



WEST MIDLANDS
COMBINED AUTHORITY

Statement of Accounts

For the year ended 31 March 2017

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The West Midlands Combined Authority present their report and financial report for the twelve months ended 31 March 2017.

1. Activities

The financial year ended 31 March 2017 has been a very significant year for the West Midlands. The local Democracy, Economic Development and Construction Act 2009 permits combined authorities to be established and to undertake functions related to economic development, regeneration and transport. The Cities and Local Government Devolution Act 2016 gives combined authorities powers to enable growth and public service reform in their areas and the permission to have a directly-elected Mayor.

As a result, in June 2016 the West Midlands Combined Authority (WMCA) was established and all activities and functions relating to the existing West Midlands Integrated Transport Authority (ITA) and West Midlands Passenger Transport Executive (PTE) were transitioned to the new body.

The WMCA launched its ambition and strategic economic plan and the seven Metropolitan leaders signed our first Devolution deal with the government and we are now deep in discussions to develop a radical, long-term and strategic approach, negotiating for powers and functions that can be locally devolved and energetically lobbying for further future deals including significant fiscal devolution.

Leadership of WMCA comes from the seven Constituent local authority leaders and Chief Executives, plus the Chairs and Directors of the Local Enterprise Partnerships (LEPs). Non-Constituent authorities also play a crucial role at board level, helping to inform policy and drive forward the WMCA agenda. Elected members and officers lead on key portfolio areas, working in partnership with LEP colleagues. The Councillors formed the Mayor's cabinet following the Mayoral election in May 2017.

2. Review of the Year

The WMCA and within that, Transport for West Midlands, was established in June 2016. It saw the organisation previously responsible for the delivery of transport superseded by a body with far more wide-ranging powers across all sectors and the remit to transform the region socially and economically.

This will be achieved principally through the Strategic Economic Plan, the driver for economic growth across the West Midlands. It will help close the productivity gap by 2020 through a series of high-profile 'Power Projects' including significant advances to the region's infrastructure, environment and economy.

The WMCA consists of the seven existing Metropolitan councils, as well as six adjoining local authorities and four Local Enterprise Partnerships (LEPs), which together make up the largest combined authority in the UK.

Devolution is key to the future of the WMCA, especially with the powers and financial responsibilities conferred on the new Metropolitan Mayor in May 2017. Strategic areas the WMCA now covers include:

- Skills and Productivity
- Economic Growth
- Mental Health
- Housing and Land
- Finance and Investment
- Public Service Reform

As part of the Devolution Deal, where powers are transferred from Westminster to the politicians and decision-makers who know this region best, in August 2016 the WMCA received an initial £36.5million, the first of payments totalling £1.1 billion over the next 30 years.

This, and subsequent funding packages, will power the Midlands Engine, the mechanism that will help unlock growth, jobs and prosperity and ultimately provide a better quality of life for the four million people of the West Midlands.

Strategic Economic Plan

The WMCA Strategic Economic Plan (SEP) was launched in June 2016 and is the blueprint for the region making its mark regionally, nationally and internationally.

The SEP highlights how the area's economy will be transformed over the next 20 years, creating 500,000 new jobs, increasing life expectancy, making 1.9 million new homes available and driving up productivity and skills to transform the region's prosperity and well-being.

The SEP was developed and agreed by a wide partnership of people, organisations and businesses and forms a major strand of the devolution agenda which will help increase productivity, reform public services, widen access to education and training and improve housing stock.

The aim of the SEP is for the West Midlands to become the centre of the largest concentration of advanced manufacturing in Europe, while leading the world in low carbon technology and life sciences.

High Speed 2 (HS2)

The Midlands HS2 Growth Strategy was adopted by the WMCA, with support from central Government and HS2 Ltd. It is set to be the catalyst to deliver 104,000 jobs, 2,000 apprenticeships, an increase in skills, additional support for local businesses, and improved accessibility with over two million people connected to the two HS2 station sites in central Birmingham and Solihull.

The key proposals of the Strategy will be funded by the Devolution Deal and unlock the unprecedented opportunities that the construction of the largest infrastructure project in Europe will bring to the region.

Elected Mayor

Having negotiated and accepted the Devolution Agreement with Government, WMCA approved the creation of a mayoral combined authority.

