



Glasgow City Region - City Deal

Cabinet

Report by Director of Regional Economic Growth

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Item 3 (d)

8th August 2023

2022/23 Unaudited Accounts

Purpose of Report

To present to the Cabinet the Programme Management Office (PMO) unaudited financial statements for year ended 31 March 2023 and seek delegated authority for the audited accounts to be approved by Chief Executives' Group on the 6th September 2023.

Recommendations

It is recommended that the Cabinet:

- (1) Approve the Income and Expenditure Statement, Balance Sheet and the relevant supportive notes for the PMO unaudited financial statements for year ended 31 March 2023 and;
- (2) Agree to delegate the authority to approve the audited statements to the Chief Executives' Group at their meeting of 6th September 2023.

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

**Unaudited Annual Accounts
for the Year ended 31 March 2023**

GLASGOW CITY REGION – CITY DEAL CABINET JOINT COMMITTEE

Unaudited Annual Accounts Year ended 31 March 2023

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❖ Management Commentary

History and Statutory Background

Glasgow City Region (Region), one of the largest regions in the UK, is Scotland's economic powerhouse. With a combined population of 1.8 million, it provides 35% of the nation's jobs and a base to almost 30% of Scotland's businesses. Its economy produced an approximate £48bn of Gross Value Added (GVA) in 2021, making it the largest city region economy in Scotland and the fifth largest in the UK.

Our ground-breaking £1.13 billion City Deal, the first in Scotland and one of the largest in the UK, is an agreement between the UK government, the Scottish government and the eight local authorities across Glasgow City Region.

The eight participating local authorities are East Dunbartonshire Council, East Renfrewshire Council, Glasgow City Council, Inverclyde Council, North Lanarkshire Council, Renfrewshire Council, South Lanarkshire Council and West Dunbartonshire Council.

The City Deal provides over £1 billion funding from the UK and Scottish governments and is set to transform the physical and social landscape – creating thousands of new jobs, homes, supporting business growth, improving transport connectivity and unlocking land in key sites for development.

In 2014 eight councils agreed to establish a Joint Committee to govern the City Deal and determine the strategic economic development priorities for Glasgow City Region.

Glasgow City Council is the Lead Authority.

An Assurance Framework sets out the operational structure of the Joint Committee and how its functions are governed.

Structure

The Joint Committee, known as the Glasgow City Region Cabinet (Cabinet), is made up of the Leaders of the participating Authorities. The Cabinet is responsible for decision making in relation to the City Deal and for determining the strategic economic development priorities for Glasgow City Region. Meetings are held quarterly and are open to the public, with papers available through the City Deal website.

The Programme Management Office (PMO) acts as the secretariat for the Cabinet and is the central point for appraisal and monitoring of all aspects of City Deal. 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 CEG is also supported by a number of sub-groups, comprised of officers from the participating councils. To further the existing collaboration between the eight local authorities, a distributive leadership model was agreed in June 2016, based around eight portfolios focused on driving wider economic growth. Consultation continues to take place with the Glasgow City Region and the UK and Scottish Governments through ongoing officer liaison and an Annual Conversation event in September each year. Governance arrangements align to the Assurance Framework and the Programme Business Case. The City Deal is also supported by a programme of internal and external audits.

Strategic Aims

Over its 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 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;
- Spread the benefits of economic growth across the Region, ensuring deprived areas benefit.

Programme Performance

This report marks the eighth year of the Glasgow City Region City Deal and the establishment of our partnership and covers the period ending 31 March 2023.

Our City Deal was the first to be established in Scotland and to benefit from funding from both the Scottish and UK Governments, and is persistently one of the largest and most advanced of all UK City Deals.

The City Deal continues to provide vital opportunities and support for the Region's businesses and communities. To date, 269 of tier one contracts worth over £142 million have been won by local companies - nearly 60% of the total number of all contracts let. In terms of

community benefit outcomes from contracts, 496 targeted skills and training opportunities have been realised to date, many of which are from priority groups.

A review of the City Deal Programme has been underway, approved by the governments in December 2022. This has been prompted by ongoing challenges from the impact of construction cost inflation and issues around resource and materials resulting from wider global economic, political and fiscal conditions. This has been an extensive exercise and all proposed changes have been provided by Member Councils to the PMO. Despite the significant and unprecedented issues presented by external conditions, we remain fully committed to our City Deal programme of 21 infrastructure projects. A review of the economic impact of a number of proposed significant changes is still underway, with a report planned for August 2023 Cabinet.

