

# Agenda



## Capital Region City Deal Joint Cabinet

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Date: Friday, 30 June 2017

Time: 11.30 am

Venue: Ty Dysgu, Nantgarw

To: Councillor D Wilcox

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Item		Wards Affected
1	<u>Welcome and Apologies for Absence</u>	
a	<u>Agenda</u> (Pages 3 - 4)	
2	<u>Declarations of Interest</u>	
3	<u>Election of a Chairperson for forthcoming year</u>	
4	<u>Election of Vice Chairperson for forthcoming year</u>	
5	<u>2016-17 Out Turn Report &amp; Annual Financial Return</u> (Pages 5 - 22)	
6	<u>To Receive Minutes of 17 March 2017 and 2 May 2017</u> (Pages 23 - 30)	
7	<u>Date of Next Meeting</u>	

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## Cardiff Capital Region City Deal

### Regional Cabinet

Friday 30 June 2017, 11.30 a.m.

Ty Dysgu, Nantgarw

### Agenda

#### ANNUAL GENERAL MEETING MATTERS

1. Welcome and Apologies for Absence  
To receive any apologies for absence
2. Declarations of Interest  
To be made at the start of the Agenda Item in question, in accordance with the members Code of Conduct
3. Chairperson  
To elect a Chairperson for the forthcoming year.  
  
Vice Chairperson(s)  
To elect a Vice chairperson(s) for the forthcoming year.
4. 2016/17 Out-Turn Report & Annual Financial Return  
To receive the Report of the City of Cardiff Council Corporate Director of Services  
- attached
5. To receive and approve the minutes of the Regional Cabinet at its meetings on:-
  - a) 17 March 2017 - attached
  - b) 02 May 2017 - attached
6. Date of Next Meeting

Sheila Davies  
CCR Programme Director  
26<sup>th</sup> June 2017

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## **CARDIFF CAPITAL REGION JOINT CABINET**

### **REGIONAL CABINET MEETING 30<sup>th</sup> JUNE 2017**

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#### **2016/17 OUT-TURN REPORT AND ANNUAL FINANCIAL RETURN**

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

#### **AGENDA ITEM: 4**

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##### **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 1<sup>st</sup> March – 31<sup>st</sup> March 2017.
2. To present to Joint Cabinet the draft unaudited Annual Smaller Bodies Return (Annual Return) for the year ended 31<sup>st</sup> March 2017, for consideration and approval, in-line with the statutory deadline of 30<sup>th</sup> 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 25<sup>th</sup> January and 9<sup>th</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> to 31<sup>st</sup> March 2017.
6. The ‘Update on Accountable Body Arrangements’ report considered by Joint Cabinet at its meeting of the 17<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> February 2017. The table also sets out the expenditure incurred during March 2017 and the surplus remaining as at the 31<sup>st</sup> March.

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

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

*\*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 1<sup>st</sup> 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 31<sup>st</sup> 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 11<sup>th</sup> July and Monday 7<sup>th</sup> 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 30<sup>th</sup> 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 1<sup>st</sup> March – 31<sup>st</sup> March 2017.
22. To approve the unaudited Smaller Bodies Annual Return for the year ended 31<sup>st</sup> March 2017 in-line with the statutory deadline of 30<sup>th</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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**  
**30<sup>th</sup> June 2017**

*The following Appendix is attached:*

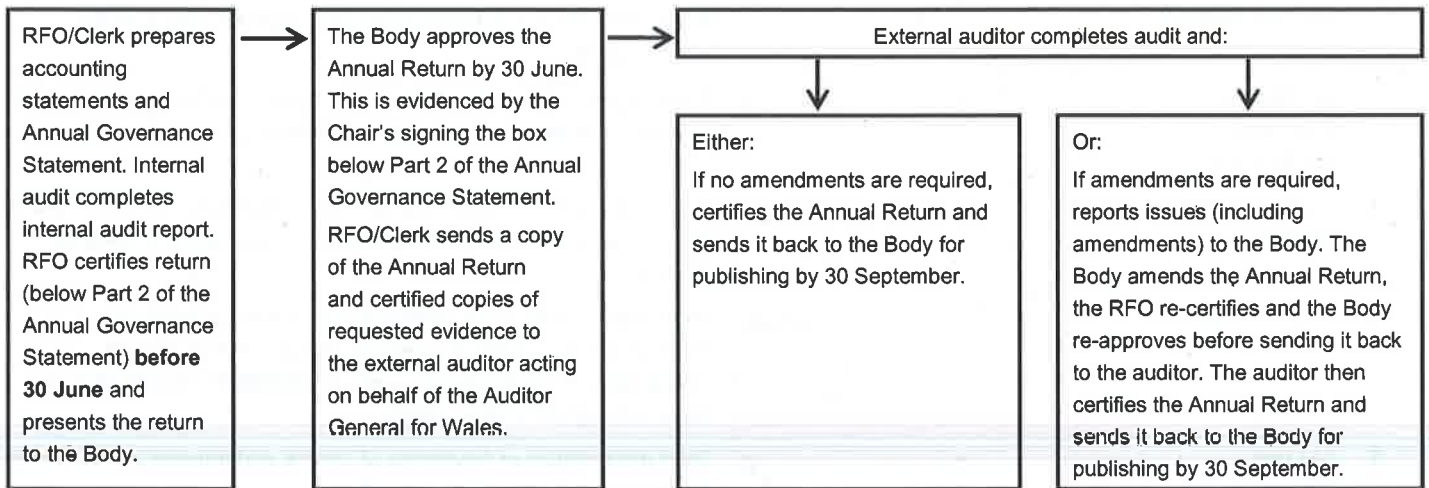
Appendix A - Annual Smaller Bodies Return

