
**GLASGOW AND CLYDE VALLEY CABINET
JOINT COMMITTEE**

Annual Accounts

For the year ended 31 March 2015

GLASGOW AND CLYDE VALLEY CABINET JOINT COMMITTEE

Financial Statements for the Year ended 31 March 2015

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❖ Management Commentary

History and Statutory Background

Glasgow and Clyde Valley area comprises the largest city- region in Scotland and one of the largest in the United Kingdom, with a population of 1.75 million people. As such, Glasgow and Clyde Valley is a key engine of economic growth for both the Scottish and UK economies, generating around 32% of Scotland's Gross Value Added, 33% of Scottish jobs and is home to 29% of all businesses in Scotland.

In 2014 eight Councils agreed in principle to establish a Joint Committee to govern the City Deal and determine the strategic economic development priorities for Glasgow and Clyde Valley region.

The Glasgow and Clyde Valley City Deal is an agreement between the UK government, the Scottish government and the 8 local authorities across Glasgow and Clyde Valley.

The £1.13bn City Deal will fund major infrastructure projects, drive innovation and growth and address challenges in the region's labour market.

Glasgow and Clyde Valley Cabinet Joint Committee is comprised of eight local authorities: East Dunbartonshire Council, East Renfrewshire Council, Glasgow City Council, Inverclyde Council, North Lanarkshire Council, Renfrewshire Council, South Lanarkshire Council and West Dunbartonshire Council.

An Agreement document was drafted setting out the operational structure of the Joint Committee and how its functions would be governed.

The Joint Committee has agreed that Glasgow City Council will be the Lead Authority.

The first formal meeting of the Joint Committee took place on 20th January 2015, with all participating local authorities having signed the agreement.

Structure

The lead body of the Joint Committee is Glasgow and Clyde Valley Cabinet which will meet at least quarterly.

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.

A Programme Management Office (PMO) will act as a secretariat for the cabinet and will be the central point for appraisal and monitoring of all aspects of City Deal.

The Cabinet will also be supported by a Chief Executives Group, which will oversee the management of the PMO in its delivery of the operational functions of the Cabinet. The Group will also propose a programme of works and where required provide recommendations.

The Chief Executives Group will also be supported by Sub-groups, comprised of officers from the participating councils, to provide advice as required.

The Cabinet will take advice from the Independent Commission on Urban Economic Growth and the Glasgow and Clyde Valley Economic Leadership Board.

Consultations will also take place with the Glasgow and Clyde Valley Programme Liaison Group, which has representatives from both the UK and Scottish Governments.

Strategic Aims

The City Deal is one of the largest ever agreed. It is an agreement between the UK Government, the Scottish Government and the eight local authorities across Glasgow and Clyde Valley. Over its 20 year lifetime, local leaders in Glasgow and the Clyde Valley estimate that the City Deal will:

- Support an overall increase in the economy of around 29,000 jobs in the city region.
- Work with 19,000 unemployed residents and support over 5,500 back into sustained employment.
- Secure £1 billion of Scottish Government and UK Government capital funding to support the proposed infrastructure investment programme for the area. This will be complemented by a minimum of £130 million of investment from Glasgow and Clyde Valley local authorities.
- Leverage in an estimated £3.3 billion of private sector investment into the proposed infrastructure investment programme.
- Spread the benefits of economic growth across Glasgow and Clyde Valley, ensuring deprived areas benefit from this growth.

Financial Performance

The first formal meeting of the Glasgow and Clyde Valley Cabinet was held on 20th January 2015.

The first accounting period, therefore, runs from 20th January 2015 to 31st March 2015 (71 day period).

The cost of running the Programme Management Office (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.

Expenditure of £68,349 was incurred for the period and was re-charged in total to the participating authorities on the basis set out in the Joint Committee Agreement.

There was a nil balance of funds as at 31st March 2015.

The accounts have been prepared on a going concern basis.

Councillor Gordon Matheson
Leader of the Administration
Glasgow City Council
18 August 2015

Lynn Brown MA (Hons) CPFA
Executive Director of Financial Services
Glasgow City Council
18 August 2015

❖ **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 Financial Services.
- To manage its affairs to secure economic, efficient and effective use of the resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (the Local Authority Accounts (Scotland) Regulations 2014), 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
- Approve the Annual Accounts for signature.

These annual accounts were approved by the Cabinet at its meeting on 18 August 2015.

Councillor Gordon Matheson
Leader of the Administration
Glasgow City Council
18th August 2015

2. Responsibilities of the Executive Director of Financial Services, Glasgow City Council

The Executive Director of Financial Services 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 CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this statement of accounts, the Executive Director of Financial Services has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgments and estimates that were reasonable and prudent.
- Complied with the legislation.
- Complied with the local authority Accounting Code (in so far as it is compatible with legislation).

