

WEST MIDLANDS ITA AND CENTRO

ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2016



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Annual Review of Activity 2015/16

While working within tight financial restraints and being tasked with delivering more facilities, infrastructure and services with vastly reduced resources, the past year has been an exciting period of consolidation and achievement for Centro. It has seen the development and implementation of new projects, the harnessing of the latest technological advancements for the benefit of public transport users in the West Midlands.

The work of Centro in developing a world class public transport network, as part of an integrated transport system, will continue in the future, as it embraces the new Combined Authority.

The Combined Authority will inherit the many achievements of Centro as the skills and commitment of its staff will be deployed by the new organisation to deliver a long-term period of profound and enduring progress for transport serving the people and businesses of the West Midlands.

The many projects and initiatives delivered by Centro in 2015 has provided a sound platform for a whole series of long-term improvements to be realised by the Combined Authority. This delivery was very much in accordance with the principles of the new West Midlands Strategic Transport Plan "Movement for Growth". This sets out the long-term transport strategy for the West Midlands to boost economic growth, improve air quality, reduce carbon and support the level of development aimed for in the West Midlands over the next 20 years. The strategy is based on making best use of existing

transport capacity and increasing sustainable transport capacity. The long-term approach is set out in four tiers of an integrated transport system:

- National and Regional
- Metropolitan
- Local
- Smart Mobility

The 2015 Devolution Deal enables the Movement for Growth plan to become reality, very much based on the HS2 Growth Strategy for which Centro has delivered on, or has been developing projects for, in 2015.

Wider work with the East Midlands will continue to develop the Midlands Connect initiative which began to take shape in 2015. This will produce a coherent inter-regional transport strategy with the East Midlands by 2017.

Under the auspices and guidance of the Combined Authority, public transport in the region is entering a new and exciting phase in its evolution, providing the people of the West Midlands with a network that is fit-for-purpose, meets high expectations and offers a sustainable future.

Achievements 2015/16

Iconic gateway
to the city region
opened


New Street Station opened in September 2015. The new station concourse is around three times the size of the previous one, providing a lighter, brighter, more pleasant environment for passengers. Crucially, the larger concourse provides capacity for expected passenger growth.

Unique and
leading Bus
Alliance formed

Centro developed and implemented a new Bus Alliance to encourage further investment in the bus network, increase standards and improve bus links. The Alliance brings together bus operators, councils and private sector partners to ensure that services are attractive and meeting the needs of local communities.

Royal seal of
approval for new
trams

In November The Queen and HRH The Duke of Edinburgh visited Birmingham, naming a tram after former Centro Chairman Angus Adams in a ceremony at the Bull Street stop.



Metro extensions nearing completion

Construction of Midland Metro in Birmingham City Centre continued throughout the year with all the rail being installed by November. Stops continued to be built at Bull Street, Corporation Street and Stephenson Street (to serve Grand Central and New Street station). The introduction of a new fleet of trams saw the capacity along the route increase by a third and the new vehicles are lowfloor and fully accessible.

Brand new bus interchanges, high-quality bus stops

Investment in high-quality bus stops continued. This has included new facilities at Cradley Heath, Darlaston, Solihull town centre, Wolverhampton City Centre and Coventry Rail Station. Centro has also worked in partnership with the University of Warwick and University Hospital in Coventry to develop new bus interchanges on these sites.

Birmingham New Street Station

Buses beat disruption

Centro has been working closely with Birmingham City Council to ensure that bus services have been able to operate reliably into the city during the A38 tunnels closures in 2015 and throughout the redevelopment of Paradise Circus. Further 24 hour routes have been introduced and a comprehensive network of services was once again operated on Boxing Day, with growing demand from passengers.

Rail devolution deal gets closer

Working in partnership with local authorities from the surrounding region, West Midlands Rail Ltd has been established with the aim of increasing our influence over local rail services in the region. West Midlands Rail is now working closely with the Department for Transport on the specification for the rail franchise that will replace London Midland in 2017.

Rail Development and Delivery

High Speed 2

The HS2 Growth Strategy was submitted in April 2015 and an agreement was reached within the West Midlands Combined Authority (WMCA) Devolution Deal to fund the key proposals contained within the strategy.

A key part of the HS2 Growth Strategy is the Connectivity Package. This has been developed during 2015/16 and identifies a robust set of transport schemes aimed at delivering excellent local and sub-regional connectivity to HS2 stations. This package includes Metro, Rail and Sprint routes across the area. Work is ongoing to develop an Implementation Plan which will be submitted to Government in Spring 2017.

Alongside work on the Connectivity Package, engagement with HS2 Ltd, Birmingham City Council and Solihull Metropolitan Borough Council has progressed on the development of the HS2 stations at Curzon and Interchange.

The design vision for HS2 stations has been published and focuses on the key elements of people, place and time. Work has also continued on integration of the stations at Curzon and Interchange from transport, design and environmental perspectives.

New Bromsgrove Station

During 2015/16, Centro and our funding partner Worcestershire County Council, worked with Network Rail to deliver a new station at Bromsgrove. This project also facilitates Network Rail's obligation to the DfT to electrify the route, extending Cross City South services (which currently terminate at Longbridge) to Bromsgrove.