In the period of the report, projects continue to move forward at pace, with some major milestones achieved.

The new [Sighthill bridge](#) over the M8 motorway opened at the end of March 2023, a key component of the regeneration of Sighthill in Glasgow – one of the largest projects of its type outside of London. City Deal investment has re-connected an area equivalent in size to 60 football pitches to the near-by city centre. Extensive remediation has addressed historic land contamination, a result of the area's industrial heritage, enabling the construction of thousands of new homes and landscaping to create a new city park.

The official opening of East Renfrewshire's Greenlaw Business Centre was marked in February with a formal event attended by ministers from both governments. Located in Newton Mearns and funded through £5 million City Deal investment, the 20,000 sq. ft building comprises office suites, meeting rooms, breakout areas and a business lounge. Since opening, it is occupied by 26 businesses and delivering on goals to stimulate economic growth and create employment and opportunities for local SMEs to develop and grow.

Progress also continues on the two new bridges over the River Clyde at Partick – Govan and at Renfrew – Yoker, and we look forward to seeing further evidence of the physical build in the coming months when the bridge spans are floated up the river from the sea.

Ahead of the completion later this year of the City Deal funded **Ocean Terminal**, Inverclyde's new £19.2 million cruise ship visitor centre, the council [announced](#) that the cruise port is set to experience its busiest year since records began, with 91 cruise liners booked into the new pontoon for 2023, a rise of over 25 per cent on last year and more than 150,000 passengers and 38,000 crew members expected to pass through the port over the course of this

year. This is a great outcome for the terminal in its second full season since Covid effectively closed down the cruise industry.

In the reporting period, further progress was made in boosting the Region's economy and in the delivery of the Regional Economic Strategy.

Working with private sector partners, the Region's bid to the UK and Scottish Government for a **Clyde Green Freeport** was submitted in June 2022. And while our bid was unsuccessful, further discussions continue with government to pursue a more positive outcome for the Region.

Glasgow City Region is the sole region in Scotland to take a regional approach to the development and delivery of the **UK Government Shared Prosperity Fund (SPF)**. The Region will benefit from an injection of £73.9 million in funding over the three years of the Shared Prosperity Fund - a funding stream that will replace the EU Structural funding. The Region's collective investment plan which set out our proposals to the UK Government for this funding across all eight councils was approved in December. This recognises not only Regional oversight and direction, but also local delivery, ensuring an appropriate geographical spread of investment based on need and opportunity, and alignment with our Regional Economic Strategy.

We also completed the **action plan** for our economic strategy, showing progress on the 12 programmes, some of which will be supported through SPF funding. Work will continue through this year in taking forward and revisiting the various actions.

In June 2022, we launched the **Clyde Peatlands** project which aims to deliver large-scale peatland restoration across the eight local authority areas, and in its first twelve months of operation over one million trees were planted in urban and rural areas across the Region through the **Clyde Climate Forest** project. This figure will escalate steeply this year.

In the March 2023 Budget, the UK Government Department for Science, Innovation and Technology confirmed Glasgow's share of £100 million Levelling Up funding for 11 ambitious local projects to further accelerate the Region's booming innovation economy. Glasgow's Innovation Accelerator (IA) projects will address local economic challenges as well as national and global societal and environmental issues. It will also build on progress made in recent years, including our three Innovation Districts, and to take our innovation economy to the next level, leveraging in substantial private sector investment on the back of public sector funding.

Rightly so, the Region has undertaken work to better embed actions to address health inequality across our economic plans, with the **Economies for Healthy Lives** project, and work on **Child Poverty** and **Community Wealth Building**.

As we look forward, on the horizon is an improving economic outlook, with some easing on recent issues around procurement, securing resources, and inflationary cost pressures.

A key piece of work which has been underway this year, is to develop the Local Evaluation Framework for the second City Deal Gateway Review. The Gateway Review is a critical part of our City Deal contract with government and the evaluation will cover progress over the five-year period since the last Review. The Evaluation Framework is an important document, setting out how we intend to evidence the outcomes from City Deal project funding and the proposed contents of the Gateway 2 Final Evaluation Report which will be submitted to the UK government in October 2024. A positive Gateway Review will result in the release of the third tranche of City Deal Government funding of £300 million.

