

# **Glasgow City Region City Deal**

## **Annual Performance Report**

**1 April 2016 – 31 March 2017**



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## **A. EXECUTIVE SUMMARY**

The second Annual Performance Report for the Glasgow City Region City Deal is for the period 1st April 2016 to 31st March 2017. The report is a requirement set out within the Assurance Framework with the aim of informing key stakeholders of the overall Programme status and to provide an indication of whether the Programme is considered to be on track to successfully navigate the first Gateway in 2019.

In the period of this report, significant progress continues to be made in our City Deal Programme and building on these solid foundations, our partnership and ambitions for economic growth were further extended through the launch of a Glasgow City Region Economic Strategy and Action Plan.

In the year to date, the City Deal marked a number of significant milestones, with funding approved to the value of £169 million and all but one of our 26 projects underway.

A number of projects were completed, on time and within budget. May 2016 saw the opening of the Tontine, a new £4 million centre for business incubation and development in Glasgow's Merchant City. The Tontine will improve the sustainability and growth rates for City Region start-ups, create over 500 new jobs and inject £53.6million into the region's economy over the five year period of the project. In July, East Renfrewshire Council completed the first infrastructure sub-project at Crossmill Business Park in Barrhead, with ten new commercial units and an adjacent 17-acre former factory site prepared for private sector investment, supporting business growth and providing employment opportunities. February 2017 saw the opening of the Cathkin Relief Road in South Lanarkshire, the first City Deal transport project. The new road will improve access to employment areas across Rutherglen and Cambuslang and reduce traffic impacts on neighbouring residential roads. The period also welcomed the official opening of the world-leading Imaging Centre of Excellence (ICE) at the Queen Elizabeth University Hospital in Glasgow, with £16m funding from the Medical Research Council and Glasgow City Region City Deal. ICE brings together world-leading research, cutting edge technology and international business investment under one roof and will act as a hub for translating science into economic and patient benefit.

In early 2017, the partnership of eight Glasgow City Region councils launched an ambitious joint economic action plan, kick-starting an unprecedented long-term collaboration on jobs, skills and inclusive growth. The plan identifies key priorities for the region's economy, along with 50 specific actions, both short and long-term, to deliver them.

Successful collaboration was crucial to the original securing and shaping of the City Deal. The eight partner local authorities remain committed to working together and with the UK and Scottish Governments, to generate regional economic growth and to exploring further opportunities to collaborate for the benefit of the region, our residents and businesses.

The outlook remains positive and the Glasgow City Region City Deal remains on track to meet the requirements of the 2019 Gateway.

## **B. STRATEGIC OVERVIEW**

### **B.1 Management Commentary 2016/17**

B.1.1 The Annual Performance Report is a requirement within the Assurance Framework to inform Glasgow City Region City Deal stakeholders of the overall Programme status and to provide an indication of whether the Programme is considered to be on track to successfully navigate the first Gateway in 2019. This reports affirms that the Glasgow City Region City Deal continues to progress to time and budget and is well placed to meet the requirements of the 2019 Gateway.

B.1.2 The Chief Executives' Group and the Glasgow City Region Cabinet have considered the approval of project business cases and these are outlined in section C.1. The first Gateway Review of the progress of the City Deal will take place in 2019. While the evaluation framework for the first gateway is being developed by the National Evaluation Panel, it is anticipated that the main elements of the first Gateway Review will focus on:

- **Progress against Programme plan** – this will focus upon project delivery, financial spend, and the monitoring of project outputs.
- **Project and Partnership Evaluation** – where a project is developed, the economic impacts will seek to be identified, although this must be balanced against the early stage of project development by 2019. It will also take into account the wider benefits, partnerships and collaborations which have been facilitated by the City Deal.

B.1.3 Glasgow City Region has in place governance arrangements, structures and a range of strategy documents. These are reviewed annually and brought back to the Cabinet for consideration. Further information on these are available in the Governance section (G) below.

### **B.2 Background**

B.2.1 Glasgow City Region comprises the largest city region in Scotland and one of the largest in the United Kingdom, with a population of 1.8 million people. It 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.

B.2.2 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 eight 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 skills and employment market.

B.2.3 Glasgow City Region 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.

### **B.3 Structure**

B.3.1 The lead body of the Joint Committee is Glasgow City Region Cabinet (CAB) which meets six times annually. 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.

B.3.2 The Programme Management Office (PMO) acts as a secretariat for the Cabinet and is the central point for appraisal and monitoring of all aspects of City Deal.

B.3.3 The Cabinet is supported by a Chief Executives' Group (CEG), which oversees the management of the PMO in its delivery of the operational functions of the Cabinet. The Group also proposes a programme of works and where required provides recommendations. The Cabinet takes advice from the Commission on Economic Growth (The Commission) and the Economic Leadership Board.

B.3.4 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. To further the existing collaboration between the eight local authorities, the Leaders agreed in June 2016 that a distributive leadership model would be developed based around eight portfolios focussed upon driving wider economic development in the city region.

B.3.5 Consultations also take place with the Glasgow City Region Programme Liaison Group, which has representatives from both the UK and Scottish Governments.

B.3.6 The procurement exercise for the National Panel has concluded and a report was considered the Chief Executives' Group in September 2016. The Panel is engaging with Glasgow City Region and the Commission, along with the other cities to establish the national evaluation framework.

B.3.7 The specification for the Commission on Economic Growth was approved at the Cabinet in June 2015. The Chair returned to Cabinet in October 2016 with a work plan for the Commission. The Commission has played a role in the process to establish the National Panel.

B.3.8 In October 2016 the Cabinet was informed of the membership of the Economic Leadership Board. The Chair of the Board attended the Cabinet of February 2017 to provide an update on the Board and its role and remit.

## **B.4 Strategic Objectives**

B.4.1 Over its 20 year lifetime, it is estimated that the City Deal will:

- Deliver £2.2 billion in additional GVA per annum (a 4% uplift) across the city region.
- Support an additional overall increase of around 29,000 jobs in the city region.
- Create 15,000 construction jobs through the ten year City Deal construction programme.
- Work with 19,000 unemployed residents and support over 5,500 back into sustained employment.
- Lever in an estimated £3.3 billion of private sector investment to support the delivery of the projects within the infrastructure programme.
- An £800m productivity increase, based upon a re-distribution of jobs from less productive to more productive activity, and improvements in connectivity, or economic mass.
- Spread the benefits of economic growth across Glasgow and Clyde Valley, ensuring deprived areas benefit from this growth.

## **B.5 Governance**

B.5.1 The timeline below sets out key milestones for the period of the report.

<b>Timescale</b>	<b>Group</b>	<b>Milestones</b>
<b>April 2016</b>	CAB	Annual Audit Plan 2015/16 (Audit Scotland) Register of Interests 2016/17
<b>May 2016</b>	CAB	Official opening of The Tontine Appointment of Lord Haughey to ELB Appointment of Professor Muscatelli to the Commission
<b>June 2016</b>	CAB	2015/16 Annual Unaudited Accounts 2015/16 Internal Audit Annual Report and Draft Annual Governance statement Communication, Marketing and Engagement Strategy City Deal Brand approved / launch of website and twitter feed
<b>July 2016</b>		First meeting of the Commission on Economic Growth Cathkin Relief Road completed
<b>August 2016</b>	CAB	Annual Implementation Plan Annual Audit Report and Annual Accounts 2015/16 SME event for East Renfrewshire and Renfrewshire Councils
<b>October 2016</b>	CAB	Commission on Economic Growth Work Plan Regional Skills Investment Plan
<b>December 2016</b>	CAB	Enterprise Review and Action Plan Internal Audit review of compliance
<b>February 2017</b>	CAB	Launch of Regional Economic Strategy and Action Plan
<b>March 2017</b>		Approval of PMO Budget 2017/8 Draft annual audit plan agreed All grant agreements and pass-down arrangements in place including principles for allocation. Formal opening of ICE

B.5.2 The Strategic Assessment Framework initial exercise concluded in June 2015 and reported back to Cabinet that a number of recommendations should be implemented. Work continues to progress the following:

- Procurement by the PMO of expertise to develop a guidance note for authorities setting out the approach to displacement/leakage and agglomeration which projects have to adopt in the calculation of their individual GVA.
- Development by the SAF Economic and Transport Groups of a fuller, prioritised suite of output metrics which can be used to demonstrate the creation of the potential to achieve economic impact, ensuring that metrics are included which can take account of the impact of transport economics, land use, land value, developer contributions and commercial benefits.
- Development by the PMO of amendments to business case and appraisal templates.
- The Transport SAF group will continue to work to conclude the Transport SAF report.
- Development of a Transport Guidance Document setting out proposed future work streams and timescales
- Work to update and amend the Business Case Appraisal Criteria on legal, transport, economics commerciality land use, environment
- Legal subsection of Legal And Procurement Support Group to take forward legal issues across projects (State Aid, Vires, Property and Confidentiality to be prioritised)
- Procurement by the PMO of expertise to understand the commercial implications of the land use outputs.
- Further mapping and analysis of Land Use and delivery programme for the land use outputs for City Deal and other regional projects. Initial work has been completed and the PMO continue to update.