A number of challenges were faced during construction, but in a spirit of collaboration, these were overcome by the team and construction is nearing completion. The final major risk to the construction phase was the building of the footbridge which was successfully craned into position during possession of the line in January.

Attention is now focused on agreeing on-going operation and maintenance arrangements with London Midland and Network Rail, with the station due to be opened and operational in Spring 2016.

Local Enterprise Partnership Rail Development Schemes

University Station - In conjunction with Network Rail and London Midland, a scheme was developed to improve the facilities at concourse level, including the removal of a bottleneck at the ticket gates to aid easier access and egress to and from the platforms. Unfortunately, the proposal required approval from Historic England due to the presence of a site of archaeological interest. A revised scheme is currently being progressed and will carry on into 2016/17.

Longbridge Connectivity

Centro's contribution to this Birmingham City Council-sponsored scheme is the delivery of new bus and wayfinding infrastructure on Longbridge Lane and an extension to the existing Park and Ride. The wayfinding and bus shelter infrastructure has been developed, as has a decked option for the Park and Ride expansion. Both are set for delivery during the next financial year, following the necessary funding agreement being put in place.

London Midland Direct Award

London Midland was awarded a new franchise which commenced on 1 April 2016 and expires on 15 October 2017, with an option to extend for a further 13 rail periods as required to accommodate the new West Midlands Rail Franchise.

The new franchise commits London Midland to £13m of new investment, as well as new performance and customer service targets and additional services across their network. The new Centro and London Midland partnership agreement came into being on 1 April, with a formal launch in May/June 2016.

Birmingham New Street Redevelopment (Birmingham Gateway)

The second phase of the redevelopment of Birmingham New Street Station was completed during the year, and officially opened by Her Majesty the Queen in November 2015. Work continues on the platform refurbishments and will be completed later in 2016. Centro were represented on the Funders Board for the project and worked with Network Rail to co-ordinate the station works with that of the City Centre Metro Extension.





TBT and Bus Alliance

The ground-breaking West Midlands Bus Alliance was established in November 2015. This will take our partnership work to a new level in order to deliver the ITA's bus objectives. Key to this is the involvement of the highways authorities, both in terms of day-to-day traffic management and transportation planning, with representatives on the Alliance Board. The Alliance Board will oversee the delivery of bus objectives, ensuring the policy environment and funding mechanisms are in place to deliver better bus services.

The Board have agreed seven key things that will be delivered between now and 2020 and will help transform bus travel in the region:

New booking system and call centre introduced

West Midlands Bus Alliance established

- A reduction of delay minutes on the Key Route Network
- A clear identity for the region's bus network, ensuring consistent branding and customer experience
- Bus Network Development Plans covering the region to ensure the bus network supports growth
- All buses operating in the West Midlands will be Euro V or better to help improve air quality
- Fare capping and payment by contactless bank card will be available across the network
- Funding for the Safer Travel Partnership will be maintained and dedicated resource and clear governance structures developed
- An open-data approach will be adopted for all non-commercially sensitive data.

A new post of highways partnership manager was created in order to focus on and progress the delivery of highways schemes to assist bus services. The intention is this will culminate in a funding bid (or bids) to the Local Growth Fund or other funding streams.

Operators continued to invest in support of our partnership work and the year saw the conclusion of our successful Partnership Plus agreement with NXWM. A highlight of the partnership was new 'Platinum' specification buses hitting the streets with extra leg room, leather seats, wifi and unprecedented levels of passenger satisfaction recorded – over 95%. A commitment for more Platinum buses is included as one of NXWMs Alliance commitments.

A successful bid was made to the DfT's Clean Bus Technology Fund for £0.5m to fund the installation of particle traps on 150 NXWM buses, virtually

eliminating harmful emissions. The delivery of further new low emission buses is being supported through the development of a West Midlands Low Emission Bus Delivery Plan, which ensures that clean buses will be focussed in the more polluted areas.

Centro continues to provide subsidy for bus services that are not commercially viable but are required to ensure a comprehensive network is in place at times and in places where there is less demand, such as evenings, Sundays and in some of our less populated areas. Our Access Standards ensure that all residents of urban areas are within 400m of a half-hourly or better bus service (subject to demand) and to achieve this we have 185 contracts worth £7.4m across the region.

Accessible Transport Services

Centro continued to support the delivery of Ring and Ride by West Midlands Special Needs Transport. Most notably, the year saw the introduction of a new booking system and call centre which, after some early teething problems, resulted in further efficiencies to ensure the service can remain sustainable in the long-term.

New bus interchange at University of Warwick

New bus interchange at University Hospital Coventry

New high quality shelters installed

Metro

2015/16 saw the last T69 tram in operation on Midland Metro retire from public service. This followed the staged introduction of the new fleet of CAF Urbos 3 trams which now operate on Line 1. The ceremony on the 14th August 2015 also marked a new era as the Transforming Tram Travel partnership agreement between Centro and National Express Midlands Metro was launched. This wide-ranging document lists 50 partnership deliverables which will dramatically improve the passenger experience over the next three years.

Indeed, since its introduction, many of the commitments have already been delivered including: Swift pay-as-you-go on tram, better value fares including a new City Centre Hop and a new Group Day Tripper ticket and improvements in safety and security, with the installation of new digital cameras along the route replacing the obsolete analogue cameras. During the year, development also continued on the proposed Park and Ride at Bradley Lane tram stop, which now has funding approval for delivery in 2016/17. When complete it will provide 196 car parking spaces for Metro passengers.