## Smaller local government bodies in Wales Annual Return for the Year Ended 31 March 2017

Smaller local government bodies in Wales must prepare annual accounts following proper practices as set out in the One Voice Wales/SLCC publication **Governance and accountability for local councils in Wales – A Practitioners' Guide** (the Practitioners' Guide). The Practitioners' Guide states that bodies may prepare their accounts in the form of an annual return prepared by the Wales Audit Office.

### The accounts and audit process

The accounts and audit arrangements follow the process as set out below.



**PLEASE READ THE GUIDANCE ON COMPLETING THIS ANNUAL RETURN AND COMPLETE ALL SECTIONS HIGHLIGHTED IN RED INCLUDING BOTH SECTIONS OF THE ANNUAL GOVERNANCE STATEMENT**

Incomplete or incorrect returns may require additional external audit work and incur additional costs. Send the **original** Annual Return, together with all additional information requested, to the external auditor acting on behalf of the Auditor General for Wales. Unless requested, please **do not** send any original financial or other records to the external auditor.

Audited and certified returns are sent back to the Body for publication or display of the accounting statements, Annual Governance Statement and the Auditor General for Wales' certificate and report.

### Completion checklist

'No' answers mean that you may not have met requirements		Done?	
		Yes	No
<b>Initial submission to the external auditor</b>			
<b>Accounts</b>	Has the RFO certified the accounting statements and the body approved the Annual Return (as evidenced by the relevant signatures), no later than 30 June 2017?	<input type="checkbox"/>	<input type="checkbox"/>
	Do the accounts add up and does the balance carried forward from last year equal the opening balance this year?	<input type="checkbox"/>	<input type="checkbox"/>
	Do the papers to be sent to the external auditor include an explanation of significant variations, including a quantified analysis of the changes from last year to this year?	<input type="checkbox"/>	<input type="checkbox"/>
	Does the bank reconciliation as at 31 March 2017 agree to line 9?	<input type="checkbox"/>	<input type="checkbox"/>
<b>All sections</b>	Have all red boxes been completed and explanations provided where needed?	<input type="checkbox"/>	<input type="checkbox"/>
<b>Supporting evidence</b>	Has all the information requested by the external auditor been sent with this Annual Return? Please refer to your notice of audit and any additional schedules provided by your external auditor.	<input type="checkbox"/>	<input type="checkbox"/>

# Accounting statements 2016-17 for:

Name of body: CCRCD Regional Cabinet – March 2017

	Year ending		Notes and guidance for compilers													
	31 March 2016 (£)	31 March 2017 (£)														
<b>Statement of income and expenditure/receipts and payments</b> Please round all figures to nearest £. Do not leave any boxes blank and report £0 or nil balances. All figures must agree to the underlying financial records for the relevant year.																
1. Balances brought forward	0	0	Total balances and reserves at the beginning of the year as recorded in the financial records. Must agree to line 7 of the previous year.													
2. (+) Income from local taxation/levy	0	0	Total amount of income received/receivable in the year from local taxation (precept) or levy/contribution from principal bodies.													
3. (+) Total other receipts	0	407,527	Total income or receipts recorded in the cashbook minus amounts included in line 2. Includes support, discretionary and revenue grants.													
4. (-) Staff costs	0	(23,158)	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and related expenses eg termination costs.													
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on external borrowing (if any).													
6. (-) Total other payments	0	(156,619)	Total expenditure or payments as recorded in the cashbook minus staff costs (line 4) and loan interest/capital repayments (line 5).													
7. (=) Balances carried forward	0	227,750	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6).													
<b>Statement of balances</b>																
8. (+) Debtors and stock balances	0	0	<b>Income and expenditure accounts only:</b> Enter the value of debts owed to the body and stock balances held at the year-end.													
9. (+) Total cash and investments	0	384,389	<b>All accounts:</b> The sum of all current and deposit bank accounts, cash holdings and investments held at 31 March. This must agree with the reconciled cashbook balance as per the bank reconciliation.													
10. (-) Creditors	0	(156,639)	<b>Income and expenditure accounts only:</b> Enter the value of monies owed by the body (except borrowing) at the year-end.													
11. (=) Balances carried forward	0	227,750	<b>Total balances should equal line 7 above:</b> Enter the total of (8+9-10).													
12. Total fixed assets and long-term assets	0	0	The <b>original</b> asset and investment register value of all fixed assets and any other long-term assets held as at 31 March.													
13. Total borrowing	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).													
14. Trust funds disclosure note	<table border="1"> <tr> <th>Yes</th> <th>No</th> <th>N/A</th> <th>Yes</th> <th>No</th> <th>N/A</th> </tr> <tr> <td><input type="radio"/></td> <td><input type="radio"/></td> <td><input checked="" type="radio"/></td> <td><input type="radio"/></td> <td><input type="radio"/></td> <td><input checked="" type="radio"/></td> </tr> </table>	Yes	No	N/A	Yes	No	N/A	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>			The Body acts as sole trustee for and is responsible for managing (a) trust fund(s)/assets (readers should note that the figures above do not include any trust transactions).
Yes	No	N/A	Yes	No	N/A											
<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>											