A proposal to develop a cumulative transport assessment, including procurement and cost was approved by the CEG in February 2017.

## **B.6 Legal**

B.6.1 Legal and Procurement advice has been given on a number of areas in the year to March 2017 including:

- Agreement of the City Deal Grant with the Scottish Government
- Agreement of 8 City Deal Pass-Down Grants to the Member Authorities
- Advice on arrangements for National Panel funding
- Review of the Assurance Framework
- Interpretation of the Assurance Framework
- Advice on procurement of consultants/advisers
- Dealing with FoI Requests
- Advice and preparation of standard clauses for City Deal contracts

## **B.7 Legal and Procurement Support Group**

B.7.1 The Legal and Procurement Support Group (LPSG) includes a legal and a procurement representative from each of the Member Authorities and meets on average once every two months. The LPSG shares advice, knowledge and best practice across the City Deal and co-ordinates a consistent approach, where appropriate, to legal and procurement issues. This has included common approaches to dealing with matters such as the European Single Procurement Document, Speculative Frameworks and other areas covered by government procurement guidance.

B.7.2 The LPSG has made significant a significant contribution to City Deal processes and progress in the year to March, implementing the City Deal Procurement Strategy and the City Deal Community Benefits Strategy both of which are compulsory for all City Deal projects. Community Benefits Guidance for Member Authorities and Community Benefits Guidance for Suppliers, as well as Standard Contract Terms have been kept under review and updated to reflect the Member Authorities' experiences. A Community Benefits Sub-Group was set up to deal with Community Benefit matters.

B.7.3 The LPSG has actively participated in a number of specially arranged Supplier Events held throughout the City Region, with a particular emphasis on promoting the involvement of SMEs and with the engagement of other relevant bodies e.g. Skills Development Scotland; Civil Engineering Contractors Association. Members of the LPSG have also attended a range of events to represent and promote the City Deal and its opportunities including the Scotland Excel Annual Conference. In addition, the Group has arranged training, which has been opened up to other team members, in areas such as Project Bank Accounts and the NEC3 forms of contract. The Group continues to take the lead on procurement mapping.

## **B.8 Commission on Economic Growth**

B.8.1 The specification for the Commission was originally approved by the Cabinet on June 2015. The first meeting of the Commission took place in July 2016 and was chaired by Professor Anton Muscatelli, Principal of the University of Glasgow. The Commission subsequently met in December 2016 and February 2017. Initially, five commissioners were appointed and the Chair was keen to identify additional member representatives of different backgrounds.

B.8.2 Matters discussed during the Commission's meetings in 2016/17 include:

- The role of the Commission as the lead liaison for the Glasgow City Region with the National Panel;
- The Commission's contribution to the development of the Regional Economic Strategy;
- The intention to make early contact with the Scottish Government, UK Government, and the Scotland Office;
- Work to establish a programme evaluation and monitoring framework, in support of the National Evaluation Panel;

- Work to establish what is required for the 2019 Gateway Review and the next stage of evaluation beyond;
- The potential development of a Glasgow City Region Intelligence Hub;
- The development of a City Region approach to inclusive growth.

B.8.3 The Commission has a meetings schedule and is developing a work plan.

## **B.9 GATEWAY FORECAST 2019**

B.9.1 Foundations for the gateway process will be in place now that the National Panel has been appointed and will prepare the UK success parameters and criteria. These will be the key structures in identifying and agreeing the local and national indicators that will measure the success of the City Deal at the Gateway Reviews.

B.9.2 The Economic Delivery Group has already started preparatory work, with KPMG, to identify potential regional economic indicators that will demonstrate that we are moving towards our strategic objectives. This will be further developed in conjunction with the Commission.

B.9.3 It is considered that Glasgow City Region City Deal remains on schedule to achieve the first Gateway Review in 2019.



## C. OVERALL PROGRAMME STATUS

### C.1 Business Case Approvals

C.1.1 The table below covers business cases approved in the period 1 April 2016 to 31 March 2017.

Member Authority	Main Project	Sub Project	BC	Approval Date
<b><u>Infrastructure Projects</u></b>				
Glasgow	MGSDP	Camlachie Burn	OBC	16/02/2016
Glasgow	Collegelands Calton Barras	FBC 1: Calton Barras Action Plan - Barras Public Realm	OBC	12/04/2016
North Lanarkshire	Gartcosh/Glenboig Community Growth Area	Glenboig Link Road - Phase 1&2	OBC	06/06/2016
North Lanarkshire	Gartcosh/Glenboig Community Growth Area	Glenboig Link Road - Phase 1	FBC	18/10/2016
North Lanarkshire	Gartcosh/Glenboig Community Growth Area	Glenboig Link Road - Phase 2	FBC	16/12/2016
Renfrewshire	Clyde Waterfront and Renfrew Riverside (CWRR)		OBC	13/12/2016
Renfrewshire	Glasgow Airport Investment Area (GAIA)		OBC	13/12/2016
South Lanarkshire	Greenhills Road / A726 Dual Carriageway		OBC	18/10/2016
South Lanarkshire	Community Growth Areas- Hamilton	Woodhead Primary School Extension	OBC	18/10/2016
South Lanarkshire	Community Growth Areas- Larkhall		OBC	14/02/2017
West Dunbartonshire	Exxon Site Development Project		OBC	11/04/2017
<b><u>Skills &amp; Employment Projects</u></b>				
Glasgow	Working Matters		FBC	12/04/2016
Glasgow	In Work Progression		FBC	12/04/2016
<b><u>Innovation Projects</u></b>				
All FBCs approved in 2015				

## **C.2. Economic Assessment**

C.2.1 The Commission on Economic Growth is established and presented its work plan to Cabinet in October 2016. The Commission has also acted as the main liaison in the process to establish the National Panel, and it will continue in this role once the Panel is established.

C.2.2 The Economic Delivery Group has been established and is working on the development of the Glasgow City Region economic strategy. Further information on the economic assessment of the Programme will be provided to the Chief Executives' Group and Cabinet once the Commission and National Panel have completed their initial work.

## **C.3 Economic Delivery Group**

C.3.1 Established in late 2015, outcomes achieved by the Economic Delivery Group (EDG) within the past 12 months include; a formal role and remit agreed; updated Business Case Guidance developed, in conjunction with KPMG (to be agreed by Cabinet August 2016); a review carried out of the Assurance Framework with comments submitted to the PMO; an economic "dashboard" developed to monitor progress against a range of economic data for both the Programme and Project Business Cases; a review of Enterprise overseen for Enterprise Cabinet Portfolio and preparation started for new Regional Economic Strategy.

C.3.2 The Group has now included an invitation to Scottish/UK governments and Scottish Enterprise.; Regional Economic Strategy finalised and progress monitored against targets; development of an action plan to implement recommendations of Enterprise Review; monitoring Programme and Project Business Case "dashboard" as devised; engagement with Economic Commission and National Panel ahead of Gateway Reviews to ensure progress against economic targets and ongoing monitoring of progress with other City Deal Programmes in Scotland and across UK to capture emerging best practice of relevance to Glasgow City Region.

## **C.4 Economic Leadership Board**

C.4.1 The Economic Leadership Board has been established and the appointment of Lord Haughey as Chair was formalised at Cabinet in May 2016. This is key group which has a number of ambassadors from across the business community and links the aspirations of the private sector through inward investment. Through this forum Glasgow City Region can assist the economic growth of the region through collaborative working between the private sector, local/central government, educational establishments and a number of other stakeholder organisations.

Lord Haughey established the group membership during the summer of 2016. The Board held its first meeting in the autumn of 2016, with a further meeting held in March 2017. Lord Haughey met individually with the Leaders of the eight Glasgow City Region Member Authorities and provided an update to Cabinet on progress in February 2017.

## **C.5. Geographical Mapping and Chronological Programme**

C.5.1 The PMO has concluded an initial mapping exercise that will compile data around the chronological and geographic and timing of the infrastructure projects. Member Authorities have provided the PMO with the Project List, Chronological Programme and GIS mapping data. This exercise provides a comprehensive overview of the status of the Glasgow City Region City Deal projects, enabling common risks and issues to be highlighted and provide essential intelligence to Support Groups and Specialist Consultants.

C.5.2 The methodology developed by PMO for data collection is summarised below.

- For the **GIS mapping** the precise location of all direct and indirect deliverables for each of the Glasgow City Region City Deal projects was collected and mapped. This exercise was carried out in ArcGIS.