The success of Transforming Tram Travel was recognised at the Light Rail Awards in October 2015 when it received the award for Vision of the Year.

Perhaps the most significant event of 2015 took place on the 19th November when Her Majesty the Queen gave the Midland Metro tram system the royal seal of approval on a visit to Birmingham. Accompanied by the Duke of Edinburgh, the Queen visited the new Bull Street tram stop where she named a tram after the late Councillor Angus Adams, a former chairman of the Transport Authority. The Queen was then given a tour of the vehicle where she met workers behind the Birmingham City Centre Metro extension, and even got in the driving seat herself for a look around the cab.

This event took place just prior to the opening of Bull Street tram stop on the 6th December which was a key milestone for the Birmingham City Centre Extension project and saw trams operating on the streets of

Birmingham for the first time in 60 years. Work is now progressing to open the extension to Stephenson Street in spring 2016.

Metro Operations to Grand Central

Construction of the Birmingham City Centre Extension continued throughout the financial year, with operation to Bull Street commencing in December. Work continues to bring the remainder of the extension to Grand Central into use in May 2016.

Business Case East Birmingham to Solihull

The business case for this route is being developed to secure Government approval in line with the Devolution Deal, and a draft Initial Outline Business Case was produced in March 2016 after joint work with Birmingham City Council and Solihull MBC.

Business Case Edgbaston

The business case for the Edgbaston extension is being prepared for submission to the Department for Transport, and transport modelling is demonstrating positive results. A business case cannot be submitted for final approval until a contract cost is available in autumn 2016.

Business Case Eastside

A draft business case is being prepared to support the Transport and Works Act Order (TWA) submission in autumn 2016, based on stop locations agreed with partners and key stakeholders. The Department for Transport will not accept a final business case submission until TWA powers are in place and a contract cost is available in autumn 2018, subject to the statutory process.





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Partnerships



During the past year, a series of programmed improvements have taken place on the network. We have worked in partnership with private bus operators, the District Councils and highways authorities to provide a better customer experience, reduced journey times and lower emissions.

Birmingham

5 min

journey time savings for bus (AM peak)

In Birmingham, work has continued to introduce enforcement on bus lanes on a number of key corridors including Lichfield Road, Bordesley Green, Walsall Road and Alcester Road. It is hoped the first of these schemes will be delivered in summer 2016. Enforcement cameras have been introduced on Broad Street, to assist with traffic management and maintaining bus reliability during the construction of Paradise Circus.

In North Birmingham, Centro has directly delivered a series of schemes to address some key hotspots in the area.

These changes have together delivered upwards of five minute journey time savings for each bus during the AM peak. We have continued to work in partnership with the city council to represent bus passengers, encourage modal shift and seek new schemes to give bus priority during a significant period of construction and development in the city.

On the Birmingham circular routes, we have introduced a number of measures to improve the passenger experience which has included the introduction and refreshing of enforceable bus cages at a series of key locations to allow buses to dock and provide better access for passengers.

At the Tyburn Road / Chester Road (Bagot Arms) junction, Centro funded and worked with the city council to install a bus gate to give priority for buses at this key junction.

Coventry

Number of key interchanges improved

Centro worked with a series of partners to deliver improvements to a number of the key interchanges around Coventry, including:

Coventry Station Interchange, Warwick University Bus Interchange and University Hospital Coventry Interchange.

Dudley

As part of the Better Bus Areas Programme, a series of signals improvement schemes are currently under development at the junctions of the A4036 Pedmore Road / Coppice Lane, A4036 Merry Hill / Mount Pleasant and a controlled crossing on the A4036 between Mount Pleasant and The Boulevard.

Together these should deliver 20% journey time savings across the series of junctions.



Sandwell

Centro has worked with Sandwell Council to develop a red route on Horsley Heath, which is a key bus corridor. This work is now complete and the scheme is delivering service punctuality on this key corridor. The bus station at West Bromwich has been highlighted as a congestion hotspot for the local bus network. Centro, in partnership with the local bus operators, has supported Sandwell Council in gaining approval for the introduction of bus lane enforcement to improve the exit from the station.

- West Bromwich - SMBC - New Road (approach to Bus Station) – awaiting cabinet decision.

Solihull

Centro part-funded and jointly delivered two major schemes within the borough. The redevelopment of the Solihull Gateway which has included the introduction of new sections of bus only roads and the improvement of bus stop infrastructure including new shelters, totems and improved passenger information has complemented the council-led public realm improvements. The scheme will ultimately be supported by the development of a Statutory Quality Partnership which will lead to further improvements and allow for better management of services in the area.

Walsall

Walsall continues to be a key centre and interchange location for bus passengers. To support this, Centro has worked with the council to protect and deliver a number of highways measures to give bus priority. This has included retaining a bus section in Bloxwich and input into a study looking at the bus lane on Stafford Road. Centro and the operators have supported the council on the introduction of a scheme which has introduced one way traffic to Caldmore Road.