The Executive Director of Financial Services has also:

- Kept proper accounting records which were up to date.
- 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 and Clyde Valley Cabinet Joint Committee as at 31 March 2015 and the transactions for the year then ended.

Lynn Brown MA (Hons) CPFA
Executive Director of Financial Services
Glasgow City Council
18 August 2015

3. Comprehensive Income and Expenditure Statement for the year ended 31 March 2015

Service	Note	2014/15 Net Expenditure £
Gross expenditure	3	68,349
Gross income	3	(68,349)
Cost of Services		0
Interest and investment income		0
Financing and Investment Income and Expenditure		0
(Surplus) or Deficit on the Provision of Services		0
Other Comprehensive (Income) and Expenditure		0
Total Comprehensive (Income) and Expenditure		0

Comprehensive Income and Expenditure Statement – shows income and expenditure incurred in the year relating to the provision of services for the Joint Committee.

The first accounting period of the Joint Committee runs from the date of constitution on 20th January 2015 to 31st March 2015 (71 day period).

4. Balance Sheet as at 31 March 2015

	Note	31 March 2015 £
Cash and cash equivalents		12,765
Current Assets		12,765
Short-term creditors	6	(12,765)
Current Liabilities		(12,765)
Net Assets / (Liabilities)		0
Usable Reserves		0
Unusable Reserves		0
Total Reserves		0

Balance Sheet – The balance sheet of the Joint Committee shows that there were no reserve balances as at 31st March 2015.

Lynn Brown, MA (Hons) CPFA
Executive Director of Financial Services
Glasgow City Council
18 August 2015

The Unaudited accounts were issued on 23rd June 2015 and the audited accounts were authorised for issue on 18th August 2015.

5. Cash Flow Statement for the Year ended 31 March 2015

Revenue Activities	2014/15 £
Surplus or (Deficit) on the Provision of Services	0
Adjustments for non-cash items:	
(Increase) / decrease in debtors	0
Increase / (decrease) in creditors	12,765
	12,765
Net cash inflow / (outflow) from activities	12,765

Cash Flow Statement – details the changes in cash and cash equivalents of the Joint Committee. The statement shows the Joint Committee generated a positive cash balance due to the existence of creditors in the year 2014-15.

❖ 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 2015 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 2014/15 (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 2015 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 2015. Salaries and wages earned to 31 March 2015 are included in the accounts for 2014/15 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 2015.
- 1.5 There were no complex transactions or potential future uncertainties requiring critical judgments or estimations of uncertainty in preparing the 2014/15 accounts.

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 2014/15 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 2014/15.

	Note	2014/15 Net Expenditure £
Income		
Expenditure re-imburement from participating local authorities	4	(68,349)
Total income		(68,349)
Expenditure		
Employee costs		55,985
Supplies and services		12,364
Total expenditure		68,349
(Surplus) or deficit for period		0
(Surplus) brought forward		0
Accumulated (surplus) or deficit		0

4. PMO Budget and Funding

Based on the initial agreement signed by participating authorities, parameters were set out to determine the method for funding of the Programme Management Office (PMO).

The Contribution Sum is to be calculated as a proportion of the PMO budget, based on the population of each Member Authority's area and expressed as a percentage of the total population within the areas of the Member Authorities.

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

Local Authority	Contribution 2014/15 £
East Dunbartonshire Council	4,016
East Renfrewshire Council	3,463
Glasgow City Council	22,684
Inverclyde Council	3,116
North Lanarkshire Council	12,914
Renfrewshire Council	6,687
South Lanarkshire Council	12,000
West Dunbartonshire Council	3,469
Total	68,349

5. Employee benefits

All four full time members of staff of the Joint committee were employed on a secondment basis.

Three members of staff were employed by Glasgow City Council, with the fourth member being employed by North Lanarkshire Council.

In accordance with International Accounting Standard 19 (IAS 19) – Employee Benefits, the employing council is 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 North Lanarkshire 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 2015. Employees providing professional services to the PMO are contracted to Glasgow City Council, with one contracted to North Lanarkshire Council and therefore any notional liability will have been included within the

accounts of Glasgow City Council and North Lanarkshire Council who hold the contract of employment.

6. Short-term creditors

The short-term creditors figure for 2014/15 of £12,765 comprises the following:-

Short-term creditors	31 March 2015 £
Salary re-charge North Lanarkshire Council	11,034
Credits due Participating Authorities	1,731
Total sundry creditors	12,765

7. Remuneration Report

Glasgow and Clyde Valley 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 Report and Financial Statements of each of the participating local authorities.