- For the **Programme Development** the Infrastructure programme project direct deliverables (e.g. length of road, area of land remediated) was collected and timescales charted. This was approved at Cabinet in August 2016 and will now form the baseline Infrastructure Programme which will be used to measure progress at the first Gateway in 2019.
- The indirect deliverables e.g. houses built, square metre area of commercial property, for each of the Glasgow City Region City Deal projects is currently being built and will become a powerful tool to measure the growth across the region.

## **C.6 Communication and Marketing**

C.6.1 Following an extensive stakeholder consultation exercise, a new title for the City Deal was agreed – the Glasgow City Region City Deal – and a group of designers from across the member authorities worked together to develop an updated brand. Both were approved by Cabinet in June 2016 and a website and twitter feed launched - [www.glasgowcityregion.co.uk](http://www.glasgowcityregion.co.uk) / @glasgowcitydeal

C.6.2 A number of Programme milestones in the period generated news and media coverage including the formal opening of The Tontine which drew substantial coverage as well as interest from government in the form of ministerial visits. A number of e-newsletters were issued to stakeholders, providing updates on progress.

C.6.3 An event to mark the launch of the Regional Economic Strategy and Action Plan was held in the Lighthouse in Glasgow in February 2017, attended by over 100 stakeholders and partners. The event included a short presentation by the Cabinet Chair, Lord Haughey (ELB) and Stuart Patrick (Glasgow Chambers of Commerce). A short film recorded the event and social media clips were posted of each of the Leaders 'signing up' to the strategy. Strategy and Action Plan brochures were designed / printed for issue, posted on the website and copies emailed to all attendees following the event. The launch and strategy received extensive media coverage.

## **C.7 Communications and Marketing Group**

C.7.1 The Glasgow City Region Communication and Marketing Group continues to be chaired by the PMO and attended by senior Communication / Marketing representatives from the eight member authorities. Meetings take place monthly to discuss progress, actions from the formal strategy document and upcoming key milestones for the Programme / projects and corresponding media opportunities.

## **C.8 Transport Support Group /Transport Appraisal Group**

C.8.1 Formed in early 2015, the initial work of the Transport Support Group (TSG) focussed on the completion of the Strategic Assessment Framework (SAF) review of the initial list of Infrastructure Projects. A SAF Findings Report (Transport) was completed at the end of June 2015 and considered all of the projects/sub-projects, as then understood, and the state of development of transport related aspects and the potential transport interaction between the projects and the wider network. Recommendations were included for taking forward any necessary cumulative assessment, as required by the SAF/Assurance Framework through the development of a SAF Guidance Document.

C.8.2 In late 2015, the TSG took the decision to refocus the work of the group and a sub-group was formed, the Transport Appraisal Group (TAG) that would take forward the cumulative assessment and day to day issues, with the intention that the wider TSG would meet quarterly. Following discussions at a Transport and Connectivity Portfolio meeting, it was agreed that the work of the TSG would largely be undertaken through the Portfolio, with TSG disbanded and the day-to-day work undertaken by TAG, with TAG providing a supporting role for and reporting to the Portfolio Group. During 2016/17, the TAG continues to meet on a monthly basis.

C.8.3 Following approval by the Finance and Chief Executives' Groups in early 2016, a consultant was appointed to undertake Stages 2-5 of the work set out in the initial SAF Findings Report. Following completion of this work, and the preparation of a brief by TAG, approval was obtained from the Chief Executives' Group and Cabinet to take forward the Cumulative Transport Assessment exercise utilising the new Strathclyde Regional Transport Model (SRTM), developed jointly by SPT and Transport Scotland. Consultants were appointed in summer 2017 to undertake the exercise with TAG acting as a

Steering Group. The exercise will be completed in late 2017 with the final report expected in February 2018.

C.8.4 Over this period, the TAG has continued to review the transport elements of project business cases and provided comments to assist in the PMO's appraisal. The TAG has also assisted in formulating and co-ordinating GCR comments on relevant consultation documents, ensuring that a City Region approach is taken to such responses. The Chair and Vice-Chair of TAG have also participated in a Stakeholder Group for SPT's review of the Regional Transport Strategy.

C.8.5 The Transport and Connectivity Portfolio, chaired by the Chief Executive of North Lanarkshire Council, has met on a regular basis to take forward issues relevant to the Portfolio and the Regional Economic Strategy and Action Plan. One of the RES actions is the development of a GCR Strategic Transport Plan and it was agreed at a Portfolio meeting on 31 March 2017 that TAG would consider how this could be taken forward. Discussions were held with key officers from SPT to discuss the fit between the GCR Strategic Transport Plan and SPT's review of the Regional Transport Strategy (RTS), which SPT will be taking forward. The review of the RTS and the development of the GCR Strategic Transport Plan will require to take in to account the work being currently being undertaken by Transport Scotland to develop the new National Transport Strategy (NTS), with the new NTS expected in 2019. Following discussions at TAG and between TAG members and SPT, a draft 'way forward' paper was prepared and it was agreed through the Transport & Connectivity portfolio meetings that a short term working group (chaired by NLC and with membership, initially, from GCC, SLC, RC and SPT) would be established to start taking forward work on the Strategic Transport Plan and the interaction of this with the review of the RTS. The sub-group has met on a number of occasions, with an outline initial work plan agreed.

## D. PROGRAMME OVERVIEW

The Glasgow City Region City Deal Programme supports 26 different projects over three strands of activity; infrastructure, skills and employment, and innovation.

### D.1 INFRASTRUCTURE

D.1.1 A fund of £1.13 billion will support twenty-one infrastructure projects across the region for roads, bridges and improved transport infrastructure, quay walls, remediation, construction, public realm works, assisting further capital developments for housing, retail and commercial, and all of the supporting services to deliver these. The UK and Scottish Governments will each give the city region £500 million in grant funding, and the local authorities will borrow a further £130 million.

D1.2 The PMO has created a high-level Infrastructure Programme Plan which was approved at Cabinet in 2016. This sets out the target dates for the delivery of all projects and where applicable associated sub-projects.

D.1.3 Projects are at various stages of approval. The total cost of staged approvals in 2016/17 through the Cabinet amounted to £77.756 million giving a total cumulative cost of £168.633 million. The table below gives the full list of the projects, the total project cost approved, their actual spend levels for 2016/17 and cumulative spend, the funding allowed through the Business Case approvals and their grant allocations for 16/17 and cumulative grant.

Infrastructure Authority/Project	Revised Project Funding	Actual Spend 2016/17	Cumulative Spend	Funding Allowed through Business Case Stage Approvals	Grant Allocation 2016/17	Cumulative Grant Allocation	Cumulative Actual Expenditure as percentage of grant allocations
ERC M77 Strategic Corridor	44,000,000	826,065	1,784,556	3,599,480	1,348,000	2,249,000	
	<b>44,000,000</b>	<b>826,065</b>	<b>1,784,556</b>	<b>3,599,480</b>	<b>1,348,000</b>	<b>2,249,000</b>	<b>79%</b>
Glasgow Canal and North (Sighthill)	73,390,000	17,260,113	21,694,547	50,458,000			
Glasgow Canal and North	15,900,000	341,713	341,713				
Glasgow City Centre	115,520,000	1,019,576	1,122,103	15,758,000			
Glasgow Clyde and Waterfront	113,900,000	582,792	818,592	7,390,000			
Glasgow Collegelands	27,000,000	429,352	521,743	2,590,000			
Glasgow MGSDP	40,200,000	388,685	537,735	4,018,000			
<b>Total Glasgow</b>	<b>385,910,000</b>	<b>20,022,231</b>	<b>25,036,433</b>	<b>80,214,000</b>	<b>2,492,000</b>	<b>25,942,000</b>	<b>97%</b>
Inchgreen	9,427,000	-	-				
Inverkip	3,250,000	4,000	8,000	260,000			
Ocean Terminal	14,137,000	12,000	42,000	800,000			
<b>Total Inverclyde</b>	<b>26,814,000</b>	<b>16,000</b>	<b>50,000</b>	<b>1,060,000</b>	<b>111,000</b>	<b>201,000</b>	<b>25%</b>
North Lanarkshire A8/M8	12,587,000	202,263	274,726	484,000			
North Lanarkshire Gartcosh/Glenboig	66,311,000	2,032,393	2,170,735	7,317,204			
North Lanarkshire Pan Orbital Transport Corridor	93,565,000	125,924	205,306	1,101,000			
<b>Total North Lanark</b>	<b>172,463,000</b>	<b>2,360,580</b>	<b>2,650,767</b>	<b>8,902,204</b>	<b>3,630,000</b>	<b>4,042,000</b>	<b>66%</b>
Renfrewshire CWRR	78,290,000	2,431,000	3,103,434	13,866,000			
Renfrewshire GAIAR	51,395,000	1,981,000	2,626,778	9,360,000			
<b>Total Renfrewshire</b>	<b>129,685,000</b>	<b>4,412,000</b>	<b>5,730,212</b>	<b>23,226,000</b>	<b>4,931,000</b>	<b>6,427,000</b>	<b>89%</b>
South Lanarkshire Cathkin Relief Road	21,628,457	12,044,580	13,539,021	21,628,000			
South Lanarkshire Council Community Growth Areas	62,300,000	4,056,902	4,554,018	10,791,000			
South Lanarkshire Greenhills	23,088,011	799,837	1,105,027	2,358,000			
South Lanarkshire Stewartfield Way	62,212,230	91,309	157,849	1,205,500			
<b>South Lanarkshire Total</b>	<b>169,228,698</b>	<b>16,992,628</b>	<b>19,355,915</b>	<b>35,982,500</b>	<b>16,175,000</b>	<b>19,284,000</b>	<b>100%</b>
West Dunbartonshire -EXXON	27,897,000	348,234	539,313	500,000	397,000	617,000	<b>87%</b>
Airport Link	144,294,000	882,000	1,203,325	15,149,000	916,000	1,238,000	<b>97%</b>
SPT	30,000,000	-	-		-	-	
<b>TOTAL INFRASTRUCTURE</b>	<b>1,130,291,698</b>	<b>45,859,738</b>	<b>56,350,521</b>	<b>168,633,184</b>	<b>30,000,000</b>	<b>60,000,000</b>	<b>94%</b>