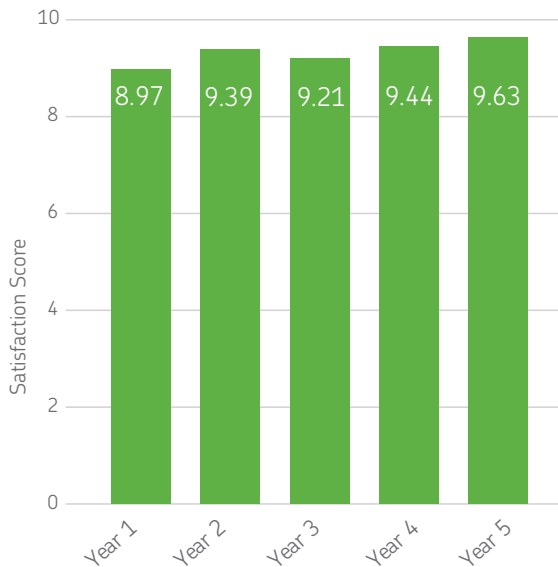
Wolverhampton

Wolverhampton City Centre has seen significant investment from the council with a comprehensive public realm improvement programme. This has been supported by Centro with the installation of high-quality passenger shelters and real time information displays in the scheme area. The scheme has also included the construction of a coach facility on Bilston Street to compliment the one being developed within the bus station.

A series of enforced bus lanes have also been introduced at various locations.

Swift Managed Service

Customer Satisfaction Review Results



- This was the 5th year we have undertaken the customer satisfaction survey, in our first year we scored 8.97 out of 10 overall average score in year two, 9.39, year three 9.21 and last year 9.44, this year we achieved an even better overall average score of 9.63 out of 10.

- The Managed Service currently has 18 operators. If we were an operator we would be the 2nd largest in the West Midlands with 24 depots, over 335 ETMs, 250+ Buses and 186 routes. The challenge with this is to improve the service we offer with the same resource by improving our efficiency. This has been possible by the processes and custom made data tools the team have built and implemented over time to achieve this.

- The team continue to support all operators including NX, Rotala and DeCourcey providing advice and assistance during the implementation of new products such as nBus, PAYG, nNetwork etc in addition to completing all the ticket machine configuration work for the Managed Service operators.

- The team have covered a wide range of work both internally and for Operators and Shire partners including, reporting, ISAM Management, testing, monitoring, ticket machine configuration and comparison and auditing of Concessionary and Commercial reimbursement claims.

Customer Services

- In July 2015, a £1.9 million new bus interchange at Cradley Heath was opened, funded through the Better Bus Area Fund. Passengers now benefit from a new waiting area with toilet facilities, seating, CCTV cameras, improved access to train services and electronic passenger information.
- Electronic passenger information screens have been replaced at Walsall, Wednesbury and West Bromwich bus stations, providing digital information for customers at each departure stand.
- A single customer helpline number has been introduced. They can now use the 0345 303 6760 number as a one-stop shop for their public transport-related enquiries. In excess of 130,000 calls were made to the Customer Services Centre in 2015-16.

Safety on the Network

- Crime on the bus network has dropped by 4% whilst crime on the rail network has dropped by 7%.
- The Safer Travel Police Team have continued their intelligence led operations. Significant operations included Operation Snow, which led to a reduction in pre-Christmas crime of 15% and Operation Villis which saw a reduction of 17% in criminal damage.
- Passenger perception of personal safety has improved with Transport Focus reporting fear of ASB down from 18% to just 7% over the last 3 years. This correlates with the introduction of the Anti-Social Behaviour Team. The ASB team, made of Officers from Centro, West Midlands Police, British Transport Police and National Express have focussed on the key complaints from passengers.

CCTV Services

- As well as their own estate, Centro now manages CCTV services on behalf of Solihull MBC, London Midland and Chiltern Railways, over a system spanning some 1200+ cameras.
- Large savings in the Centro CCTV service has enabled investment in the system which has seen the roll out of HD IP cameras in a number of locations, with many more planned for 2016/17.



Connected to Growth

Metropolitan area connections

Sprint

In 2015/16, the Sprint scheme on the Hagley Road progressed with detailed design work, traffic modelling and the submission of the final business case to the LEP.

The development of future Sprint routes has advanced significantly with feasibility work beginning on the A45 Birmingham to Birmingham Airport route and outline studies commissioned for the 12 HS2 Connectivity Package Sprint schemes. Therefore, Sprint has made good progress towards the rapid transit vision presented in the Strategic Transport Plan.

Wayfinding and bus shelter infrastructure developed

New decked car park at Four Oaks opened

LEP schemes

University Station – In conjunction with Network Rail and London Midland, a scheme was developed to improve the facilities at concourse level, including the removal of a bottleneck at the ticket gates to aid easier access and egress to and from the platforms. Unfortunately, the proposal required approval from Historic England due to the presence of a site of archaeological interest (SAI). A revised scheme is currently being progressed and will carry on into 2016/17.

Longbridge Connectivity – Centro's contribution to this Birmingham City Council-sponsored scheme is the delivery of new bus and wayfinding infrastructure on Longbridge Lane and an extension to the existing Park and Ride. The wayfinding and bus shelter infrastructure has been developed, as has a decked option for the Park and Ride expansion. Both are set for delivery during the next financial year, following the necessary funding agreement being put in place.