8. Related Parties

Glasgow City Council is the administering body responsible for the Joint Committee. The related party transactions between the Joint Committee and Glasgow City Council are shown in the table below:

Related Party transactions and balances	2014/15 Expenditure £	2014/15 Income £	Debtor/(Creditor) at 31 March 2015 £
Related bodies			
Glasgow City Council	12,364	22,684	(574)

9. Auditor remuneration

Audit Scotland has agreed with the Joint Committee that, as the first financial reporting period of the Joint Committee only covered a 71 day period and involved a limited number of transactions, that there would be no audit fee charged for the 2014-15 financial year.

10. Events after the balance sheet date

There were no material events between 31 March 2015 and the date of signing that require to be reflected in the Financial Statements.

❖ Annual Governance Statement 2014/15

Scope of responsibility

The Glasgow and Clyde Valley Cabinet Joint Committee (the Joint Committee) is responsible for ensuring that its business 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 Joint Committee 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 Glasgow and Clyde Valley Cabinet (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. The Cabinet is supported by:

- Chief Executives Group
- Finance Strategy Group
- Regeneration and Economy Group
- Independent Commission on Urban Growth
- Glasgow and Clyde Valley Economic Leadership Board
- Project Management Office (PMO)

The roles, responsibilities and interactions of these groups is outlined in the Joint Committee's Glasgow and Clyde Valley Cabinet Assurance Framework.

The Assurance Framework sets out the decision making arrangements for the Cabinet, governance structures, and key processes for ensuing accountability and compliance. It also sets out project and performance management arrangements and reporting requirements.

The Assurance Framework sets out the principle that policies and procedures supporting the overall governance framework will align with those of the existing Member Authorities' systems and standards. Each Member Authority's policies include clear processes to facilitate governance standards.

Glasgow City Council hosts the PMO and is therefore responsible for arranging the proper administration of the financial affairs of the Joint Committee, system of internal control and internal audit arrangements.

Review of effectiveness

The Joint Committee relies on the Member Authorities' 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 Joint Committee's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised.

The Assurance Framework will be reviewed 6 monthly, with changes subject to the approval by the Cabinet, and the UK and Scottish Governments. The overall governance arrangements will also be subject to review by internal audit.

Significant governance issues

The first meeting of the Joint Committee was held on 20 January 2015. As such, there have been a limited number of transactions in the year ended 31 March 2015, all relating to the PMO. The PMO is based in Glasgow City Council and uses the Council's systems, processes and controls. For the purposes of this 2014/15 Annual Governance Statement, it is therefore appropriate to make reference to the Council's Annual Governance Statement, which is available at the link below:

<http://www.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=e%97%9Dj%96ry%90>

There are no matters arising from the review of the system of internal control at the Council which impact on the Joint Committee in 2014/15. However, as the Joint Committee moves forward with its programme of work, it will be necessary to take account of arrangements in place within partner authorities.

Internal Audit Opinion

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 2014/15 within Glasgow City Council.

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 Joint Committee. We consider the governance and internal control environment operating during 2014/15 to provide reasonable and objective assurance that any significant risks impacting on the Joint Committee's ability to achieve its objectives will be identified and actions taken to avoid or mitigate the impact.

Where areas for improvements have been identified and action plans agreed, we will ensure that they are treated as priority and progress towards implementation reviewed by the Glasgow and Clyde Valley Cabinet. We will continue to review and enhance, as necessary, our governance arrangements.

Councillor Gordon Matheson
Leader of the Administration
Glasgow City Council
18th August 2015

❖ **Independent Auditor's Report**

Independent auditor's report to the members of Glasgow and Clyde Valley Cabinet Joint Committee and the Accounts Commission for Scotland

I certify that I have audited the financial statements of Glasgow and Clyde Valley Cabinet Joint Committee for the year ended 31 March 2015 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Balance Sheet and Cash Flow Statement, and the related notes. 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 2014/15 (the 2014/15 Code).

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 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Executive Director of Financial Services and auditor

As explained more fully in the Statement of Responsibilities, the Executive Director of Financial Services is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the body and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Director of Financial Services; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2014/15 Code of the state of the affairs of the body as at 31 March 2015 and of the income and expenditure of the body 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 2014/15 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.

Opinion on other prescribed matters

In my opinion:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required 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; or
- the Annual Governance Statement has not been prepared in accordance with Delivering Good Governance in Local Government ; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Elaine Barrowman
Senior Audit Manager
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August 2015