# Annual Governance Statement (Part 1)

We acknowledge as the members of the Council/Board/Committee, our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2017, that:

	Agreed?		'YES' means that the Council/Board/Committee:	PG Ref	
	Yes	No*			
<p>1. We have put in place arrangements:</p> <ul style="list-style-type: none"> <li>Effective financial management during the year; and</li> <li>For the preparation and approval of the accounting statements.</li> </ul>	<input checked="" type="radio"/>	<input type="radio"/>	Properly sets its budget and manages its money and prepares and approves its accounting statements as prescribed by law.	6, 12	
<p>2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.	6, 7	
<p>3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the Council/Board/Committee to conduct its business or on its finances.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so.	6	
<p>4. We have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Has given all persons interested the opportunity to inspect and to ask questions about the Body's accounts.	6, 23	
<p>5. We have carried out an assessment of the risks facing the Council/Board/Committee and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Considered the financial and other risks it faces in the operation of the Body and has dealt with them properly.	6, 9	
<p>6. We have maintained an adequate and effective system of internal audit of the accounting records and control systems throughout the year and have received a report from the internal auditor.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the Body.	6, 8	
<p>7. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the Council/Board/Committee and, where appropriate, have included them on the accounting statements.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.	6	
<p>8. We have taken appropriate action on all matters raised in previous reports from internal and external audit.</p>	<input checked="" type="radio"/>	<input type="radio"/>	Considered and taken appropriate action to address issues/weaknesses brought to its attention by both the internal and external auditors.	6, 8, 23	
<p>9. Trust funds – in our capacity as trustee, we have:</p> <ul style="list-style-type: none"> <li>Discharged our responsibility in relation to the accountability for the fund(s) including financial reporting and, if required, independent examination or audit.</li> </ul>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	Has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.	3, 6

\* Please provide explanations to the external auditor on a separate sheet for each 'no' response given; and describe what action is being taken to address the weaknesses identified.

## Annual Governance Statement (Part 2)

	Agreed?		'YES' means that the Council/Board/Committee:	PG Ref
	Yes	No*		
1. We have registered as an employer with HM Revenue and Customs and properly operate Pay As You Earn as part of our payroll arrangements; <b>or</b> We do not need to register for PAYE because none of our employees are paid £112 or more a week, get expenses and benefits, have another job or get a pension.	<input checked="" type="radio"/>	<input type="radio"/>	Has registered as an employer and properly operate PAYE unless <b>all</b> of the exemption criteria are met.	13
2. We have maintained proper payroll records for each of our employees including deductions of tax and national insurance.	<input checked="" type="radio"/>	<input type="radio"/>	Has kept records of payments made to employees including taxable expenses or benefits and of payments made to HMRC	13
3. We have adopted a Code of Conduct setting out proper standards of behaviour expected of councillors and individually, have agreed to abide by the Code.	<input checked="" type="radio"/>	<input type="radio"/>	The body and its members have adopted and agreed to abide by a Code of Conduct as required by law.	8

\* Please delete as appropriate.

### Council/Board/Committee approval and certification

The Council/Board/Committee is responsible for the preparation of the accounting statements in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014 and for the preparation of the Annual Governance Statement.

<b>Certification by the RFO</b> I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Council/Board/Committee, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2017.	<b>Approval by the Council/Board/Committee</b> I confirm that these accounting statements and Annual Governance Statement were approved by the Council/Board/Committee under minute reference:  Insert minute reference and date of meeting
<b>RFO signature:</b> signature <i>C. SALTER</i>	<b>Chair signature:</b> signature required
<b>Name:</b> name required C. SALTER	<b>Name:</b> name required
<b>Date:</b> dd/mm/yyyy 19.6.17	<b>Date:</b> dd/mm/yyyy

### Council/Board/Committee re-approval and re-certification (only required if the annual return has been amended at audit)

<b>Certification by the RFO</b> I certify that the accounting statements contained in this Annual Return presents fairly the financial position of the Council/Board/Committee, and its income and expenditure, or properly presents receipts and payments, as the case may be, for the year ended 31 March 2017.	<b>Approval by the Council/Board/Committee</b> I confirm that these accounting statements and Annual Governance Statement were approved by the Council/Board/Committee under minute reference:  Insert minute reference and date of meeting
<b>RFO signature:</b> signature required	<b>Chair signature:</b> signature required
<b>Name:</b> name required	<b>Name:</b> name required
<b>Date:</b> dd/mm/yyyy	<b>Date:</b> dd/mm/yyyy

## Auditor General for Wales' Audit Certificate and report

The external auditor conducts the audit on behalf of, and in accordance with, guidance issued by the Auditor General for Wales. On the basis of their review of the Annual Return and supporting information, they report whether any matters that come to their attention give cause for concern that relevant legislation and regulatory requirements have not been met.