D.1.4 In 2016/17 the projects incurred £45.860 million of expenditure as detailed above against grant funding of £30 million in 2016/17 resulting in cumulative spend of £56.351 million against cumulative grant of £60 million.

#### **D.1.5 Completion of First City Deal Infrastructure Sub Project at East Renfrewshire**

In early July 2016, East Renfrewshire Council celebrated the completion of work at Crossmill Business Park in Barrhead, marking an important milestone for the City Deal and demonstrating the ambition of supporting business growth and creating employment opportunities.

Flexible commercial units are now open for business and a 17-acre former factory site has been prepared for private investment, supporting business growth and providing employment opportunities.

Two local businesses are already set to move into units which will provide the additional space needed to further their expansion plans. Community Benefits as part of the contract allowed site contractor, WH Malcolm, to offer work experience placements to young apprentices, one of whom, has secured a permanent job with the company.



## **D.2. SKILLS AND EMPLOYMENT**

### **D.2.1. Skills and Employment Working Group (SEWG)**

#### **D.2.1.1 Role**

- Established in June 2015, the Skills and Employment Working Group has a remit to ensure that the overall investment from the Glasgow City Region City Deal delivers the maximum benefits possible in terms of employment opportunities and enhanced skills for the residents of the area, particularly for those experiencing the most complex barriers to the labour market.

#### **D.2.1.2 Membership**

- The Group is chaired by South Lanarkshire Council (as lead for the Cabinet portfolio lead for Skills and Employment) and reports directly into the Chief Executives' Group and Cabinet.
- Membership includes representatives from the eight Member Authorities and agencies which have a focus on skills and employment, including the UK and Scottish Governments, and Skills Development Scotland.

#### **D.2.1.3 Milestones**

In 2016/17, SEWG has:

- Jointly commissioned the development of a GCR Skills Investment Plan in partnership with Skills Development Scotland;
- Held a series of workshops to feed into the development of the regional Skills Investment Plan;
- Developed a link to the region's Further Education sector by identifying a representative from the sector to assume membership of the Group;
- Received regular updates from the Scottish and UK governments in relation to relevant areas of national policy;
- Engaged with the Scottish Government in relation to the development of their emerging skills and employment structures and services;
- Contributed to the development of the City Region Community Benefits Strategy;
- Received regular project update on skills and employment City Deal projects;
- 

#### **D.2.1.4 Outlook**

The SEWG:

- is seeking to deepen the engagement and collaboration with the FE sector across Glasgow City Region;
- will lead on implementing the Skills Investment Plan once the final draft has been considered and approved by Cabinet.

### **D.2.2. Skills and Employment Projects**

#### **D.2.2.1 Working Matters**

The Working Matters project commenced in August 2015 and aims to provide an intensive, integrated package of employability support to individuals in receipt of Employment Support Allowance (ESA). The project provides personalised employment support that is integrated with wider local support services such as health and social care, skills and training, and using the different strengths of specialist organisations and services. Working Matters provides monthly performance reporting to the DWP and has completed an annual statement of grant usage for 2015/16 and 2016/17, both of which are submitted to the DWP.

**D.2.2.2** The number of engagements and job outcomes, for the Working Matters project, broken down by member authority as of 31 March 2017, is set out in the table below:

Programme Name	WM - 1. Engagement			WM - 8. Secure employment	
	Target	Actual	% Achieved	Actual	% Achieved
Working Matters - East Dunbartonshire	102	43	42%	4	26%
Working Matters - East Renfrewshire	76	38	50%	3	26%
Working Matters - Glasgow	1927	738	38%	59	20%
Working Matters - Inverclyde	217	101	47%	5	15%
Working Matters - North Lanarkshire	462	215	47%	23	33%
Working Matters - Renfrewshire	451	211	47%	4	6%
Working Matters - South Lanarkshire	526	254	48%	12	15%
Working Matters - West Dunbartonshire	239	76	32%	2	6%
Grand Total	4000	1676	42%	112	19%

**D.2.2.3 Outlook:**

- A partner has been appointed to carry out the ongoing evaluation of the project. The first evaluation report was submitted to Cabinet in February 2017.
- The issue of low client referrals has been identified as a risk to Working Matters achieving its targets for engagements and job outcomes. This issue has been escalated and a mitigation plan was put in place in February 2017.

**D.2.2.4 In Work Progression**

The In Work Progression pilot seeks to support the training and development of staff in low income jobs within the care sector, boosting their wages and reducing their reliance on in-work benefits. In 2015/16, significant work was undertaken to move the project from the planning to delivery stage. The business case for In Work Progression was agreed by Cabinet in April 2016. The funding agreement between the DWP and GCC as the Lead Authority was eventually signed in July 2016.

**D.2.2.5 Outlook:**

- The Project Lead submitted proposals to the DWP in March 2017 to revise the approach to funding employee interventions;
- As of the end of March 2017, 9 businesses in the care sector have signed service level agreements to participate in the project, and a range of training for care sector staff is being organised.



### D.2.2.6 Youth Gateway

The Youth Gateway is a £15 million initiative that aims to reduce youth unemployment by utilising existing and planned investment into skills, training and employment support for young people. The project commenced in April 2015 and will work with 15,000 young people over three years, helping 5,000 into sustained work. The targets for each member authority are set out below alongside the performance as of the end of March 2017.

Local Authority	Youth Gateway 3 year target figures				Progress to date (end of) March 2017			
	% of total figures	15000 young people allocation over 3 years	5000 into work allocation over 3 years	£15M spend allocation over 3 years	Start Date	No. of young people supported to end March 2017	No into work during this 24 month period	Approx. spend during this 24 month period
Inverclyde	6.0	900	300	£900k	Oct 2016	633	171	£493,000
South Lanarkshire	16.0	2400	800	£2.4M	Feb 2016 (Revised date)	1290	668	£2,041,958
West Dunbartonshire	5.2	780	260	£780k	April 2015	922 Target Met	537 Target Met	£853,302 Targets met
North Lanarkshire	16	2400	800	£2.4M	April 2015	2862 Target Met	1222 Target Met	£3,742,788 Target Met
Glasgow	42	6300	2100	£6.3M	April 2015	4190	1778	£9,072,000 Target Met
Renfrewshire	10.4	1560	520	£1.56M	April 2015	1125	502	£2,017,458. Target Met
East Dunbartonshire	2.4	360	120	£360k	April 2015	261	125 Target Met	£444,250 Target Met
East Renfrewshire	2.0	300	100	£300k	tbc	262	95	£229,495
<b>TOTAL</b>	<b>100</b>	<b>15,000</b>	<b>5000</b>	<b>£15M</b>		<b>11,545</b>	<b>5098 Target Met</b>	<b>£18,894,251 Target Met</b>

### D.2.2.7 Outlook:

As of the end of March 2017, the business case for Youth Gateway continues to be developed prior to submission to the Cabinet. Discussions among the member authorities will continue in order to build upon the Youth Gateway and to develop a more collaborative and integrated approach to youth employability services in the city region upon the conclusion of the project from April 2018 onwards.

## D.3. INNOVATION

### D.3.1 MediCity



MediCity Scotland is a dedicated medical technology incubation facility based at BioCity Scotland Ltd in Newhouse, North Lanarkshire. It has been established with the support of £1.012 million in capital investment from the Glasgow City Region City Deal, with funding from the UK Department of Business Innovation and Skills, matched with contributions from BioCity Scotland Limited. Additional funding was also provided by North Lanarkshire Council and Scottish Enterprise. The facility will bring together academics, entrepreneurs, clinicians and

business support services to assist the development of new healthcare services and medical technology. A total of 11,000 square feet of office space and incubation workspace has been constructed through the refurbishment of a vacant building at the BioCity campus.

