



West Midlands
Combined Authority

Statement of Accounts

For the year ended 31 March 2018

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Welcome to the West Midlands Combined Authority's Statement of Accounts for the financial year ended 31 March 2018. These accounts provide the reader with a view of West Midlands Combined Authority's financial performance and its effectiveness in its use of resources during the year and are therefore a key element in demonstrating sound financial stewardship of taxpayers' money as well as ensuring that key stakeholders understand the financial position of the West Midlands Combined Authority.

The Statement of Accounts for the year ended 31 March 2018 has been prepared on a single entity basis in accordance with the requirements of the Accounts and Audit Regulations 2015. The format reflects the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, supported by International Financial Reporting Standards.

The Narrative Report has been prepared to provide an outline of the activities for the year 2017/18, providing both a guide to West Midlands Combined Authority's accounts and to its achievements in delivering inclusive economic growth through transport and economic development as well as setting out the economy, efficiency and effectiveness in its use of resources in doing so.

1. Organisational overview and external environment

The West Midlands Combined Authority (WMCA) came into being on 16 June 2016 by virtue of the West Midlands Combined Authority Order. At the same time, the West Midlands Integrated Transport Authority (WMITA) and the West Midlands Passenger Transport Executive (WMPTE) were dissolved. All of the functions, assets, liabilities and powers of WMITA and WMPTE were transferred to the WMCA under the provisions of the 2016 Order.

The WMCA is now the Local Transport Authority for the West Midlands and also has powers to exercise economic development and regeneration functions in conjunction with its seven constituent local authorities:

- Birmingham City Council
- City of Wolverhampton Council
- Coventry City Council
- Dudley Metropolitan Borough Council
- Sandwell Metropolitan Borough Council
- Solihull Metropolitan Borough Council
- Walsall Metropolitan Borough Council

Leadership of the WMCA comes from the Mayor and the leaders of the seven constituent local authorities, which have full voting rights. The leadership also includes the chairs of the Local Enterprise Partnerships (LEPs) which are business-led organisations that help build relationships between businesses and local authorities. Other bodies which include the LEPs and ten local councils from across the wider West Midlands region, have reduced voting rights but play a crucial role at Board level, helping to inform policy and drive forward the WMCA agenda. Full details of bodies that are members of the WMCA are set out in the Annual Governance Statement on page 18.

The policies of the WMCA are directed by the WMCA Board which is chaired by the Mayor and are implemented by the Leadership Team comprising a Chief Executive and 6 Directors, supported by officers. The assurance function is carried out by both the Audit, Risk and Assurance Committee and the Overview and Scrutiny Committee, both of which comprise members of the constituent authorities and member bodies. Additionally, at least one independent person is appointed to the Audit, Risk and Assurance Committee. The WMCA employed 406 people as at 31 March 2018.

During the past year, the WMCA has continued to work towards delivering its ambitious plans for driving inclusive economic growth in the West Midlands region and building a healthier, happier, better connected and more prosperous population. The WMCA has also continued to develop strong and sustainable relationships with national government and in November 2017, a second devolution deal was agreed. The second deal demonstrates Government's continued commitment to devolution and

the future of the West Midlands. The deal supports our ambitions to deliver growth through a local industrial strategy and improve the wellbeing of our citizens.

The West Midlands' growth priorities and ambitions are set out in the Strategic Economic Plan (SEP). The investments and actions the WMCA makes are focussed on delivering this plan, working with Local Enterprise Partnerships and other partners.

The SEP sets out the overarching vision for the region which will be delivered through an aspirational and robust programme to drive and accelerate improvements in productivity and enable the West Midlands to become a net contributor to the UK exchequer, whilst improving the quality of life for everyone who lives and works in the area.

The key objectives set out in the Strategic Economic Plan are as follows:

- Economic growth
- Employment and skills
- Accessibility
- Business competitiveness and productivity
- Land
- Public service reform
- Housing
- Environment

WMCA's core values and the underpinning behaviours are as follows:

Be collaborative

- We work with others to reach common goals
- We are respectful and act with integrity
- We communicate clearly, openly and encourage feedback

Be innovative

- We encourage creativity, originality and curiosity from everyone
- We embrace change and we are open to new possibilities and exploring new ideas
- We adopt best practices and keep up to date with new developments to enhance our work

Be driven

- We have a positive, proactive and a solution orientated attitude
- We set ourselves high standards and strive to exceed these
- We take ownership for our performance and outcomes

Be inclusive

- We care about and treat each other with dignity and respect
- We create a positive working environment
- We value diversity and consider other people's viewpoints ensuring no-one is excluded
- We encourage and support each other

WMCA receives various government, Local Economic Partnership and local authority grants to fund its development plans. The annual Gainshare grant from the Government of £36.5m remains the most significant funding source for the WMCA's £8 billion Investment Programme.