We certify that we have completed the audit of the Annual Return for the year ended 31 March 2017 of:

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### External auditor's report

[Except for the matters reported below]\* On the basis of our review, in our opinion, the information contained in the Annual Return is in accordance with proper practices and no matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

[[These matters along with]\* Other matters not affecting our opinion which we draw to the attention of the body and our recommendations for improvement are included in our report to the body dated \_\_\_\_\_.]

### Other matters and recommendations

On the basis of our review, we draw the Body's attention to the following matters and recommendations which do not affect our audit opinion but should be addressed by the Body.

(Continue on a separate sheet if required.)

External auditor's name:

External auditor's signature:

Date:

For and on behalf of the Auditor General for Wales

\* Delete as appropriate.

## Annual internal audit report to:

Name of body: CCRCD Regional Cabinet- March 2017

The Council's Internal audit, acting independently and on the basis of an assessment of risk, has included carrying out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ending 31 March 2017.

The internal audit has been carried out in accordance with the CCRCD Regional Cabinet's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and the internal audit conclusions on whether, in all significant respects, the following control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the CCRCD Regional Cabinet.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
1. Appropriate books of account have been properly kept throughout the year.	☉	☉	☉	☉	<p>The CCRCD Regional Cabinet only came into formal existence on 1<sup>st</sup> March 2017. Accounts have existed for the Month of March 2017.</p> <p>CCRCD - Financial Monitoring;</p> <ul style="list-style-type: none"> <li>• CCRCD- Income –Expenditure SAP download Status 05.05.2017</li> <li>• CCRCD- Financial Monitoring Outturn Report- 2016/2017 - Partner Contribution Budget Statement.</li> </ul> <p>CCRCD-Public reports pack 17<sup>th</sup> March 2017;</p> <ul style="list-style-type: none"> <li>• CCRCD-Accountable body arrangements</li> <li>• Transition Plan 2017/2018- Preparing the budget and indicative budget for the following four years until 2021/22.</li> <li>• Consideration of Accounting and reporting arrangements for income and expenditure. (Statutory Duties)</li> </ul> <p>Regular progress against budget is maintained and monitored by the Accountant and will be discussed at CCRCD Regional Cabinet Project Board Management Meetings and Contract Management Board.</p>
2. Financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.	☉	☉	☉	☉	<p>The Accountable Body, Cardiff Council, have ensured that the annual accounts of the Cardiff Capital Regional Cabinet are prepared in accordance with the Code of Practice on Local Authority Accounting.</p> <p>They have set up a Technical Group which comprises of representatives from each of the ten participating authorities with a representative from the WAO's technical Team also forming part of the Group</p>



	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
					<p>acting as a critical friend within an observer role.</p> <p>Invoice Sample Test Working Paper;</p> <ul style="list-style-type: none"> <li>• CCRCD- Salary March 2017- Project Manager</li> <li>• CCRCD- Salary March 2017- Programme Director</li> <li>• CCRCD- Invoice- Meeting costs 10.03.2017</li> <li>• CCRCD- Invoice- Meeting costs 03.03.2017</li> <li>• CCRCD- Invoice- Pinsent Masons- Consultant Fees- GL Code 44409</li> </ul> <p>VAT is accounted for under the accountable body: Cardiff Councils VAT registration with the necessary disclosures and permissions being sought from HMRC.</p> <ul style="list-style-type: none"> <li>• Cardiff Capital Regional Cabinet (CCRCD) VAT Notification</li> </ul>
<p>3. The body assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.</p>					<p>The CCRCD Regional Cabinet only came into formal existence on 1<sup>st</sup> March 2017, based on this the body is currently assessing their significant risks to achieving their objectives and are currently implementing a Risk Management strategy and monitoring program.</p> <p>The group's terms of reference is to carry out this detailed piece of work regarding the accounting and reporting of implications that may arise from the implementation of the CCRCD Regional Cabinet's Wider investment fund.</p> <p>The Group will consider a range of scenarios in terms of how "fund expenditure" may be incurred and will work through the accounting entries featured in the accounts of the:</p> <ul style="list-style-type: none"> <li>• Cardiff Capital Regional Cabinet</li> <li>• Accountable Body</li> <li>• Participant Authorities</li> <li>• Authority responsible for leading a project(s)</li> </ul> <p>Initial findings will be reported back to the Accountable Body in conjunction with the s151 officer. This protocol is based on the financial principles set out in the Joint Working Agreement.</p> <p>CCRCD's Regional Cabinet's inherent risk(s) will also be monitored and mitigated via the Cardiff City Council Corporate Risk Register, which is subject to review twice a</p>