**D.3.2** The capital works for the project was completed in October 2015 and the site was officially launched on 17th March 2016 making it the first GCV City Deal Project to be completed. All of the projects financial claims have been settled with BIS. The project has submitted a benefits realisation plan and work is ongoing between the projects stakeholders to ensure that the evaluation of these benefits are recorded and reported accordingly.

#### D.3.3 Outlook

- The Lead Authority has started to report to the PMO on the key activities and outcomes of the Medicity project.
- MediCity and North Lanarkshire Council will continue to work jointly to ensure an increased uptake at the facility.

### D.3.4 Tontine

Tontine will support and sustain the development of high-growth companies in the enabling technology, advanced design and manufacturing, and creative economy sectors, with between 5 - 10 employees.



**D.3.5** Capital works for Tontine were completed on time and to budget in March 2016. All of the projects financial claims have been settled with BIS and work is ongoing to finalise a benefits realisation plan for the project. Both the UK and Scottish Governments have visited Tontine since its inception and the project has received a wide range of positive feedback. The building was officially opened by the Leader of GCC on the 18th May 2016 and the first intake of businesses will moved in in August 2016.

#### D.3.6 Outlook

By the end of March 2017, Tontine indicated that they had achieved a 50% occupancy level, in line with forecasts, and was anticipating reaching full occupancy. Two of the businesses within Tontine had

shown significant signs of early growth, with both significantly increasing their number of staff. Funding has been secured from UK Space Agency to develop a support programme for business developing technology for the Satellite industry. Seven businesses will be offered space in the Tontine with a support programme developing in partnership with The Scottish Centre of Excellence in Satellite Applications (SoXSA).

### **D.3.7 Imaging Centre of Excellence (ICE)**



ICE is located within the Queen Elizabeth II Hospital and houses a £9 million high resolution MRI scanner that will be the first of its kind on a clinical site. ICE will allow ground breaking medical research into stroke, cardiovascular disease and brain imaging, as well as the commercialisation of facilities for clinical researchers and companies developing new products and services in the life science sector. Construction of the Imaging Centre for Excellence (ICE) began in September

2015, and construction was completed in early 2017. The official opening of the project took place on 29<sup>th</sup> March 2017. The development of the benefits and evaluation plan for the project is ongoing and was discussed at a planning and development day in February 2017.

### **D.3.8 Outlook**

- Work is ongoing to finalise a benefits and evaluation plan for the project.

## E. PROGRAMME FINANCES

### E.1 Investment Programme Financing

E.1.1 The following suite of reports represents the financial position for the financial year 2016/17.

#### E.1.2 EXPECTED SPEND 16/17 VS BUSINESS CASE APPROVALS BY PROJECT

CITY DEAL INFRASTRUCTURE FINANCIAL MONITORING ACTUAL SPEND vs BUSINESS CASE APPROVALS BY PROJECT							TABLE 1
Infrastructure Authority/Project	Revised Project Funding	Actual Spend 2016/17	Cumulative Spend	Funding Allowed through Business Case Stage Approvals	Grant Allocation 2016/17	Cumulative Grant Allocation	Cumulative Actual Expenditure as percentage of grant allocations
ERC M77 Strategic Corridor	44,000,000	826,065	1,784,556	3,599,480	1,348,000	2,249,000	79%
	<b>44,000,000</b>	<b>826,065</b>	<b>1,784,556</b>	<b>3,599,480</b>	<b>1,348,000</b>	<b>2,249,000</b>	
Glasgow Canal and North (Sighthill)	73,390,000	17,260,113	21,694,547	50,458,000			
Glasgow Canal and North	15,900,000	341,713	341,713				
Glasgow City Centre	115,520,000	1,019,576	1,122,103	15,758,000			
Glasgow Clyde and Waterfront	113,900,000	582,792	818,592	7,390,000			
Glasgow Collegelands	27,000,000	429,352	521,743	2,590,000			
Glasgow MGSDP	40,200,000	388,685	537,735	4,018,000			
<b>Total Glasgow</b>	<b>385,910,000</b>	<b>20,022,231</b>	<b>25,036,433</b>	<b>80,214,000</b>	<b>2,492,000</b>	<b>25,942,000</b>	<b>97%</b>
Inchgreen	9,427,000	-	-				
Inverkip	3,250,000	4,000	8,000	260,000			
Ocean Terminal	14,137,000	12,000	42,000	800,000			
<b>Total Inverclyde</b>	<b>26,814,000</b>	<b>16,000</b>	<b>50,000</b>	<b>1,060,000</b>	<b>111,000</b>	<b>201,000</b>	<b>25%</b>
North Lanarkshire A8/M8	12,587,000	202,263	274,726	484,000			
North Lanarkshire Gartcosh/Glenboig	66,311,000	2,032,393	2,170,735	7,317,204			
North Lanarkshire Pan Orbital Transport Corridor	93,565,000	125,924	205,306	1,101,000			
<b>Total North Lanark</b>	<b>172,463,000</b>	<b>2,360,580</b>	<b>2,650,767</b>	<b>8,902,204</b>	<b>3,630,000</b>	<b>4,042,000</b>	<b>66%</b>
Renfrewshire CWRR	78,290,000	2,431,000	3,103,434	13,866,000			
Renfrewshire GAIAR	51,395,000	1,981,000	2,626,778	9,360,000			
<b>Total Renfrewshire</b>	<b>129,685,000</b>	<b>4,412,000</b>	<b>5,730,212</b>	<b>23,226,000</b>	<b>4,931,000</b>	<b>6,427,000</b>	<b>89%</b>
South Lanarkshire Cathkin Relief Road	21,628,457	12,044,580	13,539,021	21,628,000			
South Lanarkshire Council Community Growth Areas	62,300,000	4,056,902	4,554,018	10,791,000			
South Lanarkshire Greenhills	23,088,011	799,837	1,105,027	2,358,000			
South Lanarkshire Stewartfield Way	62,212,230	91,309	157,849	1,205,500			
<b>South Lanarkshire Total</b>	<b>169,228,698</b>	<b>16,992,628</b>	<b>19,355,915</b>	<b>35,982,500</b>	<b>16,175,000</b>	<b>19,284,000</b>	<b>100%</b>
West Dunbartonshire -EXXON	27,897,000	348,234	539,313	500,000	397,000	617,000	87%
Airport Link	144,294,000	882,000	1,203,325	15,149,000	916,000	1,238,000	97%
SPT	30,000,000	-	-		-	-	
<b>TOTAL INFRASTRUCTURE</b>	<b>1,130,291,698</b>	<b>45,859,738</b>	<b>56,350,521</b>	<b>168,633,184</b>	<b>30,000,000</b>	<b>60,000,000</b>	<b>94%</b>

Table 1: Expected Spend 15/16 Vs Business Case Approvals By Project

E.1.3 The above table 1 gives the revised project funding costs for all the projects within the Programme. The actual spend for 2016/17 was £45.860 million. The funding allowed through the business cases represents the total cumulative spend of £168.633 million which has been approved through the City Region Cabinet through the Business Case approval process. There are two columns for grant allocation, the first gives the grant allocations for 2016/17 and the second column provides the cumulative grant position over the first two years of the Programme. One Member Authority has spent above its cumulative grant allocation.

E.1.4 The total grant allocation of £30 million was distributed to all Member Authorities as per the grant allocation model. The cumulative spend to the end of 2016/17 over the first two financial years of the Programme is £56.351 million against £60 million cumulative grant with any excess grant allocated to Non-City Deal projects. This underspend on the grant allocation is only an issue in the early years of the City Deal. For 2017/18 and onwards spend is expected to exceed the grant allocation.