Park and Ride

The work at Bescot Stadium station which sits within Sandwell (although the Park and Ride falls within Walsall) has now been completed and usage at the parking facility has increased. This location is also being used to trial Automatic Number Plate Recognition (ANPR) to help manage car park capacity and security. The latest figures for the accuracy of the automated system versus manual counts is 99%.

Tame Bridge: Because the main car park is on a slope and parking bays can be affected during icy weather, an anti-skid surface has been applied to help keep the car park completely open. To date, the car park has remained fully operational.

The new decked car park at Four Oaks opened in December and is already full. A further decked car park is planned for Longbridge station.

Centro has commenced the upgrade of CCTV and lighting at all car parks across the network, with a move to digital recording cameras and LED lighting. Resurfacing work at various car parks has now commenced, including comprehensive advanced notification to Park and Ride users. Significant improvements to Bescot Stadium Station.



Park and Ride Expansion

Commencing within the 2016/17 Capital Programme, Centro is intending to continue the expansion of the Park and Ride network through the development of a detailed multi-modal Park and Ride programme to ensure that the most effective use can be made of both development funding and the capital available. The programme will also take into account the improvements required at sites to encourage walking and cycling to stations and well as Park and Ride. The allocation of funding will be determined using a Department for Transport model that ensures that each Park and Ride proposal is assessed against five criteria:

Strategic fit
Financial viability - does it deliver value for money?
Commercial viability - can we actually procure it?
Management viability-can we actually build it?
Economic viability - will it help to increase patronage?

Use of this model is essential given the restrictions on capital, but will also enable us to make effective use of development funds to ensure we are bringing the right projects forward to planning stage, ready for delivery, as and when funding comes available. A number of projects are already being developed to planning stage at Bradley Lane (Metro), Tipton and Whitlocks End (rail) stations.

Park and Ride Locations

The work at Bescot Stadium station which sits within Sandwell (although the Park and Ride falls within Walsall) has now been completed and usage at the parking facility has increased. This location is also being used to trial Automatic Number Plate Recognition (ANPR) to help manage car park capacity and security. The latest figures for the accuracy of the automated system versus manual counts is 99%.

Centro has commenced the upgrade of CCTV and LED lighting upgrades have continued at our Park and Ride sites to replace life-expired lighting, but also deliver better management, reduced maintenance and operational costs.

Resurfacing work at various car parks has now commenced, including comprehensive advanced notification to Park and Ride users.

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The new decked car park at Four Oaks opened in December and is already full.

A new Considerate Parking Enforcement contract has gone out to tender, so that current low levels of inconsiderate parking at stations can be maintained.

Workwise

Since April 2015, WorkWise has supported over 6,300 unemployed jobseekers across the West Midlands to find, start and stay in new employment with free journey planning and ticketing support to travel to interviews and new jobs.

The Workwise Travel Training Curriculum resource (for use by training providers teaching basic literacy, ICT and numeracy skills to unemployed adults) is currently being piloted with seven training providers. Feedback has been very positive and the resource will be rolled out to other training providers in 2016/17 to support more unemployed people to become 'job ready'.

WorkWise also won an award from the Department of Work and Pensions following its success within Centro's Best Companies profile.



Smart Network, Smarter Choices Programme

The Local Sustainable Transport Funded Smart Network, Smarter Choices (SNSC) programme is a wide ranging project that aims to tackle congestion, reduce carbon emissions and strengthen the economy by improving and promoting walking, cycling, public transport and car-sharing options. The programme ran from 2012 to 2015 across 10 congested corridors in the West Midlands and then successfully secured funding to continue in 2015/16, focusing on key areas of regeneration. In 2015, the SNSC programme won the National Transport Award 'Contribution to Sustainable Transport'.

<p>140 employers engaged</p>	<p>Business and Employers</p>	<p>Over 140 businesses and employers are engaged in the SNSC programme, covering over 141,000 staff. These employers and their staff benefit from a tailored travel support package to improve access to their workplaces, reduce congestion and encourage healthy active travel. Support delivered to employees includes cycle training, Dr Bike maintenance courses, Travel Plan grants, Top Cycle Location accreditation, Try Before You Buy ticketing offers, car-share events and Smart Events Boxes. Results from the 2012-15 programme indicate solo car driving to work decreased from 77% of commuters to 73%, representing impressive behaviour change in a short time frame.</p>
<p>120 educational establishments engaged</p>	<p>Education and Skills</p>	<p>Over 120 secondary schools, colleges and universities are engaged in the SNSC Programme, covering over 150,000 students and 20,000 staff. Students and employees staff benefit from a tailored travel support package to improve access to their place of education/work, reduce congestion and encourage healthy active travel. Support delivered to students and staff includes cycle training, Dr Bike maintenance courses, the Big Bike Challenge, participation in the Travel Academy, Safer Travel workshops, SEN Journey Planning workshops, Moving On Up workshops, Class Pass for school trips, accreditation to Modeshift STARS, Top Cycle Location accreditation and Smart Events Boxes. Over 11,900 student engagements were delivered in 2015/16 and results from the 2012-15 programme indicate an increase in active travel in 11-16 year olds and a drop in solo car use by staff by 7.5%.</p>
<p>20,000 residents benefit from advice</p>	<p>Community Engagement</p>	<p>As part of the 2012-15 SNSC programme, over 20,000 local residents benefitted from tailored sustainable travel advice. In 2015/16, engagement with nearly 50 community groups in these areas continues, offering local residents sustainable travel support.</p>
<p>8,700 benefit from cycling support</p>	<p>Cycling</p>	<p>Since 2012, over 21,000 participants (8,700 in 2015/16 alone) have benefitted from SNSC cycling support (including cycle training, maintenance training, route planning, journey accompaniment) across the West Midlands. 70 local education and employer sites gained Top Cycle Location accreditation. In 2015/16, over 50 Love your Bike sessions were delivered (in partnership with the Safer Travel Team and British Transport Police) at rail stations and Metro stops to encourage more people to cycle to public transport and reduce cycle crime, and the successful Bostin Bike pilot was trialled in the Black Country.</p>

