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

**Audited Annual Accounts**

**for the Year ended 31 March 2022**

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# GLASGOW CITY REGION – CITY DEAL CABINET JOINT COMMITTEE

## Audited Annual Accounts 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;
- Leverage 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 all UK City Deals.

In the past financial year, we continued to make good progress across our City Deal programme, despite operating in challenging conditions. 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 neighbourhood 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.

Over the past few years we have continued to see further increasing pressure on the economy with the ongoing war in Ukraine, high inflation and the cost-of-living crisis which is having a profound effect on people, communities and businesses. A number of factors including the pandemic have resulted in continuing increasing costs for materials and issues around the sourcing of services and resources, all of which have impacted on the procurement and delivery and the City Deal programme.

While we continue to make good progress across project delivery, the current challenges are likely to see a delay in the overall Programme completion date.

While this of course is a common theme across capital projects world-wide, we remain committed to our City Deal programme and continue to review and manage these challenges. An exercise to review of procurement challenges was instigated by the PMO in 2022 and the Region's Procurement Group continues to monitor and discuss the situation. Challenges continue to be raised with our government partners and remain a feature of discussion at the Annual Conversation meetings with senior government officers. A review of the City Deal programme is currently underway and will be completed in the early part of 2023.

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 revised 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.

When combined with the funding carry forward from prior year, and the additional income from grants and receipts, a balance of £1,083,641 has been carried forward into 2022/23 and will be used to meet agreed priorities.

The accounts have been prepared on a going concern basis.

Councillor Susan Aitken  
Council Leader and Chair  
Glasgow City Region Cabinet

Annemarie O'Donnell  
Chief Executive  
Glasgow City Council

Martin Booth  
Executive Director  
of Finance

## ❖ **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.

I certify that the Annual Accounts have been approved for signature by Glasgow City Region Deal Cabinet at its meeting on 14 February 2023

Councillor Susan Aitken  
Council Leader and Chair,  
Glasgow City Region Cabinet



## **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

### 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)
<b>51,435</b>	<b>Cost of Services</b>		<b>3,429</b>
(51,435)	Interest and investment income		(3,429)
<b>(51,435)</b>	<b>Financing and Investment Income and Expenditure</b>		<b>(3,429)</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 2022

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

The unaudited accounts were issued on 16 June 2022 and the audited accounts were authorised for issue on 14 February 2023

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

## 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
<b>188,700</b>	<b>Net cash inflow / (outflow) from activities</b>	<b>404,665</b>
<b>310,867</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>499,567</b>
<b>499,567</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>904,232</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 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 £
<b>Income</b>			
Expenditure re-imburement from participating local authorities	4	(1,050,992)	(479,992)
Grants received		(113,209)	(1,063,097)
Interest		(51,435)	(3,429)
<b>Total income</b>		<b>(1,215,636)</b>	<b>(1,546,518)</b>
<b>Expenditure</b>			
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
<b>Total expenditure</b>		<b>1,215,636</b>	<b>1,546,518</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. 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 £479,992.

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

<b>Local Authority</b>	<b>Contribution 2021/22 £</b>
East Dunbartonshire Council	28,319
East Renfrewshire Council	24,960
Glasgow City Council	163,677
Inverclyde Council	20,640
North Lanarkshire Council	88,799
Renfrewshire Council	46,559
South Lanarkshire Council	83,518
West Dunbartonshire Council	23,520
<b>Total</b>	<b>479,992</b>

## 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 £	31 March 2022 £
Audit Scotland	5,733	5,900
Clyde Gateway	50,209	0
Data City	0	40,000
East Renfrewshire Council	8,384	600
Glasgow University	0	35,767
Health Foundation	0	128,225
Internal Audit	0	6,484
Mott MacDonald	0	49,146
National Panel and Commission	11,746	0
Renfrewshire Council	79,169	0
Skills Development Scotland	15,000	0
West Dunbartonshire Council	55,000	0
Wildcat Applications	0	400
City Region 21/22 Credit Recharge	274,326	1,083,641
<b>Total sundry creditors</b>	<b>499,567</b>	<b>1,350,163</b>

## 7. Short-Term Debtors

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

Short-term debtors	31 March 2021 £	31 March 2022 £
Scottish Government	0	255,000
Scottish Enterprise	0	50,000
Skills Development Scotland	0	25,000
Transport Scotland	0	50,000
East Renfrewshire Council	0	65,931
<b>Total sundry debtors</b>	<b>0</b>	<b>445,931</b>

## 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 £
<b>Related bodies</b>			
Glasgow City Council	163,677	163,677	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.

## ❖ Annual Governance Statement 2021/22

### 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 lead body of the Joint Committee is Glasgow City Region Cabinet 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. The Cabinet is supported by a Chief Executives' Group, and the Programme Management Office acts as a secretariat. The Cabinet takes advice from the Independent Commission on Urban Growth and the Glasgow City Region Economic Leadership Board.

