

CARDIFF CAPITAL REGION JOINT CABINET

REGIONAL CABINET MEETING 30th JUNE 2017

2016/17 OUT-TURN REPORT AND ANNUAL FINANCIAL RETURN

REPORT OF ACCOUNTABLE BODY – CORPORATE DIRECTOR RESOURCES, CITY OF CARDIFF COUNCIL

AGENDA ITEM: 4

Reason for this Report

1. To provide Cardiff Capital Region Joint Cabinet (Joint Cabinet) with details of the final out-turn position against its 2016/17 part-year budget covering the period 1st March – 31st March 2017.
2. To present to Joint Cabinet the draft unaudited Annual Smaller Bodies Return (Annual Return) for the year ended 31st March 2017, for consideration and approval, in-line with the statutory deadline of 30th June 2017.
3. Subject to Joint Cabinet approving the Annual Return, the document will be submitted to the Auditor General for Wales, to enable the Wales Audit Office (WAO) to undertake its external audit of the return.

Background

4. Between 25th January and 9th February 2017 Council approval was received from the ten partnering local authorities within the Cardiff Capital Region for the establishment of the Joint Cabinet (in the legal form of a Joint Committee) to deliver the commitments set-out in the City Deal Heads of Terms document.
5. The formal 'Commencement Date' for the Joint Cabinet was the 1st March 2017, and therefore transactions have been formally recognised from this date. For this reason the 2016/17 Out-turn Report and Annual Return only cover the period 1st to 31st March 2017.
6. The 'Update on Accountable Body Arrangements' report considered by Joint Cabinet at its meeting of the 17th March, set-out the funding arrangements for Joint Cabinet's first month of operation. The report outlined that the budget remaining from the former 'City Deal Shadow Arrangements', which ended on the 28th February will be made available in full to fund Joint Cabinet expenditure for 2016/17.

Issues

2016-17 Out-turn Position

7. A financial summary of the income and expenditure relating to the 11 month period to the 28th February 2017, has been reported to the ten partnering local authorities, in-line with the Memorandum of Understanding which governed the former City Deal Shadow Arrangements.
8. Table 1. below summarises the budget remaining following the cessation of the former shadow arrangements on the 28th February 2017. The table also sets out the expenditure incurred during March 2017 and the surplus remaining as at the 31st March.

Table 1. 2016/17 Summary Out-turn Position (Part- Year)

Analysis of Joint Cabinet Expenditure (1 st to 31 st March 2017)	£s
2016/17 Budget Available	407,527
Employee Related Expenditure	(23,158)
Supplies & Services	(14,236)
Initial Project Investment	(128,033)
Support Services	(14,350)
Gross Expenditure	(179,777)
Balance as at 31st March 2017	227,750

**Note: The presentational format of figures in Table 1. reflects those within Smaller Bodies Annual Return for consistency*

9. The expenditure incurred during March 2017 largely represented a continuation of the arrangements which had been put in place to support the work of the former shadow arrangements and importantly, to enable the set-up and transition to the new Joint Cabinet arrangements. In summary, this consisted of:

Employee Related Budgets (£23,158)

10. March salary and on-costs in respect of the full-time interim Regional Programme Director, full-time interim Project Manager and the costs associated with a Technical Engineer seconded to Transport for Wales (Metro project) based on 4 days per week.

Other Supplies & Services Budgets (£14,236)

11. Supplies & Services costs largely related to the servicing of a number of meetings that were held during the month. In particular, it includes publicity, marketing, communication and translation costs associated with the 1st March City Deal signing ceremony and launch event. Some early expenditure in respect of the Regional Business Organisation were also incurred during March 2017 and these form part of the Supplies & Services sub-total.

Initial Project Investment (£128,033)

12. The Joint Cabinet budget will not ordinarily include any revenue or capital costs relating to the development or implementation of any projects, as these will be funded from the Wider Investment Fund. However, both UK and Welsh Government were keen to see some early progress on project delivery and in order to support this position, clause 2.4 of the Joint Working Agreement sets-out that up to £50 million may be committed on 'Initial Project Investments' pursuant to the terms and conditions of the Assurance Framework.
13. Under the former shadow arrangements approval had been given to commence the necessary early work on the Compound Semi-Conductor project to assess its robustness and to carry out the necessary legal (£23,363), financial (£97,310) and technical (£7,360) due diligence checks.

Support Services (£14,350)

14. The Accountable Body provided a range of services to support the work of Regional Cabinet, the Programme Management Office and to support the work of stakeholder groups which operate below Regional Cabinet itself. This included Financial Support (a range of accountancy and exchequer related services, including senior officer financial advice, support and attendance at meetings), Legal Support (senior officer legal advice, support and attendance at meetings) and services in respect of Information Management & Governance.
15. The final out-turn position highlights that a surplus balance of £227,750 remained at the 31st March 2017. This surplus will be used as a contribution towards the funding of the 2017/18 Joint Cabinet budget, as approved by the ten partnering local authorities earlier in the year and will serve to reduce the level of partner contributions required to fund the overall Joint Cabinet budget in that year.