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
					year.
4. The annual precept/levy/resource demand requirement resulted from an adequate budgetary process, progress against the budget was regularly monitored, and reserves were appropriate.	☉	☉	☉	☉	<p>Regular progress against budget is in place, maintained and monitored by the Accountant as stated under the Accounting and Reporting Arrangements statutory Duties.</p> <ul style="list-style-type: none"> <li>Financial Monitoring Report for March 2017</li> </ul> <p>As the Accountable Body, the City of Cardiff Council have taken responsibility for these duties as required by the Cardiff Capital Regional Cabinet.</p>
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked, and VAT was appropriately accounted for.	☉	☉	☉	☉	<p>Detailed Income contribution explained and illustrated on the Partner contribution budget Statement.</p> <p>Income and Expenditure transactions was in place and accounted for separately in the profit and loss account.</p> <p>VAT is accounted for under the accountable body's VAT registration with the necessary disclosures and permissions being sought from HMRC</p> <ul style="list-style-type: none"> <li>CCRCD 2016/2017 Financial Monitoring Report/ Projected Outturn Position as at 31<sup>st</sup> March 2017.</li> <li>CCRCD- Profit and Loss Accounts- Income- Expenditure report from SAP.</li> </ul>
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.	☉	☉	☉	☉	No Petty Cash
7. Salaries to employees and allowances to members were paid in accordance with minuted approvals, and PAYE and NI requirements were properly applied.	☉	☉	☉	☉	<p>"Three members of staff were funded by CCRCD Joint Regional Cabinet during March 2017. Each staff member was paid directly by the respective employing authority and these costs were fully reimbursed by CCRCD Joint Regional Cabinet based on the agreed funding arrangements."</p> <p>Programme Director, Project Manager and Technical Engineer</p> <ul style="list-style-type: none"> <li>Sampled and checked, OK</li> </ul>
8. Asset and investment registers were complete, accurate, and properly maintained.	☉	☉	☉	☉	The CCRCD Regional Cabinet has no separate legal identity and so cannot own property, accept grants or enter into contracts in its own right.

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
9. Periodic and year-end bank account reconciliations were properly carried out.	☉	☉	☉	☉	<p>Monthly and year-end bank account reconciliations for inter companies are undertaken as part of the council wide year-end bank reconciliations, any imbalances are rectified during the course of the year.</p> <p>Inter companies are not identified individually throughout the year. Both of which are subject to review by Welsh Audit Office throughout the year.</p> <p>End of year individual 'FICO' reconciliations carried out for CCRCD: AZ999 93601 (cc1000) = <b>£18,772.74</b> Control Accountant Year End 2016/17 Bank Account Cashbook balance (cc9040) = <b>£18,772.74</b></p> <p>Bank reconciliations were undertaken by a suitable qualified person.</p>
10. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cashbook, were supported by an adequate audit trail from underlying records, and where appropriate, debtors and creditors were properly recorded.	☉	☉	☉	☉	<p>Accounting statement prepared for the Month of March 2017 were prepared on the correct accounting basis with receipts and payments/ income and expenditure supported by an adequate audit trail in SAP.</p> <p>Checked and sampled;</p> <p>Statements prepared for the Month of March 2017 were prepared on the correct accounting basis with receipts and payments/ income and expenditure supported by an adequate audit trail in SAP.</p> <ul style="list-style-type: none"> <li>• CCRCD- Income –Expenditure SAP download Status 05.05.2017</li> <li>• CCRCD- Financial Monitoring Outturn Report- 2016/2017 - Partner Contribution Budget Statement.</li> <li>• CCRCD-Accountable Body Arrangements 17<sup>th</sup> March 2017-</li> <li>• Joint Cabinet Meeting 17<sup>th</sup> March 2017- Role of the Accountable Body and the associated resource implications and requirements for Governance.</li> <li>• Joint Cabinet Meeting 2 May 2017- Grant Funding Terms and Conditions.</li> <li>• Sampled:</li> <li>• CCRCD- Invoice Consultant Fees Pinsent Masons 31.03.2017</li> <li>• CCRCD- Invoice Meeting Costs 10.03.2017</li> </ul>

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
					<ul style="list-style-type: none"> <li>• CCRCD- Invoice Meeting Costs 03.03.2017</li> <li>• CCRCD- City Deal- Local Authority Contribution</li> <li>• CCRCD- Intercompany cash reconciliation</li> <li>• CCRCD- Local Authority Contribution</li> </ul>
11. Trust funds (including charitable trusts). The Council has met its responsibilities as a trustee.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	No Trust funds.

For any risk areas identified by the Council/Board/Committee (list any other risk areas below or on separate sheets if needed) adequate controls existed:

	Agreed?				Outline of work undertaken as part of the internal audit (NB not required if detailed internal audit report presented to body)
	Yes	No*	N/A	Not covered**	
12. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text
13. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text
14. Insert risk area	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Insert text

\* If the response is 'no', please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\* If the response is 'not covered', please state when the most recent internal audit work was done in this area and when it is next planned, or if coverage is not required, internal audit must explain why not.

### Internal audit confirmation

I confirm that as the Council's internal auditor, I have not been involved in a management or administrative role within the body or as a member of the body during the financial years 2015-16 and 2016-17. I also confirm that there are no conflicts of interest surrounding my appointment.