2. Review of the Year

Focusing on its core areas of Strategy; Housing & Land; Productivity & Skills; Health & Wellbeing; Transport and Public Service Reform, the WMCA achieved a number of successes in 2017/18.

A second devolution deal was secured which will see £1.1 billion of government funding come into the region and be used to drive an £8 billion investment programme over the next 30 years.

The Land Delivery Action Plan was implemented to unlock hundreds of hectares of land for housing and commercial use, providing jobs and economic growth. The second devolution deal outlines a commitment from Government to provide £6 million of funding to support additional housing delivery capacity and plans were approved separately to facilitate 803 new housing units across the region from the Brownfield Land and Property Development Fund.

Investment in the £200 million brownfield remediation fund to clean up 1,600 hectares of contaminated industrial land and bring it back into use continued, while the Greater Icknield and Smethwick Housing Growth Prospectus - a blueprint to accelerate building the £400 million development of 5,160 new homes in Birmingham and Sandwell – was launched.

The redevelopment of the region was sustained through the £60 million Collective Investment Fund which in the past year included projects in Coventry, Dudley, Walsall and Wolverhampton. The West Midlands Growth Company was also formed to attract investment, jobs, visitors and businesses to the region.

Thousands of disadvantaged people and long-term jobseekers were helped by advice and support to get back into work as part of a £4.5 million scheme and the Productivity and Skills Commission was launched, offering impartial support and advice to the WMCA as it seeks to reduce unemployment, improve people's job skills and secure better productivity. The Commission brings together business leaders, productivity and skills experts and senior academics, with a clear focus on better understanding the needs of key sectors in the West Midlands economy.

2017 saw the introduction of the Leadership Commission, a group of inspirational role models to help people from under-represented parts of society reach senior positions in their careers. The Homelessness Taskforce was created to design out rough sleeping through co-ordinated working between the public, private and voluntary sectors, and the Mayor's Mentors scheme aims to provide advice and guidance for young people.

The WMCA is committed to improving the region's productivity and skills levels to support inclusive growth. Significant progress was made in 2017/18 and firm foundations laid for future activity.

The second devolution deal recognised the importance of the Productivity and Skills Commission and agreed to take forward its recommendations through dialogue with Government. It also brought in £5 million additional funding, over a three-year period, to deliver a construction training programme and saw Government commit to working with the WMCA to deliver the careers strategy, informed by local priorities.

The Mental Health Commission published the 'Thrive West Midlands' action plan to drive better mental health and wellbeing and the West Midlands wellbeing commitment was launched. The first West Midlands 'Walking out of Darkness' event also took place to raise awareness about mental health and suicide prevention.

The 'West Midlands on the Move' strategic framework for physical activity was published and a forward plan with health partners developed, which outlined the WMCA's role in strengthening links between health and productivity improvements.

The WMCA is committed to driving a model of inclusive economic growth that benefits all of its residents and makes a real difference to communities. Policy agendas have been developed for offending, criminal justice and the devolution of youth justice, and for people with multiple complex needs who often suffer from poor outcomes.

A forward view for Public Services Reform has been developed in partnership with local stakeholders, and a programme of work around Public Service Reform and inclusive growth has been established. Successful initiatives have been delivered to improve community cohesion including the Mayor's Faith Conference, the launch of the Mayor's Cohesion Prize and Diwali on the Square. The WMCA also officially backed Birmingham City Council's successful bid to host the 2022 Commonwealth Games.

The WMCA has a portfolio of high-profile externally delivered investment projects which will contribute to the WMCA's primary regeneration and economic growth goals outlined in the Strategic Economic Plan.

A grant agreement was signed which will enable the land acquisition process to progress to enable the Coventry City Centre regeneration scheme to take place. The scheme is predominantly private sector driven and funded, with £98.8 million from the WMCA. The scheme is expected to secure 1,528 additional permanent jobs and an extra £1.1 billion Gross Value Added (GVA).

The WMCA also committed £51.2 million to accelerate delivery of Friargate – an ambitious new business district next to Coventry railway station and £273.6 million to the Coventry UK Central Plus programme which will deliver a step-change in transport connectivity to remove barriers to growth and improve access to HS2.

The outline business case and funding for the UK Central Hub HS2 Interchange in Solihull was approved and detailed design work commenced, while the outline business case for Birmingham International Station Integrated Hub was developed.