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 Programme Management Office (PMO); signs grant offers with the Scottish and UK Governments; and makes disbursements to member authorities and other bodies as appropriate under the terms of the grant agreement.

### Cabinet meetings

Regular 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.

## **Programme 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 and includes the following areas:

- Lead Officers Group
- Finance Strategy Group
- Communications and Marketing Group
- 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 2021/22.

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://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 Internal Audit and by the Cabinet's External Auditor, Audit Scotland.

The Cabinet complies with the CIPFA Statement on "*The Role of the Chief Financial Officer in Local Government 2016*". The Glasgow City Council Executive Director of Finance 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.

The Cabinet complies with the requirements of the CIPFA Statement on "*The Role of the Head of Internal Audit in Public Organisations 2019*". The appointed Chief Internal Auditor has responsibility for the internal audit function and is professionally qualified and suitably experienced to lead and direct internal audit staff. The Internal Audit service generally operates in accordance with the CIPFA "*Public Sector Internal Audit Standards 2017*".

The lead authority, Glasgow City Council has assessed its compliance with the CIPFA Financial Management Code (2019), which became mandatory from 2021/22 onwards. The assessment in August 2022 indicated the Council was compliant with each of the requisite financial management standards.

The lead authority, Glasgow City Council has a publicised Whistleblowing Policy in place and effective counter fraud and anti-corruption arrangements are in place and are consistent with the main

principles set out in the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014).

## **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.

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

There were no significant governance issues reported in 2020/21.

## **Significant Governance Issues**

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 2021/22 in relation to the remit of the Glasgow City Region Cabinet. From the perspective of the Glasgow City Region Cabinet, one significant governance issue has been reported by the Internal Audit teams of the member authorities during the year. As part of the Internal Audit plan for Glasgow City Council, one unsatisfactory audit opinion has been issued in relation to the ICT arrangements within the Council. The improvements required do not specifically relate to the Cabinet and are currently being progressed within Glasgow City Council.

## **Internal Audit Opinion**

Glasgow City Region Cabinet has a system of internal control designed to manage risk to a reasonable level. Internal controls cannot eliminate the risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

Assurance work undertaken within the Glasgow City Region Cabinet in 2021/22 included:

- Change Control Arrangements and Contract Management.
- Anti-Bribery, Corruption and Fraud Arrangements.
- Equality Impact Assessments.
- Business Continuity and Resilience Arrangements.

- A review of the implementation of recommended actions arising from previous audit work.

Based on the audit work undertaken and the assurances provided by the member authorities, it is the Head of Audit & Inspection's opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the governance and control environment which operated during 2021/22.

## **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 2021/22 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.

Council Leader and  
Chair, Glasgow City Region Cabinet  
(Susan Aitken)

Chief Executive  
Glasgow City Council  
(Annemarie O'Donnell)



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

### **Reporting 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 2022 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement and Notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the 2021/22 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2021/22 Code of the state of affairs of the Glasgow City Region – City Deal Cabinet Joint Committee as at 31 March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 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 for opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by [the Code of Audit Practice](#) approved by the Accounts Commission for Scotland. 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 was appointed under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is six years. 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 Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the Glasgow City Region – City Deal Cabinet Joint Committee. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Conclusions relating to going concern basis of accounting**

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Glasgow City Region – City Deal Cabinet Joint Committee’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the body’s current or future financial sustainability. However, I report on the body’s arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

## **Risks of material misstatement**

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

## **Responsibilities of the Executive Director of Finance and Glasgow City Region – City Deal Cabinet Joint Committee for the financial statements**

As explained more fully in the Statement of Responsibilities, the Executive Director of Finance 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 Executive Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Director of Finance is responsible for assessing the Glasgow City Region – City Deal Cabinet Joint Committee’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue Glasgow City Region – City Deal Cabinet Joint Committee’s operations.

The Glasgow City Region – City Deal Cabinet Joint Committee is responsible for overseeing the financial reporting process.

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

My objectives are to obtain 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) 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 decisions of users taken on the basis of these financial statements.



Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the Glasgow City Region – City Deal Cabinet Joint Committee is complying with that framework;
- identifying which laws and regulations are significant in the context of the Glasgow City Region – City Deal Cabinet Joint Committee;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Glasgow City Region – City Deal Cabinet Joint Committee controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

## Reporting on other requirements

### Other information

The Executive Director of Finance is responsible for the other information in the annual accounts. The other information comprises the Management Commentary, Statement of Responsibilities for the Statement of Accounts and the Annual Governance Statement.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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 the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

### **Opinions prescribed by the Accounts Commission on Management Commentary and Annual Governance Statement**

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.

I have nothing to report in respect of these matters.

### **Conclusions on wider scope responsibilities**

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

## Use of my report

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, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Stephen O'Hagan CPFA  
Senior Audit Manager

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