Name of person who carried out the internal audit:	PERNILLE LARSEN	IAN ALLOWOOD
Signature of person who carried out the internal audit:	<i>Pernille Larsen</i>	<i>I Allowood</i>
Date:	5/6-17	5.6.17

## Guidance notes on completing the Annual Return

1. You must apply proper practices when preparing this annual return. For guidance, please read the Practitioners' Guide (**Governance and accountability for local councils: A Practitioners' Guide (Wales)**) – available from One Voice Wales and SLCC. It contains everything you need for the financial year-end and the statutory audit.
2. The Wales Audit Office Good Practice Exchange ([www.audit.wales/good-practice/finance/community-council-money](http://www.audit.wales/good-practice/finance/community-council-money)) provides further information on the accounts and audit process along with guidance on governance matters.
3. Make sure that the Annual Return is fully completed ie, no empty red boxes. Please avoid making any amendments to the completed return. If this is unavoidable, cross out the incorrect entries, make sure the amendments are drawn to the attention of the body, properly initialled and an explanation for them is provided to the external auditor. **Please do not use correction fluid.** Annual returns that are incomplete or contain unapproved and/or unexplained amendments or correction fluid will be returned unaudited and may incur additional costs.
4. **There are now two boxes for certification and approval by the Body. The second box is only required if the annual return has to be amended as a result of the audit. You should only complete the top box before sending the form to the auditor.**
5. Use a second pair of eyes, perhaps the Chair or a member, to review your Annual Return for completeness before sending the original form to the auditor.
6. Make sure that your accounting statements add up, that the balance carried forward from the previous year (line 7 of 2016) equals the balance brought forward in the current year (line 1 of 2017). Explain any differences between the 2016 figures on this annual return and the amounts recorded in last year's annual return.
7. Explain fully any significant variances in the accounting statements. Do not just send in a copy of your detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include a detailed analysis to support your explanation and be specific about the values of individual elements making up the variances.
8. Make sure that the copy of the bank reconciliation you send to your auditor with the Annual Return covers **all** your bank accounts and cash balances. If there are no reconciling items, please state this and provide evidence of the bank balances. If your Council holds any short-term investments, please note their value on the bank reconciliation. The auditor should also be able to agree your bank reconciliation to line 9 in section 1. More help on bank reconciliation is available in the Practitioners' Guide\*.
9. **Every** small body is now required to send to the external auditor, information to support the assertions made in the Annual Governance Statement. Your auditor will tell you what information you need to provide. Please read the audit notice carefully to ensure you include all the information the auditor has asked for. You should send **copies** of the original records (certified by the Clerk and Chair as accurate copies) to the external auditor and not the original documents themselves.
10. Please do not send the auditor any information that you are not specifically asked for. Doing so is not helpful.
11. If the auditor has to review unsolicited information, repeat a request for information, receives an incomplete bank reconciliation or explanation of variances or receives original documents that must be returned, the auditor will incur additional costs for which they are entitled to charge additional fees.
12. **Do not complete the Auditor General for Wales' Audit Certificate and report.** The external auditor completes this on behalf of the Auditor General for Wales on completion of the audit.
13. **Please deal with all correspondence with the external auditor promptly.** This will help you to meet your statutory obligations and will minimise the cost of the audit.
14. **Please note that if completing the electronic form, you must print the form for it to be certified by the RFO and signed by the Chair before it is sent to the auditor.**

# Guidance notes on completing the Annual Return

1. The form must be completed by the person who is responsible for the company's financial records. For guidance, please refer to the instructions on the reverse side of the form.
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## Cardiff Capital Region City Deal

### Joint Cabinet

### Minutes

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**JOINT CABINET: 17 MARCH 2017**

**VENUE: TY DYSGU, NANTGARW**

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**Present:**

Cllr Andrew Morgan, Leader (Chair)	-	Rhondda Cynon Taf Council
Chris Bradshaw, Chief Exec	-	Rhondda Cynon Taf Council
Cllr Jim McIlwee, Deputy Leader	-	Blaenau Gwent Council
Stephen Gillingham, Chief Exec	-	Blaenau Gwent Council
Cllr Huw David, Leader	-	Bridgend Council
Darren Mepham, Chief Exec	-	Bridgend Council
Chris Burns, Chief Exec	-	Caerphilly Council
Cllr David Poole	-	Caerphilly Council
Christina Harry?	-	Caerphilly Council
Cllr Ramesh Patel	-	Cardiff Council
Paul Orders, Chief Exec	-	Cardiff Council
Cllr Brendan Toomey, Leader	-	Merthyr Council
Gareth Chapman, Chief Exec	-	Merthyr Council
Paul Matthews, Chief Exec	-	Monmouthshire Council
Cllr Debbie Wilcox, Leader	-	Newport Council
Will Godfrey, Chief Exec	-	Newport Council
Cllr Anthony Hunt, Leader	-	Torfaen Council
Alison Ward, Chief Exec	-	Torfaen Council
Rob Thomas, Chief Exec	-	Vale of Glamorgan
Sheila Davies	-	City Deal

**Officers:**

Sian Workman	-	City Deal
John Duddridge	-	City Deal

## 1. Chairperson

It was proposed by Councillor B Toomey that Councillor Andrew Morgan be nominated as Chair. This was seconded by Councillor Debbie Wilcox.

**RESOLVED** – that Councillor Andrew Morgan be elected as Chair of the Cardiff Capital Region City Deal Joint Cabinet.

## 2. Welcome and Apologies for Absence

The Chair welcomed those present to the first meeting of the Joint Cabinet and the following apologies were received;

Councillors Neil Moore, Peter Fox, Keith Reynolds and Phil Bale.