## E.1.5 EXPECTED SPEND 16/17 VS BUSINESS CASE APPROVALS BY COUNCIL

CITY DEAL INFRASTRUCTURE FINANCIAL MONITORING							TABLE 2
EXPECTED SPEND vs BUSINESS CASE APPROVALS BY COUNCIL							
	0						
	Revised Project Funding	Actual Spend 2016/17	Cumulative Spend to 2016/17	Funding Allowed through Business Case Stage Approvals	Grant Allocation 2016/17	Cumulative Grant Allocation to 2016/17	Cumulative grant/ cumulative projected spend
Totals by Councils							
East Renfrewshire Council	44,000,000	826,065	1,784,556	3,599,480	1,348,000	2,249,000	79%
Glasgow	385,910,000	20,022,231	25,036,433	80,214,000	2,492,000	25,942,000	97%
Inverclyde	26,814,000	16,000	50,000	1,060,000	111,000	201,000	25%
North Lanarkshire	172,463,000	2,360,580	2,650,767	8,902,204	3,630,000	4,042,000	66%
Renfrewshire	129,685,000	4,412,000	5,730,212	23,226,000	4,931,000	6,427,000	89%
South Lanarkshire	169,228,698	16,992,628	19,355,915	35,982,500	16,175,000	19,284,000	100%
West Dunbartonshire	27,897,000	348,234	539,313	500,000	397,000	617,000	87%
Airport Link	144,294,000	882,000	1,203,325	15,149,000	916,000	1,238,000	97%
SPT	30,000,000	-	-	-	-	-	
<b>TOTAL SPEND</b>	<b>1,130,291,698</b>	<b>45,859,738</b>	<b>56,350,521</b>	<b>168,633,184</b>	<b>30,000,000</b>	<b>60,000,000</b>	<b>94%</b>

Table 2 above give the actual spend for City Deal projects summarised by Member Authority

## E.1.6 PROJECT FUNDING AND EXPECTED SPEND VS GRANT DRAWDOWNS

CITY DEAL INFRASTRUCTURE FINANCIAL MONITORING				
PROJECT FUNDING AND ACTUAL SPEND vs GRANT DRAWDOWNS				
Infrastructure Authority/Project	Revised Project Funding	Actual Spend 2016/17	Grant Allocation 16/17	Final Claim 16/17
ERC M77 Strategic Corridor	44,000,000	826,065	<b>1,348,000</b>	826,065
Glasgow Canal and North	89,290,000	17,601,826		17,601,826
Glasgow City Centre	115,520,000	1,019,576		1,019,576
Glasgow Clyde and Waterfront	113,900,000	582,792		582,792
Glasgow Collegelands	27,000,000	429,352		429,352
Glasgow MGSDP	40,200,000	388,685		388,460
<b>Total Glasgow</b>	<b>385,910,000</b>	<b>20,022,231</b>	<b>2,492,000</b>	<b>20,022,006</b>
Inchgreen	9,427,000	-		-
Inverkip	3,250,000	4,000		4,000
Ocean Terminal	14,137,000	12,000		12,000
<b>Total Inverclyde</b>	<b>26,814,000</b>	<b>16,000</b>	<b>111,000</b>	<b>16,000</b>
North Lanarkshire A8/M8	12,587,000	202,263		202,263
North Lanarkshire Gartcosh/Glenboig	66,311,000	2,032,393		2,032,393
North Lanarkshire Pan Orbital Transport Corridor	93,565,000	125,924		125,924
<b>Total North Lanark</b>	<b>172,463,000</b>	<b>2,360,580</b>	<b>3,630,000</b>	<b>2,360,580</b>
Renfrewshire CWRR	78,290,000	2,431,000		2,431,000
Renfrewshire GAIAR	51,395,000	1,981,000		1,981,000
<b>Total Renfrewshire</b>	<b>129,685,000</b>	<b>4,412,000</b>	<b>4,931,000</b>	<b>4,412,000</b>
South Lanarkshire Cathkin Relief Road	21,628,457	12,044,580		11,716,714
South Lanarkshire Council Community Growth Areas	62,300,000	4,056,902		4,056,902
South Lanarkshire Greenhills	23,088,011	799,837		779,837
South Lanarkshire Stewartfield Way	62,212,230	91,309		61,945
<b>South Lanarkshire Total</b>	<b>169,228,698</b>	<b>16,992,628</b>	<b>16,175,000</b>	<b>16,615,398</b>
West Dunbartonshire -EXXON	27,897,000	348,234	<b>397,000</b>	348,234
Airport Link	144,294,000	882,000	<b>916,000</b>	882,000
SPT	30,000,000	-	-	
<b>TOTAL INFRASTRUCTURE</b>	<b>1,130,291,698</b>	<b>45,859,738</b>	<b>30,000,000</b>	<b>45,482,283</b>

Table 3: Project Funding And Expected Spend Vs Grant Drawdowns

E.1.7 Table 3 gives the actual spend for 2016/17 of £45.860 million compared with the grant drawdowns received of £30 million in 2016/17.

### E.1.8 CITY DEAL INNOVATION FINANCIAL MONITORING

PROJECT FUNDING AND EXPECTED SPEND vs GRANT DRAWDOWNS			
INNOVATION Authority/Project	Revised Project Funding	Actual Spend 16/17	Cumulative Spend
MRC- Imaging Centre of Excellence (ICE)	16,000,000	8,595,143	16,000,000
<b>TOTAL INNOVATION</b>	<b>16,000,000</b>	<b>8,595,143</b>	<b>16,000,000</b>

Table 4: City Deal Innovation Financial Monitoring

E.1.9 **Table 4** above shows the spend on the Imaging Centre of Excellence (ICE) which is the last of the three innovation projects. The first two innovation projects were completed in 2015/16 and were Integrated Grow on Initiative and MediCity. Both projects were processed through the Glasgow City Region as Lead. The above third project, ICE, is paid out via the Medical Research Council.

### E.1.11 CITY DEAL SKILLS AND EMPLOYMENT FINANCIAL MONITORING

CITY DEAL SKILLS AND EMPLOYMENT FINANCIAL MONITORING PROJECT FUNDING AND ACTUAL SPEND vs GRANT DRAWDOWNS				
SKILLS AND EMPLOYMENT Authority/Project	Revised Project Funding	Actual Spend 2016/17	Cumulative Spend	Claim Cumulative to 16/17
EDC - Working Matters	100,869	23,172	31,684	31,684
ERC - Working Matters	75,851	19,523	19,523	19,523
IC - Working Matters	215,241	72,000	102,577	102,577
GCC - Working Matters	1,912,946	363,150	477,149	477,149
NLC - Working Matters	459,075	216,616	274,696	274,696
RC - Working Matters	447,559	151,548	221,212	221,212
SLC - Working Matters	522,218	174,073	348,146	348,146
WDC - Working Matters	237,480	50,200	66,034	66,034
ALL - Working Matters	528,761	144,935	183,127	183,127
<b>TOTAL WORKING MATTERS</b>	<b>4,500,000</b>	<b>1,215,217</b>	<b>1,724,148</b>	<b>1,724,148</b>

Table 5: City Deal Skills And Employment Working Matters

E.1.12 **Table 5** gives the 2016/17 actual expenditure for the Working Matters project and cumulative spend. This has been the second year of a three year Programme. The actual spend of £1,215,217 in 2016/17 has been reported on the Statement of Grant Usage to the Department of Work and Pensions and results in a cumulative spend and grant claim of £1,724,148.

## E.2 Programme Management Office (PMO) Financial Performance

E.2.1 The PMO had a budget approved of £917,036 for the financial year 2016/17 with an additional £134,500 KPMG recharges added during the year making a total of £1,051,536. The actual expenditure for the PMO office was £978,080. The PMO is fully funded through contributions from Member Authorities.

E.2.2 The Cabinet reported an underspend of £73,456. The underspend was mainly due to savings in employee costs as a result of vacancies.

E.2.3 The table below gives a detailed breakdown of the PMO budget.

Glasgow City Region - City Deal Programme Management Office Actual Spend against Budget 2016/17					
Title	FTE to be charged 2016/17	Revised Budget 2016/17	Actual Costs 16/17	Budget Variance	
<b>Total PMO Salary Costs</b>	<b>12.5</b>	<b>777,036</b>	<b>712,253</b>	<b>-64,783</b>	
<b>Recurring Third Party Costs</b>		50,000		<b>-50,000</b>	
Internal Audit Fees 2016/17			19,500	<b>19,500</b>	
External Audit 2015/16			7,870	<b>7,870</b>	
Marketing		15,000	6,811	<b>-8,189</b>	
National Evaluation Panel		66,000	15,000	<b>-51,000</b>	
Commission			1,133	<b>1,133</b>	
Transport Cumulative Assessment					
<b>Non- Recurring Third Party Costs</b>					
SPT Cumulative Modelling			38,858	<b>38,858</b>	
Skills Development Plan			18,000	<b>18,000</b>	
Director Recruitment			20,308	<b>20,308</b>	
<b>Others</b>					
Provisions		3,000	2,480	<b>-520</b>	
Supplies		6,000	1,367	<b>-4,633</b>	
				<b>0</b>	
<b>Total Projected Spend</b>		<b>917,036</b>	<b>843,580</b>	<b>-73,456</b>	
<b>Economic Support estimated costs (separately agreed)</b>		134,500	134,500	<b>0</b>	
		<b>1,051,536</b>	<b>978,080</b>	<b>-73,456</b>	

### Outlook

The Annual Audit report from Audit Scotland was an unqualified audit report. The annual accounts for 2016/17 are attached as an appendix (See Appendix 1).



## **F.MONITORING AND EVALUATION**

### **F.1 Benefits Realisation Strategy**

In line with the Assurance Framework, the PMO has developed a draft Benefit Realisation Strategy which includes a menu of consistently defined project outputs which Member Authorities are invited to attribute to their projects and sub-projects, and which will be monitored by the PMO. This process will require to align with the work being undertaken by the newly established National Evaluation Panel who are developing a National and Local Evaluation Framework.