Connected Communities Technological Innovation

Smart Ticketing

2015/16 has been a successful year for Swift as it was rolled out onto the Metro with the availability of season tickets including multi-modal types that also work on the bus.

We have enhanced the Pay-As-You-Go scheme to allow the purchase of singles, returns and day tickets. National Express and Stagecoach have joined 21 other operators who now accept the scheme. Pay-As-You-Go is also accepted on the Metro.

In January, NX introduced savings for customers using Swift Pay-As-You-Go of 10p for every single trip and 20p for every day ticket purchased. March also saw Swift move onto the rail network, following the successful deployment of Swift technology on to the gates at New Street, Moor Street, Snow Hill, Five Ways and University stations.

There are now over 35,000 Swift card holders with access to approximately 40 different product types.

730,000

journeys made on
the Bus and Metro in
February

35,000

Swift card holders with
access to 40 different
product types

Centro at forefront of digital technology

Centro collaborated with local software start-up Enable iD to develop a new transport app that has begun testing with the public. The app is the first in the world to utilise the 'Hub of all Things' platform developed by leading UK universities that enables users to manage their data privately and securely.

Work commenced with start-up Accelogress on development of a new product that provides data to customers on Park and Ride capacity with funding provided by government agency Innovate UK. Centro has been working with Viaqqio on a new platform that will make it easier for older people to reduce the use of, or give up their car entirely, and utilise sustainable transport for their journeys.

Preparation for the opening of the Serendip Incubator in April 2016 has continued throughout the year. Centro and Transport Systems Catapult will be partners at Innovation Birmingham's new iCentrum Building adjacent to Aston University. Centro will support new tech start-up businesses in the development of new intelligent mobility solutions to overcome challenges facing transport in the West Midlands.

A series of Intelligent Mobility seminars were held throughout the year with key stakeholders such as universities, operators, local authorities, start-up and SME businesses to share up-to-date thinking on new technologies, new services and innovation.

Business Transformation

“Delivering through excellence”

Our delivery in 2015/16 has been made possible by an excellent team of support staff.

Achievements

- Open Data
- IT systems have been assessed and appropriately upgraded to ensure they are fit for business need and to support ambitious plans around digital technology.
- Investors in People Gold re-accreditation against the new sixth generation model launched in 2015
- Inclusion in the 2016 Sunday Times Top 100 Not for Profit list (42nd) and 1 Star Best Companies rating (Very Good) achieving our highest ever Best Companies Index score, and winner of the 2016 BC “Developing Potential’ award.
- Full review of activities and structure to ensure that the organisation could meet continued reduced funding levels, resulting in a reduction of staff at senior level and the remodelling of management and assurance processes.
- TUPE transfer of Internal Audit Service to Wolverhampton City Council
- Leading the transitional work for the transfer of Centro to the West Midlands Combined Authority.
- Development and implementation of a new Executive Board Leadership Programme
- Leading the development and implementation of the 2016 ‘Get into Transport’ Prince’s Trust Programme

which was delivered in collaboration with National Express West Midlands, London Midland and Virgin Trains

- Development of revised terms of reference for the National Urban Transport Employment Partnership

- Centro and National Express West Midlands win the Putting Passengers First category at the UK Bus Awards for Transforming Bus Travel ‘Partnership Plus’
- Centro wins Contribution to Sustainable Transport category at National Transport Awards for Smart Network, Smarter Choices
- Centro Employee and Wolverhampton Bus Station Supervisor, David Ellam, wins Frontline Employee of the Year Award at the National Transport Awards

Corporate Social Responsibility

- 2015/16 saw Centro retain its C2E Committed to Equalities Accreditation with an improved score of 97.7%. Centro was also awarded Diverse Company of the Year in the 2015 Excellence in Diversity Awards against companies such as TfL. 2015/16 also saw the introduction of a new accessibility product, the Communication Pocket Guide, which was developed in association with local disability groups.
- All Centro employees undertook online equalities training in 2015. Equality Impact Assessments have been conducted on key projects and Cradley Heath Interchange has been described by a number of user groups as a highly accessible and welcoming.
- Centro’s CSR strategy was revised in 2015/16 and a CSR group was established with the aim of elevating the importance of CSR internally and externally.

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

This Annual Governance Statement reflects the close relationship between West Midlands Integrated Transport Authority (ITA) and West Midlands Passenger Transport Executive (PTE).