## 3. Declarations of Interest

No declarations of interest were received.

## 4. Report on the Accountable Body Arrangements

The Joint Cabinet received a report providing an update on the role of the Accountable Body, role of the Project Management Office, the associated resource implications and the requirements for governance of the Cardiff Capital region. It was proposed that recommendation C be supplemented to make explicit that the proposed delegation to the Programme Director included authority to implement the Early Project Development & Support budget provision in respect of initial project investment appraisals, as referred to in paragraph 52 of the report.

**RESOLVED:** that

- a) the arrangements made for the City of Cardiff Council to deliver the Accountable Body functions as set out in this report are approved.
- b) the 2017/18 Budget Plan and Cardiff Capital Region Joint Cabinet 5 year summary budget as outlined in this report to cover the activities of the Programme Management Office and the Accountable Body are approved.
- c) Authority is delegated to the Programme Director and the Section 151 Officer of the City of Cardiff Council to implement the budget approved in recommendation b) above in respect of the Regional Office and Accountable Body respectively and in consultation with the lead Chief Executive for Cardiff Capital Region City Deal. The delegation to the Programme Director to include authority to implement the Early Project Development Support budget provision in respect of initial project investment appraisals.



- d) up to 3% of the Wider Investment Fund (over a 20 year period) be set-aside to fund the costs and contributions associated with a range of Regional Bodies and to meet the costs of Programme Development and Support, subject to Welsh Government funding terms and conditions.
- e) the Governance Protocol, attached in Appendix 1 is approved.

## 5. Report on the Transition Plan 2017/18

The Joint Cabinet considered a report detailing the scope, tasks and activities to efficiently address the requirement of the Joint Working Agreement ('JWA') in relation to the delivery of the Cardiff Capital Region City Deal. The report details a programme of works to meet the requirements. Discussion was had highlighting that the JWA makes provision for the preparation of a Joint Working Agreement Business Plan (as defined in the JWA), which is to be submitted to each Council for approval. The desire was expressed for this element of work to be progressed as quickly as was practicable and this be noted in the resolution.

**RESOLVED:** that

- a) The scope of the Transition Plan as detailed in 7a) to 7k) is approved,
- b) the recommendations as detailed in 8.1) to 8.15) are approved and
- c) the preparation of the Joint Working Agreement Business Plan, which is to be submitted to each Council for approval, be progressed as quickly as is practicable

## 6. Report on the Terms of Reference for the Programme Board

The Joint Cabinet considered a report detailing the purpose and functions of the Cardiff Capital Region Programme Board, the report also set out the terms of reference of Programme Board.

**RESOLVED:** that the Cardiff Capital Region Programme Board be established with the Terms of Reference detailed in Appendix 1 to the report.

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## CARDIFF CAPITAL REGION CITY DEAL REGIONAL CABINET MEETING

### MINUTES

REGIONAL CABINET MEETING: 2 MAY 2017

#### Regional Cabinet Members Present:

Cllr Andrew Morgan, Leader (Chair)	-	Rhondda Cynon Taf Council
Chris Bradshaw, Chief Exec	-	Rhondda Cynon Taf Council
Cllr Jim McIlwee, Deputy Leader	-	Blaenau Gwent Council
Stephen Gillingham, Chief Exec	-	Blaenau Gwent Council
Cllr Huw David, Leader	-	Bridgend Council
Darren Mepham, Chief Exec	-	Bridgend Council
Cllr David Poole	-	Caerphilly Council
Chris Burns, Chief Exec	-	Caerphilly Council
Cllr Phil Bale, Leader	-	Cardiff Council
Paul Orders, Chief Exec	-	Cardiff Council
Cllr Brendan Toomey, Leader	-	Merthyr Council
Gareth Chapman, Chief Exec	-	Merthyr Council
Cllr Peter Fox, Leader	-	Monmouthshire Council
Paul Matthews, Chief Exec	-	Monmouthshire Council
Cllr Debbie Wilcox, Leader	-	Newport Council
Will Godfrey, Chief Exec	-	Newport Council
Cllr Anthony Hunt, Leader	-	Torfaen Council
Alison Ward, Chief Exec	-	Torfaen Council
Cllr Neil Moore, Leader	-	Vale of Glamorgan
Rob Thomas, Chief Exec	-	Vale of Glamorgan

#### Officers:

Christine Salter	-	Accountable Body
Liz Weale	-	Accountable Body
Hrjinder Singh	-	Accountable Body
David Marr	-	Accountable Body
Sheila Davies	-	City Deal
Sian Lewis	-	City Deal
John Duddridge	-	City Deal
Matthew Swindell	-	City Deal
Kellie Beirne	-	Monmouthshire
Peter Davies	-	Monmouthshire

#### Apologies:

Cllr Stephen Thomas, Leader	-	Blaenau Gwent Council
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#### **Minute No. 4 GRANT FUNDING TERMS AND CONDITIONS REPORT**

Cabinet considered a report on behalf of the Accountable Body, relating to the discharge the Condition Subsequent detailed in Clause 2.3 of the Joint Working Agreement (JWA) in relation to the delivery of the Cardiff Capital City Deal. This condition requires the Regional Cabinet to approve the Welsh Government funding conditions relating to the HMT Contribution within six (6) months of the Commencement Date of 1<sup>st</sup> March.