The PMO will work closely with the National Evaluation Panel and the Commission in the development of the approach to monitoring and evaluation that will be put in place for the first gateway review in 2019.

### **F.2 Outlook**

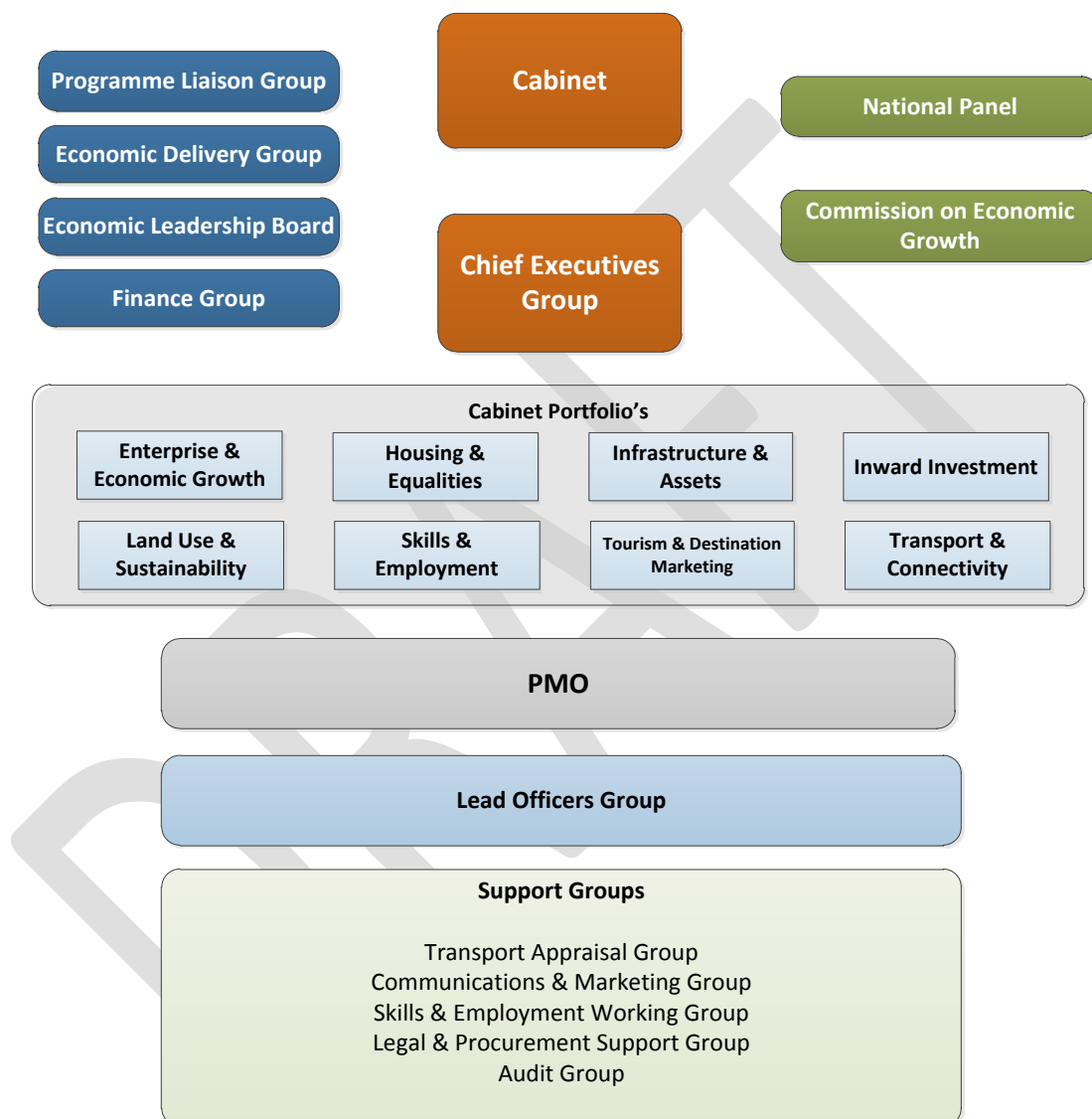
The draft Benefits Realisation Strategy has been circulated to the Member Authorities for comment and it is anticipated that it will be taken to the Chief Executive's Group in the summer of 2017.

The PMO will work closely with the National Evaluation Panel and the Commission in the development of the approach to monitoring and evaluation that will be put in place for the first gateway review in 2019. The emerging evaluation framework will be taken to the Cabinet for discussion.

## G. GOVERNANCE AND SUPPORT GROUPS

All of the groups in the diagram below are part of the governance arrangements for the Glasgow City Region City Deal. All groups have a role and remit agreed through Cabinet and are responsible for ensuring that their work plans help deliver on the strategic objectives. This governance structure will continue to develop as the City Deal progresses and matures.

### Glasgow City Region City Deal – High Level Governance & Support Group Structures



## **H. CLOSING STATEMENT**

This Annual Performance Report demonstrates that the Programme continues to progress to time and budget, and that the City Deal is on track for the first Gateway Review in 2019.

Governance arrangements have been established and supporting structures are in place and operational, including the Cabinet, the Chief Executives' Group, Lead Officer Group, the Programme Liaison Group meeting with both Governments and a number of support groups. Formal reporting is in place with a 4-weekly Programme Status report issued and Programme Summary provided to each Cabinet.

Planning for the 2019 Gateway is supported by our Annual Implementation Plan which sets out key tasks and deliverables to 2024. It is considered that Glasgow City Region City Deal remains on schedule to achieve the first Gateway Review in 2019.

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

**Annual Accounts**

**For the year ended 31 March 2017**

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## ❖ **Management Commentary**

### **History and Statutory Background**

The Glasgow City Region is 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 Assurance Framework sets out the operational structure of the Joint Committee and how its functions are governed.

Glasgow City Council is the Lead Authority.

### **Structure**

The Joint Committee is known as the Glasgow City Region City Deal Cabinet which has met bi-monthly, with six meetings taking place in 2016/17.

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

The Programme Management Office (PMO) provides administrative and technical support services to the Cabinet as may be required and acts as 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, including a set of policy portfolios led by the respective Councils. The Cabinet takes advice from the Independent Commission on Urban Economic Growth (The Commission) and the Glasgow City Region Economic Leadership Board. The Commission is Chaired by Professor Muscatelli, Principal of Glasgow University, and 5 panel members.

Consultation and engagement with the UK and Scottish Governments has taken place through the Glasgow City Region Programme Liaison Group.

## **Strategic Aims**

The City Deal is one of the largest 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.
- Lever 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.

## **Programme Performance**

A total of 27 high-level projects have been approved to date across seven member authorities with a value in excess of £1.1bn with all infrastructure projects status' being at either green or amber. During 2016/17 major milestones included the opening of the Tontine, a new £4 million centre for business incubation and development in Glasgow's Merchant City. Medicity Scotland, a dedicated medical technology incubation facility opened in Newhouse, North Lanarkshire. In July 2016, East Renfrewshire Council completed the first infrastructure sub-project of the City Deal, with ten new commercial units developed at Crossmill Business Park in Barrhead. In February 2017 the Cathkin Relief Road opened in South Lanarkshire and in March 2017, the world-leading Imaging Centre of Excellence officially opened at the Queen Elizabeth Hospital in Glasgow.

August 2017 marks the three-year anniversary of the formal signing of the Glasgow City Region City Deal agreement between the 8 City Region councils and the UK and Scottish Governments, one of the largest in the UK and the first in Scotland. Three years into a twenty year programme, the partnership is working well and good progress continues to be made. Solid foundations have been established with the PMO team in place and formal governance structures and a range of key strategies developed. A number of milestones have been achieved, with significant funding approved by cabinet and a large part of the 27 projects underway to some extent or successfully completed.

The main risks reflected in the risk register were largely unchanged over the year. The top financial risks include ensuring financial projections are realistic, delays in overall programme delivery leading to non-achievement of milestones and delay in development and approval of business cases leading to pressure on programme delivery and milestone achievement. More immediate operational risks are reviewed in a programme of internal and external audit. The City Deal Programme is funded over a twenty year period. The PMO is funded by the eight member authorities and this contribution is managed within each authorities financial resources. The PMO budget is set and recharged to member authorities annually and on the grounds of materiality the long-term funding of the PMO is currently not considered to be a major financial risk.

## Financial Performance

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 gross budget for the Programme Management Office was set at £917,036 with an additional £134,500 KPMG recharges making a total £1,051,536. There was an underspend of £73,456 on the total gross budget for 2016/17. This was in the main due to savings in employee costs.

Expenditure of **£978,080** 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 2017. The accounts have been prepared on a going concern basis

Councillor Susan Aitken  
Council Leader and Chair  
Glasgow City Region Cabinet

15 August

Annemarie O'Donnell  
Chief Executive  
Glasgow City Council

15 August 2017

Morag Johnston  
Acting Executive Director  
of Financial Services

15 August 2017



## ❖ **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 Glasgow City Region City Deal Cabinet at its meeting on 15 August 2017.