The ITA is made up of the seven Leaders of the Metropolitan Authorities and takes responsibility for the strategic direction for transport ensuring that it complements the economic and social strategies of the Metropolitan region. The Members Transport Delivery Committee has delegated responsibility to scrutinise the delivery functions of the PTE, with members appointed directly by the districts. The Transport Delivery Committee reports to the ITA and has its own committee.

Both the ITA and the PTE are responsible for ensuring that business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The ITA also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the members of the ITA are responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of functions, and for the management of risk. This includes responsibility, assurance and scrutiny of the PTE and its delivery.

The corporate governance arrangements are consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. The financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

This statement explains how the ITA has complied with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code and also meets the requirements of regulation 4[2] of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values which underpin the ITA and the PTE and control their activities through which they account to, engage with and lead the community. It enables the monitoring of the achievement of the ITA's strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all 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 based on an ongoing process designed to identify and prioritise the risks to the achievement of the ITA's policies, aims and objectives and the PTE's delivery of the same to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The annual independent audit of the key systems of internal control carried out during the year concluded an adequate level of assurance with no key findings or recommendations requiring management action.

A Governance framework has been in place for the year ended 31 March 2016 and up to the transfer to the West Midlands Combined Authority including the continued existence of a Corporate Governance Officers Group to consider and act upon issues related to governance across the ITA and the PTE and to provide advice to the members and directors respectively as required.

The Assurance Framework

The framework of assurance in place needs to satisfy an organisation that the risks to delivery of its objectives and the risks inherent in undertaking its work have been properly identified and are being managed by controls that are adequately designed and effective in operation. This will typically comprise a variety of sources and not only the work of Internal Audit. Internal Audit can be seen as the 'third line of defence' with the first line being policies, procedures and controls and the second being managers' own checks of the control environment. Internal Audit does however provide an independent source of assurance on all internal controls and works alongside the other assurance roles contained within the Assurance team including gateway assurance, governance services, risk management, business continuity and business improvement.

Internal Audit is able to indicate whether key controls are adequately designed and effectively operated, regardless of the sources of assurance. This role includes responsibility for both assessing the assurance available from other sources and for implementing a plan of internal audit work to obtain the required assurance.

Internal Audit and other assurance reports are presented to the Audit Risk and Governance Committee, which is responsible for assessing the quality of the assurance available and concerns itself with the adequacy and effectiveness of the internal control environment as assessed.

The Chief Audit Executive has provided an end of year report to the Audit Risk and Governance committee on their opinion of the overall adequacy and effectiveness of the control environment and includes reference to the assurance made available by other areas as well as Internal Audit.

The opinion for 2015/16 is summarised below:

The Internal Audit Charter, sets out the range of assurance activity in place. This includes:

- the appointment of a Chief Audit Executive
- the role of Internal Auditor
- access of the Chief Audit Executive and Internal Auditor to the Chair of the Audit Risk and Governance Committee
- the development and delivery of an audit plan
- the issue of a formal audit report at the end of each audit
- the follow up of audit recommendations and reporting of progress
- maintenance of relations with external audit
- maintenance of performance indicators
- maintenance and submission of the National Fraud survey
- independent investigation of theft, fraud and unexplained financial losses in line with associated policies and procedures
- monitoring of projects using PTE's gateway process to ensure projects and programmes are delivered to time and to budget
- facilitation of lessons learned on all projects
- review of business practices to ensure best practice ways of working
- risk management arrangements across all areas of the business and reporting of corporate risks
- monitoring and reporting to Management Boards, Executive and the Audit Risk and Governance Committee against delivery of the Annual Plan

Collaborative working arrangements have now been put in place with the Sandwell/Wolverhampton Internal Audit teams to provide Internal Audit services to the ITA and the PTE. A contract has been agreed with City of Wolverhampton Council to take effect from April 2016. Sandwell/Wolverhampton have undertaken internal audits on behalf of the ITA and the PTE in this last reporting period.

On the basis of all assurance work undertaken during the year, the Chief Audit Executive considers that the ITA and PTE's control environment is adequate.

The programme assurance arrangements have also been strengthened further with a consistent approach to project/programme governance and arrangements being embedded. There is now a clear separation of assurance and approvals in the project/programme management environment. Roles, responsibilities and accountabilities for different stakeholders and boards have also been clarified. A Senior Responsible Owner (SRO) has been appointed to lead each programme. The SRO has ultimate accountability for delivering the programme objectives, with each SRO being a member of the PTE Executive team.

A Corporate Assurance team was formed as part of the organisational review in October 2015. The remit of the Corporate Assurance team includes:

- i. Programme Assurance
- ii. Corporate Risk
- iii. Business Continuity
- iv. Insurance
- v. Internal Audit

The National Audit Office defines assurance as 'an independent assessment of whether the required elements to deliver projects/programmes are successfully in place and operating effectively.' Assurance should help increase the chance of delivering the required programme outcomes.

To support the strengthening of the programme assurance arrangements, the team has developed a Corporate Assurance Plan 2016/17 which was approved by Audit, Risk & Governance Committee in March 2016. The plan includes a schedule of project and programme assurance reviews for all the new programmes that will be independently undertaken by the Corporate Assurance team on behalf of the PTE Executive Board. This will support the Board in their decision making role by seeing an independent holistic view of all programme activity. A monthly corporate assurance report is produced by the Corporate Assurance Manager for the PTE Executive Board.

