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

Unaudited Annual Accounts

For the year ended 31 March 2022

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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 £46.8bn of Gross Value Added (GVA) in 2020, 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 every eight weeks 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 Chief Executives' Group 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 supported by a programme of internal and external audits and continues to participate in the Scottish Parliamentary Inquiry into City Deals.

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 seventh year of the Glasgow City Region City Deal and the establishment of our partnership and covers the period ending 31 March 2022.

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

In the past financial year, we continued to make good progress across our City Deal programme, despite operating in challenging conditions. A number of factors including the pandemic have resulted in increasing costs for materials and issues around the sourcing of

services and resources, all of which have impacted on procurement and delivery. This of course is a common theme across capital projects world-wide.

Progress continued at Sighthill in Glasgow with the iconic bridge over the M8 motorway now in position. Once opened this will dramatically improve connectivity to the north of the city and to the new neighbourhoods created minutes from the city centre. In addition, site clearance works began on the first opening bridge across the Clyde as part of Renfrewshire's Clyde Waterfront and Renfrew Riverside project.

Public engagement continued on the future design for George Square, part of the city's Avenues project. The Clyde Metro was included in the Scottish Government's Blueprint for Future Transport Investment - a major milestone for the project and works began at Muir Street in Motherwell.

Procurement progressed for a number of major projects including the Partick – Govan bridge. In June the Cabinet approved a new Sustainable Procurement and Community Benefit Strategy for the Region, and we issued the latest contract pipeline with over £290 million of contract opportunities.

The past year has also witnessed a number of major milestones and successes for the partnership's wider economic plans and regeneration ambitions.

We launched the Clyde Climate Forest in June with plans to plant 18 million trees in the next ten years. We also issued the Region's first Climate Adaptation Strategy and unveiled a £30 billion Greenprint for Investment Prospectus. These all featured as part of a successful COP26 which was hosted in Glasgow in November.

In December, along with UK and Scottish Government Ministers, we launched a new ambitious Economic Strategy for the Region.

It was announced in February that Glasgow City Region has been selected as one of three areas across the UK to share £100 million in funding for a new innovation and research accelerator, as part of the UK Government's Levelling Up plans. This will provide a fantastic opportunity to 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. Our business case for investment, which will set out proposals for projects, will be completed and considered by the UK Government in the next few months.

The Region will also benefit from an injection of £73.9 million in funding over the next three years from the UK Government Shared Prosperity Fund - a funding stream that will replace the EU Structural funding. Work is now progressing to develop a detailed investment plan which will set out our proposals for this funding across all eight councils. This will recognise 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. Once approved by Cabinet, it will be submitted to the Government in the summer. This has the chance to be genuinely transformative for the Region.

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 total gross budget for the PMO was set at £1,874,098 which along with a surplus brought forward from previous years of £274,326 and additional 2021/22 funding (excluding that carried forward into 2022/23) provided resources of £2,630,159 in 2021/22.

Expenditure of £1,546,518 was incurred for the period, this gave a favourable budget variance of £327,580 principally in respect of delayed utilisation of funding as well as funding being secured in respect of salary costs.

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 the Coronavirus (Scotland) Act 2020) 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 Annual Accounts will be considered by the Cabinet at its meeting on 16 June 2022 and are planned to be submitted to the Cabinet to be approved for signature by 31 January 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 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 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 2022 and the transactions for the year then ended.

Martin Booth BA, FCPFA, MBA
Executive Director of Finance
Glasgow City Council
June 2022

3. Comprehensive Income and Expenditure Statement for the year ended 31 March 2022

2020/21 £	Service	Note	2021/22 £
1,215,636	Gross expenditure	3	1,546,518
(1,164,201)	Gross income	3	(1,543,089)
51,435	Cost of Services		3,429
(51,435)	Interest and investment income		(3,429)
(51,435)	Financing and Investment Income and Expenditure		(3,429)
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 2022

31 March 2021 £		Note	31 March 2022 £
0	Short-term debtors	7	445,931
499,567	Cash and cash equivalents		904,232
499,567	Current Assets		1,350,163
(499,567)	Short-term creditors	6	(1,350,163)
(499,567)	Current Liabilities		(1,350,163)
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 2022.