Six candidates put themselves forward for the election on May 4th, 2017, representing the Conservative, Labour, Liberal Democrat, Green, UKIP and Communist parties. Following the election, Andy Street, the Conservative candidate, was appointed the new Mayor and has since assumed responsibilities at the WMCA for three years. There will be a new election in 2020 when the term of office is increased to four years.

Commissions

There are three commissions within the WMCA: Mental Health, Land and Productivity and Skills.

Mental Health

When the WMCA was formed, poor mental health and well-being was highlighted as a significant driver of demand for public services and has a negative impact on the economy.

The WMCA Mental Health Commission was established to address these issues, with Norman Lamb MP, the former Minister of State for Care and Support, as chair.

A panel of eminent experts in the mental health field examined the specific contribution that public sector reform and devolved responsibility could make to the mental health and well-being of the

population of the WMCA area, focusing on the scale of poor mental health and well-being and its cost and impact on public sector services, the economy and communities.

In January 2016, the Commission launched 'Thrive West Midlands' – its action plan for the region. Thrive West Midlands set out a series of ambitious actions and pledges the Commission produced with the aim of changing lives.

The plan is a priority project for WMCA and is the result of considerable work not only by the commission, but also a Citizens Jury of people with personal experience of mental ill health.

The plan highlighted several priority actions, including:

- Early intervention
- Decent housing
- Helping people into work and off benefits
- Keeping people out of the criminal justice system

WMCA has identified improvements to mental health treatment where it can deliver significant public sector reform and an implementation director from West Midlands Police has been seconded to manage delivery of the action plan going forward.

Land Commission

An independent panel of prominent UK property and infrastructure experts was launched in September 2016 to help the WMCA utilise hundreds of hectares of undeveloped land.

The West Midlands Land Commission was set up to provide independent advice and recommendations to the authority as it seeks to secure an improved and balanced supply of land to meet economic growth, new jobs and housing targets.

Identifying land is crucial for the WMCA to meet future housing demand and deliver its SEP. WMCA is seeking to develop an extra 1,600 hectares of former industrial sites (brownfield land) for commercial use over the coming decade.

Allied to this, in February 2017, a blueprint to accelerate the building of more than 5,000 new homes in Birmingham and the Black Country was launched by WMCA, developed in conjunction with Birmingham City Council and Sandwell Metropolitan Borough Council.

The Greater Icknield and Smethwick Housing Growth Prospectus will drive a £400 million development of 5,160 new homes on five brownfield sites in the adjoining areas of Greater Icknield, in Birmingham, and Smethwick, in Sandwell.

The scheme has already attracted investment and commitments from public and private sector partners, including a further £400 million in infrastructure improvements. The £353 million Midland Metropolitan Hospital is at the heart of Grove Lane scheme in Smethwick and will see approximately 900 new houses and apartments being built, while the Icknield Port Loop scheme will provide 1,800 homes.

In March 2017, WMCA awarded £53 million to a programme to help landowners and developers reclaim former industrial land in the Black Country. The funding formed part of the first wave of works in a 364 hectare brownfield remediation programme worth £1.4 billion which will create more than 12,000 jobs and 13,500 new homes.

The investment to the Black Country LEP will increase by a further £97 million once the initial development works are successfully completed, bringing the total investment to £150 million.

Productivity and Skills

In April 2017, an independent commission to harness the expertise of prominent business people, technical specialists and academics was launched in order to assist the WMCA in its aim to increase the region's productivity and skills levels.

Chaired by Dr Andy Palmer, President and Chief Executive of Aston Martin Lagonda, the Productivity and Skills Commission provides impartial support and advice to the Authority as it seeks to reduce unemployment, improve workforce skills and secure better productivity.

A 'Call for Evidence' was issued so that the region's business, education and public sectors could contribute, sharing their views and showcase their world-leading expertise. The Commission's overarching goal is to grow the West Midlands' economy beyond current projections and address the skills and productivity gap.

A WMCA Productivity Leadership Group has brought together business leaders from the region's three LEPs to ensure plans to drive productivity are designed by and for local businesses. The group is being advised by experts from across the West Midlands and central government, including senior figures in the productivity and skills system and leading academics from the region's universities.