**RESOLVED:** that

Regional Cabinet considered and deemed acceptable approval of the Welsh Government funding terms and conditions, including the clarifications formally agreed, which terms and clarifications are set out in Appendix 2. It was further agreed to authorise the Section 151 Officer of the CCRCD Accountable Body to formally sign acceptance of the Welsh Government funding terms and conditions on behalf of the Cardiff Capital Region Joint Cabinet.

#### **Minute No. 5 ANNUAL BUSINESS PLAN 2017-2018**

Regional Cabinet considered a report on behalf of the Accountable Body, relating to the discharge the Condition Subsequent detailed in Clause 2.3 of the Joint Working Agreement (JWA) in relation to the delivery of the Cardiff Capital City Deal. This condition requires the Regional Cabinet to approve the Welsh Government funding conditions relating to the HMT Contribution within six (6) months of the Commencement Date of 1<sup>st</sup> March.

**RESOLVED:** that

- a) For 2017-2018, waive all requirements for prior notification of an Annual Business plan, and
- b) For the purposes of complying with 2.4 and 7.3 of the Joint Working Agreement approve the Annual Business Plan 2017-2018, attached as Appendix 1, consisting of:
  - the Transition Plan 2017-2018 as agreed by Regional Cabinet on 17th March 2017;
  - a budget (money received) of £19,257,500 and the ability to commit up to £50m (fifty million pounds fifty) for the support of schemes, projects and programmes detailed in the Cardiff Capital Region Implementation Plan, which was approved as part of the JWA, with any specific proposal subject to approval of the Regional Cabinet;
- c) To note that if commitments exceed the available monies received in 2017-2018 this will result in committing future annual budgets;

- d) Agree to establish appropriate delivery vehicles to implement approved projects, for example a lead authority; special purpose vehicle; a community interest company.

## **Minute No.6            COMPOUND SEMI-CONDUCTOR PROJECT PROPOSAL**

**Appendices 1, 2, 3a, 3b, 4, 5a, 5b, 6a, 6b, and 7 of this report are exempt from publication because they contain information of the kind described in paragraphs 14 and 21 of parts 4 and 5 of Schedule 12A to the Local Government Act 1972.**

Regional Cabinet considered a report with a proposal received from the private sector to invest funding from the Wider Investment Fund to support the development of a Compound Semiconductor Industry Cluster in the region by establishing an anchor space in the region for high end production and manufacturing. Also provided was information, advice and analysis of the proposal to enable it to decide on this investment proposal and an explanation to the Regional Cabinet why the proposal would require the creation of a Special Purpose Vehicle to acquire a site and undertake associated works.

### **RESOLVED:** that

- (i) Compliance with the conditions contained in the external specialist advice contained in the confidential appendices to the main report,
- (ii) Reaching agreement as to the Heads of Terms referred to in Paragraphs a) and c) below,
- (iii) The matters referred to in Paragraph 10.3 of the confidential Appendix 6(a) (The Compound Semiconductor Project Proposal) being resolved, and

### Noting that:-

- 1) as regards one of the matters referred to Paragraph 10.3 of the confidential Appendix 6(a) (The Compound Semiconductor Project Proposal), Rhondda Cynon Taf County Borough Council (RCT) has agreed, in principle, to provide bridging finance for cash flow purposes as set out in Paragraph 31 of the report, through the most viable and cost effective mechanism and in the best interest of RCT and the wider City Deal constituent Councils at that time and in line with RCT's Treasury Management Strategy.

### **AGREED; that the Cardiff Capital Region Joint Cabinet:**

Support the development of a Compound Semiconductor Industry Cluster in the region by establishing an anchor space in the region for high end production and manufacturing by:

- a) Entering initially into a Heads of Terms agreement with Welsh Government and subsequently negotiate the purchase of a specific facility;

- b) In accordance with section 2.4 of the JWA, commit £38.4m of the HMT Contribution to the Wider Investment Fund for landlord works to the facility referred to in Paragraph a), building fit-out, ancillary works and associated management and supervision costs;
- c) Entering initially into a Heads of Terms agreement for an eleven-year lease, and subsequently granting a lease (of the facility referred to in Paragraph a) to the proposed lessee, with an in-built stair-cased rental profile and flexible Option to Purchase;
- d) To allow the head lessee, to enter into a sub-lease arrangement; and
- e) To make a direct award for the development and fit-out of the facility.

As such, Recommendations a) to e) are further detailed in the report and confidential appendices to the report.

It was further **RESOLVED:**

- f) In principle to establish a Special Purpose Vehicle to implement the proposal, the detailed arrangements of which will be the subject of a further report to the Regional Cabinet for approval;
- g) Prior to a Special Purpose Vehicle being established, to agree that for the purposes of continuity, Monmouthshire County Council continues to act as lead Authority to progress this matter; and
- h) That approval of this proposal requires amendment to the Annual Business Plan 2017-2018; this amendment is approved and will be reported back to the next meeting of the Regional Cabinet for noting.