An outline business case was developed for the Demonstration of Intelligence Systems programme alongside university partners, aiming to grow and apply intelligent and smart system technology to solve challenges faced by the public and private sector to improve productivity.

There were a number of successes designed to improve the efficiency and productivity of WMCA processes. The WMCA assurance process and planning tool was developed and implemented across the WMCA Investment Programme and work undertaken with key stakeholders to provide support in the use and application of Programme Management Office (PMO) processes and tools. The PMO team structure was reviewed and adjusted to meet current and future WMCA needs.

The WMCA Assurance Framework was implemented and internal governance to improve the appraisal and approval processes for minor works projects was reviewed. Following an extensive review the WMCA Business Continuity Plan was updated.

The WMCA was named one of the best 100 companies to work for by the Sunday Times Best Companies survey, while manager forums and an employee volunteer scheme was launched.

The audited financial accounts for 2016/17 were published earlier than before, improving transparency and the first combined WMCA Budget was delivered. The finance team was awarded the 'Not for Profit Finance Team of the Year' at the West Midlands Finance Awards.

A paperless procurement process was developed and task force groups to support communication and collaboration between procurement representatives from across the WMCA were established. Step-by-step guides to help team members add new information to the procurement system were produced to maintain consistency.

The Legal team supported the establishment of Midland Metro Limited, provided detailed advice to support the budget process and were also shortlisted for the Local Government Legal Team of the Year, with a team member winning Young Lawyer of the Year.

The Governance Team assumed responsibility for servicing and supporting WMCA Board meetings, rolled out and implemented ModernGov - an IT system for publishing details of all documented meetings - and also ensured the statutory budget setting process was completed, with full overview and scrutiny of the budget process, including a public 'Mayor's Question Time'.

An asset review of the best future plan for WMCA office space took place, with an emphasis on sustainable design, and an environmental management review was carried out with Transport for West Midlands (TfWM) and the corporate leadership team.

The Communications team supported the first mayoral election campaign, compiled the submission for the National Transport Awards which saw TfWM win 'City-Region Transport Authority of the Year' for the second year running, and launched the Thrive Mental Health Commission Awards.

A major proportion of the budget was allocated to TfWM and the previous 12 months saw significant achievements in public transport services and infrastructure.

Chief stakeholders recommitted to the West Midlands Bus Alliance, with reviewed governance to focus on delivery and a plan was chosen for the development of Dudley Interchange, integrating Wednesbury to Brierley Hill Metro Extension and Dudley Town Centre regeneration proposals. The Sprint bus-based rapid transit mode project was further progressed, while apprentices and trainees received half price travel on buses, trains and trams.

The new West Midlands Trains franchise (jointly specified by Department for Transport (DfT) and the West Midlands Rail partnership of local authorities within WMCA) was launched in December 2017, securing significant improvements to local rail services until 2026.

Government funding was secured for the Midland Metro extensions to Edgbaston (£60 million) and Wednesbury Brierley Hill (£207 million), passenger numbers increased to more than 8 million for the first full year of the Birmingham City Centre Extension and the Bilston Road track replacement scheme was completed on time and within budget. Transport and Works Act Orders were submitted for the Edgbaston and Wednesbury Brierley Hill extensions and a Public Inquiry was held for the Birmingham Eastside Extension.

The introduction of secure ticketing onto the Swift travel smartcard provided replacements if cards are lost and Swift also rolled out onto the rail network. Swift vending was introduced at Wolverhampton bus station, allowing people to obtain a smartcard and Swift tickets outside Travel Information Centre opening hours.

The region's Key Route Network was defined and studies completed for the 23 corridors across the West Midlands Metropolitan Area. There was effective management of network disruption by major infrastructure investment, maintenance and events, including M5 J1-2 Oldbury Viaduct works and Birmingham Velo.

Network resilience improvements continued, with over £6 million secured for development and delivery of bus priority schemes and a partnership/stakeholder group was established, bringing together all senior officers involved in the delivery of the region's transport infrastructure improvements.

The customer-facing TfWM and WMCA websites were refreshed and partners and suppliers were provided with access to real time timetable and stop data to improve transport services and access.

The award-winning WorkWise project was made available online to support people back into employment, the West Midlands Bikeshare scheme was developed for the metropolitan area and walking and cycling programmes were delivered in partnership with Cycling UK and Living Streets.

3. Governance

Since the Mayor was elected in May 2017, he has begun to shape the priorities of the WMCA. A second Devolution Deal was also confirmed by Central Government in November 2017.

An almost entirely new Leadership Team has also been appointed and work has continued to strengthen and improve governance arrangements.

Further details are set out in the Annual Governance Statement that can be found on pages 18 to 24.