We look forward to a positive evaluation.

Following discussion with both governments, work will progress at speed to prepare a case for an [Investment Zone](#) within the Region.

Our ambitions for Clyde Mission and a local Investment Zone strongly align with and compliment much of the work already underway for the Regional Economic Strategy e.g. our work on the Vacant and Derelict Land, our recognised success in the delivery and governance of the City Deal and our recent Innovation Accelerator status.

Looking to the year ahead, we have a strong plan in place with the Regional Economic Strategy, and one that is intelligence driven and we hope to continue to build on our previous success.

Financial Performance

The cost of running the 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 by the participating Authorities.

The 2022/23 gross expenditure budget for the PMO was set at £1.568m. This, together with balances brought forward from previous years of £1.084m and additional 2022/23 funding (excluding that carried forward into 2023/24) of £0.590m, provided total available resources of £3.242m for the year.

Expenditure of £1.841m was incurred in the year, this gave an unfavourable budget variance of £0.272m resulting in an additional resource balance of £1.401m carried forward into 2023/24 and future years which will be used to meet agreed priorities.

The accounts have been prepared on a going concern basis.

❖ **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 Finance.
- To manage its affairs to secure economic, efficient and effective use of the resources and safeguard its assets.
- To 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
- To approve the Annual Accounts for signature.

These Unaudited Annual Accounts will be submitted to Cabinet for consideration at its meeting on 8 August subsequently to be approved for signature by 30 November 2023.

2. Responsibilities of the Executive Director of Finance, Glasgow City Council

The Executive Director of Finance in Glasgow City Council is responsible for the preparation of the Annual 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 Finance 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 Code (in so far as it is compatible with legislation).

The Executive Director of Finance 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 2023 and the transactions for the year then ended.

Martin Booth BA, FCPFA, MBA
Executive Director of Finance
Glasgow City Council

Date of signing pre 30 June after FSG and CEG???

3. Comprehensive Income and Expenditure Statement for the year ended 31 March 2023

2021/22 £	Service	Note	2022/23 £
1,546,518	Gross expenditure	3	1,840,506
(1,543,089)	Gross income	3	(1,545,207)
3,429	Cost of Services		295,299
(3,429)	Interest and investment income		(295,299)
(3,429)	Financing and Investment Income and Expenditure		(295,299)
0	(Surplus) or Deficit on the Provision of Services		0
0	Other Comprehensive (Income) and Expenditure		0
0	Total Comprehensive (Income) and Expenditure		0

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

4. Balance Sheet as at 31 March 2023

31 March 2022 £		Note	31 March 2023 £
445,931	Short-term debtors	7	67,044
904,232	Cash and cash equivalents		1,602,227
1,350,163	Current Assets		1,669,271
(1,350,163)	Short-term creditors	6	(1,669,271)
(1,350,163)	Current Liabilities		(1,669,271)
0	Net Assets / (Liabilities)		0
0	Usable Reserves		0
0	Unusable Reserves		0
0	Total Reserves		0

Balance Sheet – The balance sheet of the Joint Committee shows that there were no reserve balances as at 31 March 2023.

The unaudited accounts
were issued on XX June
2022

Martin Booth BA, FCPFA, MBA
Executive Director of Finance
Glasgow City Council

5. Cash Flow Statement for the Year ended 31 March 2023

2021/22 £	Revenue Activities	2022/23 £
0	Surplus or (Deficit) on the Provision of Services	0
	Adjustments for non-cash items:	
(445,931)	(Increase) / decrease in debtors	378,887
850,596	Increase / (decrease) in creditors	319,108
404,665		697,995
404,665	Net cash inflow / (outflow) from activities	697,995
499,567	Cash and cash equivalents at the beginning of the reporting period	904,232
904,232	Cash and cash equivalents at the end of the reporting period	1,602,227

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 2023 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 2022/23 (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 2023 have been included in the accounts. In addition, expenditure has been accrued, in accordance with the Code, where the goods or services were received by 31 March 2023. Salaries and wages earned to 31 March 2023 are included in the accounts for 2022/23 irrespective of when the actual payments were made.
- 1.4 Income includes all sums due in respect of contributions from participating authorities.
- 1.5 There were no complex transactions or potential future uncertainties requiring critical judgements or estimations of uncertainty in preparing the 2022/23 accounts.
- 1.6 Cash and cash equivalents represent the balance held in the GCC loans fund, readily convertible to cash.
- 1.7 Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the statement of accounts are authorised for issue. Two types of event may be identified and this firstly includes those events that provide evidence of conditions that existed at the end of the reporting period – the Financial Statements are adjusted to reflect such events. Secondly, it includes those events that are indicative of conditions that arose after the reporting period – the Financial Statements are not

adjusted to reflect such events, but where this would have a material effect, the nature and estimated financial impact of such events is disclosed in the notes.