The unaudited accounts
were issued on June 2022

Martin Booth BA, FCPFA, MBA
Executive Director of Finance
Glasgow City Council
June 2022

5. Cash Flow Statement for the Year ended 31 March 2022

2020/21 £	Revenue Activities	2021/22 £
0	Surplus or (Deficit) on the Provision of Services	0
	Adjustments for non-cash items:	
2,390	(Increase) / decrease in debtors	(445,931)
186,310	Increase / (decrease) in creditors	850,596
188,700		404,665
188,700	Net cash inflow / (outflow) from activities	404,665
310,867	Cash and cash equivalents at the beginning of the reporting period	499,567
499,567	Cash and cash equivalents at the end of the reporting period	904,232

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 2022 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 2021/22 (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 2022 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 2022. Salaries and wages earned to 31 March 2022 are included in the accounts for 2021/22 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 2022.
- 1.5 There were no complex transactions or potential future uncertainties requiring critical judgements or estimations of uncertainty in preparing the 2021/22 accounts.
- 1.6 Cash and cash equivalents represent monies held at the bank for short-term commitments.
- 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 2021/22 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 2021/22.

	Note	2020/21 £	2021/22 £
Income			
Expenditure re-imbursement from participating local authorities	4	(1,050,992)	(1,289,307)
Grants received		(113,209)	(253,782)
Interest		(51,435)	(3,429)
Total income		(1,215,636)	(1,546,518)
Expenditure			
Employee costs		911,707	931,959
Premises		0	72
Transport		0	57
Supplies and services		295,329	605,580
Third Party Payments		8,600	8,850
Total expenditure		1,215,636	1,546,518
(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 2021/22 there were also a number of grant receipts, however, these were all received after the charge was invoiced resulting in an increased surplus and a PMO recharge to all member authorities of £1,289,307.

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

Local Authority	Contribution 2021/22 £
East Dunbartonshire Council	76,069
East Renfrewshire Council	67,044
Glasgow City Council	439,654
Inverclyde Council	55,440
North Lanarkshire Council	238,522
Renfrewshire Council	125,063
South Lanarkshire Council	224,339
West Dunbartonshire Council	63,176
Total	1,289,307

5. Employee Benefits

All 13 full time members of staff of the Joint committee were employed on a secondment basis. 2 members of staff were employed by Renfrewshire Council for part of the year and 11 to 13 members of staff were employed by Glasgow City Council for the remainder of the year.

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 and Renfrewshire 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 2022. Employees providing professional services to the PMO are contracted to Glasgow City Council and Renfrewshire Council and therefore any notional liability will have been included within the accounts of these two Councils who hold the contracts of employment.

6. Short-Term Creditors

The short-term creditors figure for 2021/22 of £1,350,163 comprises the following:

Short-term creditors	31 March 2021 £
Audit Scotland	5,900
Data City	40,000
Glasgow University	35,767
East Renfrewshire Council	600
Mott MacDonald	49,146
Wildcat Applications	400
Internal Audit	6,484
Health Foundation	128,225
City Region 20/21 Credit Recharge	274,326
City Region 21/22 Credit Recharge	809,315
Total sundry creditors	1,350,163

7. Short-Term Debtors

The short-term Debtors figure for 2021/22 of £445,931 comprises the following:

Short-term debtors	31 March 2021 £
Scottish Government	255,000
Scottish Enterprise	50,000
Skills Development Scotland	25,000
Transport Scotland	50,000
East Renfrewshire Council	65,931
Total sundry debtors	445,931

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 are shown in the table below. The cash and cash equivalents balance for the Cabinet represents amounts held on the

Cabinet's behalf by Glasgow City Council and is the difference between amounts received and amounts spent.

Related Party transactions and balances	2021/22 Expenditure £	2021/22 Income £	Cash and Cash Equivalents at 31 March 2022 £
Related bodies			
Glasgow City Council	439,654	439,654	904,232

10. Auditor Remuneration

Audit Scotland has agreed with the Joint Committee that the audit fee would be £8,850 for the 2021/22 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 2022 and the date of signing that require to be reflected in the Financial Statements.