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

**Audited Annual Accounts**

**For the year ended 31 March 2021**

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# GLASGOW CITY REGION – CITY DEAL CABINET JOINT COMMITTEE

## Audited Annual Accounts Year ended 31 March 2021

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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 34% of the nation's jobs and a base to almost 30% of Scotland's businesses. Its economy produced an approximate £47.3bn of Gross Value Added (GVA) in 2019, making it the largest city region economy in Scotland and the fourth 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 sixth year of the Glasgow City Region City Deal and covers the period ending 31 March 2021.

Our City Deal was the first to be established in Scotland and to benefit from funding from both the Scottish and UK Governments. It remains one of the largest and the most advanced of the 30 UK City Deals agreed to date. We have continued to make significant progress, with all projects underway and a number already completed.

The £1.13 billion infrastructure fund will deliver 21 projects focusing on improving transport connectivity and unlocking key sites across the region for residential and commercial

development over the next 10– 20 years. Together with a further six projects for innovation, skills and employment, the City Deal will enable a programme of work which will greatly add to the value of the local economy over the next 20 years.

In March 2020, the Covid-19 pandemic hit, impacting on the Region's economy. With construction grinding to a halt across the whole of the UK, this had an immediate knock on effect on many of our projects which are in the delivery phase. The scale of the challenge from Covid-19 faced by Glasgow City Region, as for all UK city regions, is substantial. However, the Region is in a better position than most.

Thanks to our City Deal, last year's gateway review success unlocked a further **£250 million** funding from the UK and Scottish governments - vital for supporting local jobs and businesses. The Region also benefitted from further significant investment on the back of existing City Deal projects - at a crucial time to help protect the economy.

- *Results for Medicity, the first City Deal project set up five years ago, showed over 200 new jobs created, 70 new med-tech businesses established and **£26 million private investment raised***
- *A **£38 million** grant was awarded to University of Glasgow to create the Living Lab. Central to the creation of the new cross-river Innovation District being developed through the City Deal, it will be based next to the Queen Elizabeth University Hospital and will bring cutting edge science to a real world clinical setting, with medical treatments tailored to patients.*
- *A **£21 million additional funding** boost for the Glasgow's Avenues project was announced in November 2021, in the form of Sustrans funding for the **Avenues Plus** project, which will complement and extend the existing programme of 17 streets to connect the city centre to further surrounding neighbourhood routes.*
- *In December 2021 over **£1 million** of City Deal funding announced for improvements at Tradeston, with **Barclays matching it with £1million funding of their own.***

While Covid brought delays to the City Deal infrastructure Programme, an extensive review of its impact on the infrastructure projects was completed in early 2021. We remain committed to all of our projects, with an updated programme plan now in place for their delivery. In the coming months we'll see considerable progress across many of these projects, including on the new iconic bridge over the M8 motorway in Glasgow, on a new manufacturing innovation district taking shape in Renfrewshire and in preparatory works at Ravenscraig – once one of Europe's largest derelict sites.

With local businesses benefitting from over **£100 million** worth of City Deal contracts to date – the City Deal is vital for our economy and supporting local jobs and businesses.

In terms of economic recovery – we have a strong plan in place, and one which is green. Work by our dedicated Intelligence Hub resource for economic research and insight, identified the key issues and emerging opportunities arising from Covid, helping us to shape the best solutions and bring forward new ideas to protect the Region. This includes proposals for **a £5 billion home energy retrofit programme which will reduce fuel poverty, cut carbon emissions and create meaningful local jobs**. This exciting initiative requires a sustained ten-year investment which we estimate would support over 75,000 jobs and generate £4.4 billion in Gross Value Added (GVA) across the Region.

Our ambitions are undimmed by Covid and we have much to look forward to in the coming months. We will continue to work with the UK and Scottish governments to accelerate, prioritise, and expand infrastructure capital investment, particularly on significant transformational projects. We want to see the River Clyde – the greatest untapped development opportunity in Western Europe - brought back into productive use through the Clyde Mission initiative. We want to see the development of a new Metro system, connecting communities across the Region, and we want to see growth in those sectors which will be at the forefront of economic recovery. Glasgow City Region is now one of the most innovative city regions in Europe with three emerging Innovation Districts – all catalysed by City Deal investment.

All of these projects will help to protect the Region, draw investment, create jobs and opportunities for local businesses and support a green recovery.

Further information and progress updates are available from [www.glasgowcityregion.co.uk](http://www.glasgowcityregion.co.uk)

The Programme Risk Register was refreshed throughout 2020/21. The impact of COVID-19 has changed the risk profile and the Programme Issue Log more recently with delays in the development and approval of business cases, procurement, design and construction activity all subject to delay. The PMO is in liaison with the Scottish and UK governments to keep them abreast of COVID-19 related issues as they continue to develop and to agree recovery and mitigation.