Smaller Bodies Return - Legislative Background

16. Local Authorities and other relevant bodies (including Joint Committees) are required to prepare and publish their annual accounts in-line with the

requirements of the Accounts & Audit (Wales) Regulations 2014 (as amended). Regulation 14 states that smaller local government bodies (those with annual income and expenditure below £2.5 million) can prepare their accounts in the form of an Annual Smaller Bodies Return. The Annual Smaller Bodies Return replaces the obligation to produce a full Statement of Accounts.

17. Joint Cabinet is therefore being asked to approve the unaudited Annual Smaller Bodies Return (Annual Return) for submission to the external auditor in accordance with the Accounts and Audit (Wales) Regulations for Smaller Local Government Bodies.
18. Following the audit of the Annual Return, if there are no amendments then the certified Annual Return can be published without further reference to the Joint Cabinet. The deadline for publication of the certified Annual Return is 30th September 2017.
19. The Joint Cabinet's Annual Return for 2016/17 is attached as Appendix A to this report. As part of the external audit process, Joint Cabinet are required to make the Annual Return available for public inspection for a minimum of a four week period. In-line with the Accountable Body's timetable it is proposed that the Annual Return be made available for public inspection between Tuesday 11th July and Monday 7th August 2017, as set-out in the Public Audit (Wales) Act 2004 and by the Accounts and Audit (Wales) Regulations 2014.
20. The format of the Annual Return for 2016/17 includes a number of sections as follows:
 - i. Section 1 is the Accounting Statements for 2016/17, and includes a statement of income and expenditure for the year, as well as a statement of balances. Prior year comparison figures are not available for 2016/17 as this was the first year that formal Joint Cabinet Arrangements were in operation.
 - ii. Section 2 is the Annual Governance Statement in the form of a questionnaire.
 - iii. Section 3 is the certification and approval of the Annual Return by both the Joint Cabinet and the Responsible Finance Officer (designated Joint Cabinet s151 Officer).
 - iv. Section 4 is the External Audit Certificate and Report. Joint Cabinet should note that this section has not yet been completed. This section will be completed by the Wales Audit Office (WAO) following the completion of their audit work. If any significant amendments or issues arise from the WAO audit, then a revised report (including details of the amendments) will be brought back to Joint Cabinet for consideration and re-approval. This will need to be completed in-line with the statutory deadline of the 30th September 2017.

- v. Section 5 is the Annual Internal Audit report which comments on the adequacy of procedures and controls adopted by Joint Cabinet during 2016/17.

Reasons for Recommendations

21. To inform Joint Cabinet of the final out-turn position against the 2016/17 part-year budget covering the period 1st March – 31st March 2017.
22. To approve the unaudited Smaller Bodies Annual Return for the year ended 31st March 2017 in-line with the statutory deadline of 30th June 2017, allowing the Wales Audit Office to commence its external audit work.

Financial Implications

23. The financial implications are set-out within the main body of this report.

Legal Implications

24. Joint Cabinet is being asked to consider and approve its unaudited Smaller Bodies Annual Return for the year ending 31st March 2017, for submission to the external auditor in accordance with the Accounts and Audit (Wales) Regulations 2014 (Regulations). As such the report does not raise any particular legal issues.
25. The relevant requirements of the Regulations and guidance issued in respect of the Regulations are detailed in the body of the report and the appendices, to which members are referred. In particular that a smaller relevant body must, no later than 30 June immediately following the end of a year:-
 - (a) consider the accounting statements by the members meeting as a whole;
 - (b) following that consideration, approve the accounting statements for submission to the auditor by a resolution of the body; and
 - (c) following approval, ensure that the accounting statements are signed and dated by the person presiding at the meeting at which that approval was given.

RECOMMENDATIONS

It is recommended that the Cardiff Capital Region Joint Cabinet:

- a) Note the final out-turn position for the financial year ended 31st March 2017 and the level of surplus available to support the Joint Cabinet's 2017/18 budget;

- b) Consider and approve the unaudited Smaller Bodies Annual Return for the year ended 31st March 2017, attached as Appendix A, and;
- c) if approved, authorise the Chairman to sign the Annual Return on behalf of the Joint Cabinet and authorise the Accountable body to submit the Annual Return to the Wales Audit Office

Christine Salter
30th June 2017

The following Appendix is attached:

Appendix A - Annual Smaller Bodies Return