Councillor Susan Aitken

Council Leader and Chair,  
Glasgow City Region Cabinet  
15 August 2017

## **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 2017 and the transactions for the year then ended.

Morag Johnston CPFA  
Acting Executive Director of Financial Services

Glasgow City Council  
15 August 2017

**3. Comprehensive Income and Expenditure Statement for the year ended 31 March 2017**

2015/16 Net Expenditure £	Service	Note	2016/17 Net Expenditure £
713,213	Gross expenditure	3	978,080
(713,213)	Gross income	3	(978,080)
<b>0</b>	<b>Cost of Services</b>		<b>0</b>
0	Interest and investment income		0
<b>0</b>	<b>Financing and Investment Income and Expenditure</b>		<b>0</b>
<b>0</b>	<b>(Surplus) or Deficit on the Provision of Services</b>		<b>0</b>
<b>0</b>	<b>Other Comprehensive (Income) and Expenditure</b>		<b>0</b>
<b>0</b>	<b>Total Comprehensive (Income) and Expenditure</b>		<b>0</b>

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

#### 4. Balance Sheet as at 31 March 2017

31 March 2016 £		Note	31 March 2017 £
0	Short-term debtors	6	228,710
141,805	Cash and cash equivalents		0
<b>141,805</b>	<b>Current Assets</b>		<b>228,710</b>
(141,805)	Short-term creditors	6	(228,710)
<b>(141,805)</b>	<b>Current Liabilities</b>		<b>(228,710)</b>
<b>0</b>	<b>Net Assets / (Liabilities)</b>		<b>0</b>
<b>0</b>	<b>Usable Reserves</b>		<b>0</b>
0	Unusable Reserves		0
<b>0</b>	<b>Total Reserves</b>		<b>0</b>

**Balance Sheet** – The balance sheet of the Joint Committee shows that there were no reserve balances as at 31 March 2017.

The unaudited accounts were issued on 13 June 2017 and the audited accounts were authorised for publication on 15 August 2017.

Morag Johnston, CPFA  
Acting Executive Director of Financial  
Services  
Glasgow City Council  
15 August 2017

## 5. Cash Flow Statement for the Year ended 31 March 2017

2015/16 £	Revenue Activities	2016/17 £
0	Surplus or (Deficit) on the Provision of Services	0
	Adjustments for non-cash items:	
0	(Increase) / decrease in debtors	(228,710)
129,040	Increase / (decrease) in creditors	86,905
129,040		(141,805)
<b>129,040</b>	<b>Net cash inflow / (outflow) from activities</b>	<b>(141,805)</b>
<b>12,765</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>141,805</b>
<b>141,805</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>0</b>

**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 2017 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 2016/17 (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 2017 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 2017. Salaries and wages earned to 31 March 2017 are included in the accounts for 2016/17 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 2017.
- 1.5 There were no complex transactions or potential future uncertainties requiring critical judgments or estimations of uncertainty in preparing the 2016/17 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 2016/17 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 2016/17.

	Note	2015/16 Net Expenditure £	2016/17 Net Expenditure £
<b>Income</b>			
Expenditure re-imbursement from participating local authorities	4	(713,213)	(978,080)
<b>Total income</b>		<b>(713,213)</b>	<b>(978,080)</b>
<b>Expenditure</b>			
Employee costs		570,605	694,283
Transport		51	335
Supplies and services		134,557	275,582
Third Party Payments		8,000	7,880
<b>Total expenditure</b>		<b>713,213</b>	<b>978,080</b>
(Surplus) or deficit for period		0	0
(Surplus) brought forward		0	0
<b>Accumulated (surplus) or deficit</b>		<b>0</b>	<b>0</b>

#### 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 2016/17 £
East Dunbartonshire Council	53,695
East Renfrewshire Council	49,604
Glasgow City Council	324,625
Inverclyde Council	44,508
North Lanarkshire Council	184,804
Renfrewshire Council	95,725
South Lanarkshire Council	171,642
West Dunbartonshire Council	49,672
SPT	3,805
<b>Total</b>	<b>978,080</b>

#### 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 other member authority.

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 2017. 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 debtors and creditors

The short-term debtors of £228,710 are all in relation to the member authorities. The short-term creditors figure for 2016/17 of £228,710 comprises the following:-

Short-term creditors	31 March 2017 £
Gleeds Consultancy Services	24,951
Audit Scotland Audit Fee 16/17	7,870
KPMG	25,000
National Panel and Commission	36,383
TPO	860
Skills Development Plan	18,000
Lighthouse Economic Strategy Launch	1,000
Glasgow City Council	62,598
City Region 16/17 Credit Recharge	52,048
<b>Total sundry creditors</b>	<b>228,710</b>

## 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 Joint Committee uses the administering body's financial and payroll systems and banking facilities. The related party transactions between the Joint Committee and Glasgow City Council are shown in the table below:

Related transactions balances	Party and	2016/17 Expenditure £	2016/17 Income £	Debtor/(Creditor) at 31 March 2017 £
<b>Related bodies</b>				
Glasgow City Council		312,278	312,278	(62,598)

## **9. Auditor remuneration**

Audit Scotland has agreed with the Joint Committee that the audit fee would be £7,870 for the 2016/17 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 2017 and the date of signing that require to be reflected in the Financial Statements.

## **Annual Governance Statement 2016/17**

### **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 and work plans of the Independent Commission on Urban Growth and the Glasgow and Clyde Valley Economic Leadership Board. 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; manages the budget for the Project Management Office (PMO); signs grant offers 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 (or their nominee) 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 nominee). 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-groups 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 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' Group 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. Key elements of the governance framework are noted below. The framework was in place throughout 2016/17.

The governance framework comprises the systems and processes, and culture and values, by which the Cabinet is directed and controlled. Through the framework, the Cabinet is accountable to and engages with the community. The framework enables the Cabinet to monitor the progress being achieved.

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: <https://www.glasgow.gov.uk/index.aspx?articleid=17539>

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 the 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. Scrutiny is provided by the Cabinet's Internal and External Auditors.

The Cabinet complies with the CIPFA Statement on "*The Role of the Chief Financial Officer in Local Government 2010*". The Glasgow City Council Acting Executive Director of Financial Services has overall responsibility for the PMO's financial arrangements and is professionally qualified and suitably experienced to lead the finance function and to direct finance staff.

## **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.

The Assurance Framework is subject to regular review to ensure that it provides an effective governance platform for the Cabinet. The effectiveness of the key elements included in the Scope of Responsibility section have been reviewed and are considered to be adequate. This review informs the Internal Audit opinion given below. The arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

A revised version of the Assurance Framework is expected to be agreed in 2017/18.

#### **Update on Significant Governance Issues Previously Reported**

There were no significant governance issues reported in 2015/16.

#### **Internal Audit Opinion**

Assurance work undertaken within the Glasgow City Region Cabinet in 2016/17 included:

- The arrangements for monitoring the financial position of the City Deal Programme.
- The arrangements in place over the financial transactions made between partners and funding bodies.
- The risk management arrangements in place within the City Deal Programme.
- The implementation of recommended actions arising from previous audit work.

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 2016/17, 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 2016/17 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  
(Susan Aitken)**

**15 August 2017**

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

**15 August 2017**

## Independent Auditor's Report

### Independent auditor's report to the members of Glasgow City Region - City Deal Cabinet Joint Committee and the Accounts Commission

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 120 of the Code of Audit Practice approved by the Accounts Commission, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

#### Report on the audit of the financial statements

##### Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Glasgow City Region - City Deal Cabinet Joint Committee for the year ended 31 March 2017 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Balance Sheet and Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. 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 2016/17 (the 2016/17 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2016/17 Code of the state of affairs of the Glasgow City Region - City Deal Cabinet Joint Committee as at 31 March 2017 and of its income and expenditure 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 2016/17 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.

##### Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Glasgow City Region - City Deal Cabinet Joint Committee in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standards for Auditors, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Responsibilities of the Acting Executive Director of Financial Services for the financial statements**

As explained more fully in the Statement of Responsibilities, the Acting Executive Director of Financial Services is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Acting Executive Director of Financial Services determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Accounts Commission. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. 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 Acting Executive Director of Financial Services; and the overall presentation of the financial statements.

My objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK&I) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## **Other information in the annual accounts**

The Acting Executive Director of Financial Services is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements in accordance with ISAs (UK&I), my responsibility is to 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.

## Report on other requirements

### Opinions on other prescribed matters

I am required by the Accounts Commission to express an opinion on the following matters.

In my opinion, based on the work undertaken in the course of the audit

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

### Matters on which I am required to report by exception

I am required by the Accounts Commission 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
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

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August 2017



DRAFT