The PMO is funded by the eight member authorities and this contribution is managed within each authorities' financial resources. The PMO budget is set and recharged to member authorities annually and on the grounds of materiality the long-term funding of the PMO is currently not considered to be a major financial risk.

## Financial Performance

The cost of running the PMO is the main item of expenditure of the Cabinet. Salary costs and any administrative expenses incurred by the PMO are re-imbursed in full from the participating authorities.

The total gross budget for the PMO was set at £1,267,902 and along with a funding carry forward from previous years of £7,604 and additional income of £214,456 this provided total financial resources of £1,489,962 in 2020/21. Expenditure of £1,215,636 was incurred for the period, resulting in an underspend of £52,266 against budget due mainly to savings in employee costs from vacancies and the temporary redeployment of staff to work on business grants during the year.

When combined with the funding carry forward from prior year, and the additional income from grants and interest receipts, a balance of £274,326 has been carried forward into 2021/22 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

15 February 2022

Annemarie O'Donnell  
Chief Executive  
Glasgow City Council

15 February 2022

Martin Booth  
Executive Director  
of Finance

15 February 2022

## ❖ **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 City Deal Cabinet at its meeting on 15 February 2022.

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

15 February 2022



## **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 2021 and the transactions for the year then ended.

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

15 February 2022

### 3. Comprehensive Income and Expenditure Statement for the year ended 31 March 2021

2019/20 (restated) £	Service	Note	2020/21 £
1,365,395	Gross expenditure	3	1,215,636
(1,315,534)	Gross income	3	(1,164,201)
<b>49,861</b>	<b>Cost of Services</b>		<b>51,435</b>
(49,861)	Interest and investment income		(51,435)
<b>(49,861)</b>	<b>Financing and Investment Income and Expenditure</b>		<b>(51,435)</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 2021

31 March 2020 (restated) £	Note	31 March 2021 £
2,390	Short-term debtors	0
310,867	Cash and cash equivalents	499,567
<b>313,257</b>	<b>Current Assets</b>	<b>499,567</b>
(313,257)	Short-term creditors	(499,567)
<b>(313,257)</b>	<b>Current Liabilities</b>	<b>(499,567)</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 2021.

The unaudited accounts were issued on 24 June 2021 and the audited accounts were authorised for issue on 15 February 2022

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

15 February 2022

## 5. Cash Flow Statement for the Year ended 31 March 2021

2019/20 (restated) £	Revenue Activities	2020/21 £
0	Surplus or (Deficit) on the Provision of Services	0
	Adjustments for non-cash items:	
(2,390)	(Increase) / decrease in debtors	2,390
(20,931)	Increase / (decrease) in creditors	186,310
(23,321)		188,700
<b>(23,321)</b>	<b>Net cash inflow / (outflow) from activities</b>	<b>188,700</b>
<b>334,188</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>310,867</b>
<b>310,867</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>499,567</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 2021 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 2020/21 (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 2021 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 2021. Salaries and wages earned to 31 March 2021 are included in the accounts for 2020/21 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 2021.
- 1.5 There were no complex transactions or potential future uncertainties requiring critical judgements or estimations of uncertainty in preparing the 2020/21 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 2020/21 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 2020/21.

	Note	2019/20 (restated) £	2020/21 £
<b>Income</b>			
Expenditure re-imburement from participating local authorities	4	(1,315,534)	(1,050,992)
Grants received		0	(113,209)
Interest		(49,861)	(51,435)
<b>Total income</b>		<b>(1,365,395)</b>	<b>(1,215,636)</b>
<b>Expenditure</b>			
Employee costs		968,546	911,707
Transport		1,427	0
Supplies and services		387,012	295,329
Third Party Payments		8,410	8,600
<b>Total expenditure</b>		<b>1,365,395</b>	<b>1,215,636</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 2020/21 there was also £113,209 grants received and £51,435 interest and this is included in total income of £1,215,636 resulting in a PMO recharge to all member authorities of £1,050,992.

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 2020/21 £</b>
East Dunbartonshire Council	62,011
East Renfrewshire Council	54,654
Glasgow City Council	357,303
Inverclyde Council	45,195
North Lanarkshire Council	195,495
Renfrewshire Council	101,952
South Lanarkshire Council	182,881
West Dunbartonshire Council	51,501
<b>Total</b>	<b>1,050,992</b>

#### 5. Employee benefits

All 13 full time members of staff of the Joint committee were employed on a secondment basis. A total of 11 members of staff were employed by Glasgow City Council and 2 members of staff by Renfrewshire 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 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 2021. 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 2020/21 of £499,567 comprises the following:-

Short-term creditors	31 March 2021 £
Audit Scotland	5,733
Clyde Gateway	50,209
National Panel and Commission	11,746
West Dunbartonshire Council	55,000
Renfrewshire Council	79,169
East Renfrewshire Council	8,384
Skills Development Scotland	15,000
City Region 20/21 Credit Recharge	274,326
<b>Total sundry creditors</b>	<b>499,567</b>

## 7. Remuneration Report

Glasgow City Region – City Deal Cabinet is a Joint Committee comprising eight participating local authorities. The Cabinet does not directly employ any members of staff, with all services being provided by staff of the participating authorities on a secondment basis.

