed by the Chief Executives and cover the following areas:

- Lead Officers group
- Finance Officers group
- Legal and procurement
- Transport
- Economic Development
- Audit

Scope of responsibility

As the lead authority for the Glasgow City Region Cabinet, Glasgow City Council is responsible for ensuring that its business, including that of the PMO, is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a statutory duty to make arrangements to secure best value under the Local Government in Scotland Act 2003.

In discharging this overall responsibility, the Cabinet is responsible for putting in place proper arrangements (known as the governance framework) for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has approved and adopted a Local Code of Corporate Governance (the Code), which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework: Delivering Good Governance in Local Government. A copy of The Code is available on the council's website at:

<http://www.glasgow.gov.uk/index.aspx?articleid=4441>

The work of the Cabinet is governed by the Code and by its Assurance Framework. This includes requirements for the preparation and production of a number of key policy documents including an Economic Strategy, a Procurement Strategy and a Risk Management Strategy. These documents set out Glasgow City Region Cabinet's objectives together with the main risks facing the programme and the key controls in place to mitigate those risks. A Risk Register is maintained to facilitate detailed risk monitoring, and an Annual Implementation Plan is produced each year to support the Programme Business Case, which is the business case for overall delivery of the Programme.

Review of effectiveness

The Council and Glasgow City Region Cabinet have systems of internal control designed to manage risk to a reasonable level. Internal controls cannot eliminate risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is an ongoing process designed to identify and prioritise the risks to the achievement of the Glasgow City

Region Cabinet's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised.

Update on Significant Governance Issues Previously Reported

There were no significant governance issues reported in 2014/15.

Internal Audit Opinion

Assurance work undertaken within the Glasgow City Region Cabinet in 2015/16 included a review of the governance structure of Glasgow City Region, with particular reference to the Assurance Framework and the submission and approval of Business Cases.

Glasgow City Council's Head of Audit and Inspection has confirmed that there are no significant governance issues that require to be reported as a result of the work undertaken by Internal Audit in 2015/16, and no significant governance issues have been reported by the Internal Audit teams of the member authorities during the year.

Certification

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the systems of governance that operate in the Glasgow City Region Cabinet. We consider the governance and internal control environment operating during 2015/16 to provide reasonable and objective assurance that any significant risks impacting on the Glasgow City Region Cabinet's ability to achieve its objectives will be identified and actions taken to avoid or mitigate the impact.

Where areas for improvement have been identified and action plans agreed, we will ensure that they are treated as priority and progress towards implementation is reviewed by the Chief Executives' Group and the Cabinet.

We will continue to review and enhance, as necessary, our governance arrangements.

**Council Leader and
Chair, Glasgow City Region Cabinet
(Councillor Frank McAveety)
August 2016**

**Chief Executive
Glasgow City Council
(Annemarie O'Donnell)
August 2016**

❖ **Proposed Independent Auditor’s Report**

Independent auditor’s report to the members of Glasgow City Region – City Deal Cabinet Joint Committee and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Glasgow City Region - City Deal Cabinet Joint Committee for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (the 2015/16 Code).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Executive Director of Financial Services and auditor

As explained more fully in the Statement of Responsibilities, the Executive Director of Financial Services is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to

the circumstances of the Glasgow City Region - City Deal Cabinet Joint Committee and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Director of Financial Services; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2015/16 Code of the state of the affairs of the Glasgow City Region - City Deal Cabinet Joint Committee as at 31 March 2016 and of the income and expenditure of the Glasgow City Region - City Deal Cabinet Joint Committee for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2015/16 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In my opinion:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Annual Governance Statement has not been prepared in accordance with Delivering Good Governance in Local Government; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Elaine Barrowman

Senior Audit Manager

Audit Scotland

4th Floor

8 Nelson Mandela Place

Glasgow

G2 1BT

16 August 2016