The Commission's findings will form the basis for a clear vision for productivity and skills in the West Midlands and an integrated plan, linked to the Government's emerging Industrial Strategy.

It will also build on the evidence base developed for the WMCA's Strategic Economic Plan - Making Our Mark - which sets out a series of ambitious goals to transform the regional economy with 500,000 new jobs, 20,000 additional businesses and at least 156,000 more people with level 4 qualifications or above.

Collective Investment Fund

The Collective Investment Fund (CIF) is a £60 million commercial development resource set up by the WMCA in 2016 to stimulate jobs, opportunity and growth. It is aimed at securing an additional £1 billion in private sector investment over the next decade. Managed by Finance Birmingham, it provides short-term loans to private sector developers.

In December 2016, WMCA invested in its first project since its creation when it contributed £7 million to a Staffordshire development which will create an estimated 425 jobs. Two industrial units costing £21.6 million and covering 14 acres will be built at Kingswood Lakeside, near Cannock, the site of a former open-cast colliery.

The same month also saw WMCA approve funding of almost £100 million for a city centre development in Coventry, its largest amount of devolution investment so far.

Plans for the City Centre South project include a major retail, residential and leisure scheme, new homes and a cinema. The development is due to be completed in 2022.

In another investment, the CIF is contributing £2.9 million of loan funding to the £5.5 million regeneration of the 2.5 acre former Tuckers Fastenings factory site in Walsall Road, Perry Barr, Birmingham.

The funding will assist with the speculative development of the 46,000 sq ft industrial unit on the brownfield site. Construction is expected to be completed later this year, with the creation of 75 new jobs.

The seven West Midlands Metropolitan Councils of the WMCA also became one of six pilot areas in the UK to introduce new business rate procedures which will see them retain all business rates generated locally from April 2017.

Under the new scheme, the councils will no longer receive any Revenue Support Grant from Government, although they will keep all business rates generated, instead of only half, which was the applied retention during 2016/17. By benefitting from growth in business rates, some of this funding will be put into the CIF.

Dudley Enterprise Zone

As part of the Midlands Engine initiative, a multi-million pound business and innovation Enterprise Zone in Brierley Hill will be developed and bring thousands of new jobs to the region.

The 'DY5 - Dudley's Business and Innovation Enterprise Zone' will be operated by Dudley Council in partnership with the Black Country LEP and WMCA and will aim to become the high-tech office hub of the Black Country's industry, connecting advanced manufacturing to industrial sites via a new Metro tram link to Birmingham.

It will look at how the manufacturing and technology in the region can help deliver new business, as well as broaden the region's digital and professional base into existing manufacturing technology.

The zone was created because of the significant amount of vacant office space in the location - 18,000 m² of low-cost, high-quality accommodation with incentives including business rate relief of up to £55,000 for five years.

It will also help to rejuvenate the Waterfront office complex at Merry Hill and create additional office, technology and industrial space in the surrounding areas of Brierley Hill, Harts Hill and Pensnett. It is expected to deliver up to 7,000 new jobs and provide Gross Value Added uplift to the economy of £589 million each year.

West Midlands Growth Company

On 26 April 2017, WMCA established a growth company to promote the region around the world. The new entity will help create new jobs, expand existing businesses and promote the region's considerable business and tourism assets to secure investments from around the world. It will also support delivery of the WMCA's SEP.

The growth company has been created in association with LEPs, local authorities, growth hubs, universities and the private sector across the West Midlands.

Since July 2016, Marketing Birmingham and WMCA partners have worked together to present plans for the growth company which will be wholly owned by the WMCA and its constituent members.

The initial focus will be across the WMCA three-LEP geography of Greater Birmingham and Solihull, Coventry and Warwickshire and the Black Country.

National Infrastructure Commission

In January 2016, the region became one of the first areas in the UK to be visited by the National Infrastructure Commission (NIC) when it held a conference at the headquarters of the WMCA in Birmingham.

At the conference, WMCA leaders highlighted the importance of HS2 and an expanded Birmingham Airport as part of the Midlands' infrastructure priorities as the NIC assesses the nation's infrastructure needs. The NIC will produce a National Infrastructure Assessment in 2018, the UK's first comprehensive assessment of the short, medium and long-term infrastructure needs and policies of the country's regions.