A remuneration report providing disclosures in respect of elected members and chief officers of the Councils, including those with authority and responsibility for the Cabinet are included in the Annual Accounts of each of the participating local authorities.



## 8. Related Parties

Glasgow City Council is the administering body responsible for the Joint Committee. The Joint Committee uses the administering body's financial and payroll systems and banking facilities. The related party transactions between the Joint Committee and Glasgow City Council are shown in the table below. 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	2020/21 Expenditure £	2020/21 Income £	Cash and Cash Equivalents at 31 March 2021 £
<b>Related bodies</b>			
Glasgow City Council	357,303	357,303	499,567

## 9. Auditor remuneration

Audit Scotland has agreed with the Joint Committee that the audit fee would be £8,600 for the 2020/21 financial year. No fees were payable in respect of other services provided by the appointed auditor.

## 10. Events after the balance sheet date

There were no material events between 31 March 2021 and the date of signing that require to be reflected in the Financial Statements.

## 11. Prior Year Adjustment

Interest Income earned on the City Deal grant held by Glasgow City Region amounting to £49,861, in respect of 2019/20, was accounted for in 2020/21. This resulted from the timing of the calculation which coincided with the initial pandemic lockdown.

The interest amount relating to a prior year is deemed to be a material sum and as such, a prior year adjustment has been reflected in the accounts. The effect on the financial statements is noted in the table below.

	Originally Stated 2019/20 £	Restated 2019/20 £	Amount of Restatement £
Effect on the Comprehensive Income and Expenditure Statement for the year ended 31 March 2020			
• Gross income	(1,365,395)	(1,315,534)	49,861
• Cost of services	0	49,861	49,861
• Interest and investment income	0	(49,861)	(49,861)
• Financing and investment income and expenditure	0	(49,861)	(49,861)
Effect on the Balance Sheet as at 31 March 2020			
• Cash and cash equivalents	261,006	310,867	49,861
• Current assets	263,396	313,257	49,861
• Short term creditors	(263,396)	(313,257)	(49,861)
• Current liabilities	(263,396)	(313,257)	(49,861)
Effect on the Cash Flow Statement for the Year ended 31 March 2020			
• Increase / (decrease) in creditors	(70,792)	(20,931)	49,861
• Net cash inflow / (outflow) from activities	(73,182)	(23,321)	49,861
• Cash and cash equivalents at the end of the reporting period	261,006	310,867	49,861

No correction was required to balances brought forward as at 1 April 2019.

## Annual Governance Statement 2020/21

### 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 2020/21.

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*".

## **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. A revised Assurance Framework 2021 was approved by the cabinet and implemented operationally during 2020/21.

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

There were no significant governance issues reported in 2019/20.

### **Internal Audit Opinion**

Assurance work undertaken within the Glasgow City Region Cabinet in 2020/21 included:

- An assessment of the level of compliance with CIPFA guidance, and the role and remit of the Cabinet and senior officer support groups to ensure they are operating as intended and following good practice.
- An audit to seek assurance that member authorities identify community benefits in business cases and include such clauses in their contracts, and that both member authorities and the PMO are effectively monitoring and measuring the realisation of community benefits.
- Further to the work undertaken in 2019/20, a review to gain assurance for the remaining member authorities that claims submitted for infrastructure project costs contain only actual and eligible expenditure, in compliance with Business Cases and conditions of grant.
- The implementation of recommended actions arising from previous audit work.

Glasgow City Council's Head of Audit and Inspection has confirmed that there are no significant governance issues that require to be reported as a result of the work undertaken by Internal Audit in 2020/21 in relation to the remit of the Glasgow City Region Cabinet. From the perspective of the Glasgow City Region Cabinet, no significant governance issues have been reported by the Internal Audit teams of the member authorities during the year.

## **Certification**

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the systems of governance that operate in the Glasgow City Region Cabinet. We consider the governance and internal control environment operating during 2020/21 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

15 February 2022

Chief Executive  
Glasgow City Council  
Annemarie O'Donnell

15 February 2022



## **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 2021 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 financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the 2020/21 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2020/21 Code of the state of affairs of the Glasgow City Region – City Deal Cabinet Joint Committee as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 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 five 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.

## **Risks of material misstatement**

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), 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 deemed inappropriate.

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 economic 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

### Statutory other information

The Executive Director of Finance is responsible for the statutory other information in the annual accounts. The statutory 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 statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in 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 statutory 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 statutory 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, 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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Glasgow  
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15 February 2022