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 2022/23 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 2022/23.

	Note	2021/22 £	2022/23 £
Income			
Expenditure re-imbursement from participating local authorities	4	(479,992)	(1,029,920)
Grants and contributions received		(1,063,097)	(515,287)
Interest		(3,429)	(295,299)
Total income		(1,546,518)	(1,840,506)
Expenditure			
Employee costs		931,959	1,166,069
Premises		72	0
Transport		57	0
Supplies and services		605,580	674,437
Third Party Payments		8,850	0
Total expenditure		1,546,518	1,840,506
(Surplus) or deficit for period		0	0
(Surplus) brought forward		0	0
Accumulated (surplus) or deficit		0	0

4. PMO Budget and Funding

Based on the initial agreement signed by participating authorities, parameters were set out to determine the method for funding of the Programme Management Office (PMO). The Contribution Sum is to be calculated as a proportion of the PMO budget, based on the population of each Member Authority's area and expressed as a percentage of the total population within the areas of the Member Authorities. In 2022/23 there were additional unbudgeted grant and contribution receipts, resulting in a changed share of the PMO net cost to member authorities of £1,029,920.

A breakdown of each member's share of the net cost of running the PMO is shown in the table below:

Local Authority	Net Cost 2022/23 £
East Dunbartonshire Council	60,662
East Renfrewshire Council	53,762
Glasgow City Council	353,778
Inverclyde Council	42,742
North Lanarkshire Council	190,123
Renfrewshire Council	100,211
South Lanarkshire Council	179,721
West Dunbartonshire Council	48,921
Total	1,029,920

5. Employee Benefits

As at 31 March 2023 14 full time and 1 part time permanent members of staff of the Joint committee were employed on a secondment basis by Glasgow City Council.

In accordance with International Accounting Standard 19 (IAS 19) – Employee Benefits, the employing councils are 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 2023. Employees providing professional services to the PMO are contracted to Glasgow City Council and therefore any notional liability will have been included within their accounts as they holds the contracts of employment.

6. Creditors

The creditors figure for 2022/23 of £1,669,271 comprises the following:

Creditors	31 March 2022 £	31 March 2023 £
Short Term Creditors		
Audit Scotland	5,900	6,640
Data City	40,000	7,000
East Renfrewshire Council	600	0
Glasgow University	35,767	0
Health Foundation	128,225	110,904
Internal Audit	6,484	0
Mott MacDonald	49,146	139,950
CITB	0	3,208
Dundee Council	0	312
West Lothian Council	0	99
Wildcat Applications	400	0
City Region Credit Recharge	1,083,641	1,401,158
Total sundry creditors	1,350,163	1,669,271

7. Short-Term Debtors

The short-term Debtors figure for 2022/23 of £67,044 comprises the following:

Short-term debtors	31 March 2022 £	31 March 2023 £
Scottish Government	255,000	0
Scottish Enterprise	50,000	0
Skills Development Scotland	25,000	0
Transport Scotland	50,000	0
East Renfrewshire Council	65,931	67,044
Total sundry debtors	445,931	67,044

8. 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.

9. 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, as the administering body, are shown in the table below.

Related Party transactions and balances	2022/23 Expenditure £	2022/23 Income £	Cash and Cash Equivalents at 31 March 2023 £
Related body			
Glasgow City Council	1,276,715	295,299	1,602,227

Note these transactions are additional to GCC's contribution as a member of Glasgow City Region.

10. Auditor Remuneration

Audit Scotland has agreed with the Joint Committee that the audit fee would be £9,960 for the 2022/23 financial year. No fees were payable in respect of other services provided by the appointed auditor.

11. Events After the Balance Sheet Date

There were no material events between 31 March 2023 and the date of signing that require to be reflected in the Financial Statements.