The Governance Framework

The ITA and the PTE have finalised a Code of Corporate Governance. The code is built upon the six core principles identified in the CIPFA/SOLACE (2007) guidance. The code provides a framework against which to progress and review the governance arrangements.

The way in which each of the six core principles of good governance is put into practice is set out below:

1. 'Aims to Focus on the Purpose of the Authority and on Outcomes for the Community to Create and Implement a Vision for the Local Area'

The ITA and the PTE's vision is to provide a "world class public transport system delivered by a best in class organisation". This is achieved through annually reviewed business priorities which complement the regional Local Transport Plan (LTP) and the strategic policies and aims of the ITA. The LTP3 is a five year joint strategy between the seven West Midlands Metropolitan Authorities to deliver their shared transport objectives.

An Annual Business Plan has been developed corporately and on a team by team basis, which is the first stage of the delivery of the longer term 'Strategic Transport Plan'. It sets a vision in which the needs and expectations of customers and partners are paramount.

2. 'Ensures that Roles and Responsibilities of Members and Officers are Clearly Stated'

The ITA and the PTE's approved committee structures, procedure rules, financial regulations and a member and officer relations protocol are brought together in a single Constitution. The Constitution sets out how the ITA and the PTE operate, how decisions are made and the procedures that are to be followed to ensure these are efficient, transparent and accountable to the local community. Contract Rules to ensure appropriate and authorised execution of agreements are contained within the Constitution along with clear and detailed Financial Regulations that govern delegated levels of authority and spend, captured within a robust procure to pay system set up to reflect the constitutional arrangements.

The Constitution is reviewed annually by the Corporate Governance Officers Group and where necessary changes approved by the ITA. It is currently in the process of being further updated following continued improvements to the management boards and the inception of the programme boards mentioned above.

3. 'Promoting Values for the Authority and Demonstrating the Values of Good Governance through Upholding High Standards of Conduct and Behaviour'

Core values have been adopted and these drive the overarching behaviour of all individuals. The core values are:

Excellence - To be the very best and add value to everything we do

Behaviours:

- We lead by example
- We communicate
- We continuously improve through innovation and challenge
- We externally benchmark our progress
- We look for ways to drive out waste

Professionalism - We are committed to earning the trust and respect of our customers, partners and colleagues by acting with integrity in all that we do

Behaviours:

- We are honest and open
- We deliver our promises
- We take responsibility for our own actions
- We set the standard
- We work collaboratively to maximise everyone's contribution

Customer Focused - We are passionate about meeting the needs and expectations of our customers and partners to deliver the best possible customer experience

Behaviours:

- We identify and understand what is important to our customers
- We use our skills and share our expertise to continually improve the customer experience
- We put ourselves in our customers' place
- We are responsive and flexible to our customers' requirements
- We maximise the use of our resources for our customers and the environment

Outcome Driven – We are clear about what we will achieve and will deliver it

Behaviours:

- We openly and honestly communicate our outcomes and our progress towards them
- We take ownership for our outcomes
- We take responsibility for our contribution
- We have a ‘can do’ attitude
- We act quickly, positively and decisively

Our People Matter – We are understood and valued

Behaviours:

- We care about and treat each other with dignity and respect
- We embrace our differences and recognise and reward everybody’s contribution to our success
- We create a positive environment to work in
- We encourage each other to reach our full potential and be the best we can
- We are proud of what we do

In addition a Code of Conduct is in place for all employees and the management reporting structure ensures that everyone is aware of these values and the importance of maintaining high standards.

4. ‘Taking Informed and Transparent Decisions which are Subject to Effective Scrutiny and Managing Risk’

The PTE has a management committee and individual delegations structure that provides clear accountability for decision making and reporting. This ensures that decisions are made at the appropriate level, with the relevant information and in the necessary timeframes.

The monthly reporting ensures that the Executive Committee has overall oversight of these decisions and ensures that they comply with relevant legislation by having dedicated systems and policies in place, including specific identification and management of corporate risks.

5. ‘Developing the Capacity and Capability of Officers to be Effective’

The PTE regularly assess the skills required by employees and make a commitment to develop those skills to enable roles to be carried out effectively, including a comprehensive assessment programme that identifies existing knowledge and skills gaps.

This is then used to put in place arrangements to develop the skills and performance of employees through their individual Performance Development Plans.

6. ‘Engaging with Local People and Other Stakeholders to Ensure Robust Public Accountability’

The ITA and the PTE seek to ensure through the Business Plan, the Annual Governance Statement and the Annual Accounts that it is clear to the community and stakeholders, what they are accountable for and to whom and that the arrangements for engaging with the community are effective.

Review of Effectiveness and Governance Issues

The good governance principles require arrangements for reviewing their effectiveness. The way governance is reviewed is set out below. These comprise a mixture of review as part of everyday business activity, as well as periodic reviews:

- The Executive Committee meets monthly, receiving regular reports from three management boards incorporating financial and operational summaries and key performance indicators.
- The Audit Risk and Governance Committee meets quarterly to review the annual audit plan and receives individual reports to provide an independent opinion on the level of assurance that can be placed upon the internal control environment, and to make recommendations as appropriate. Of the 17 recommendations made by Internal Audit to the Audit, Risk and Governance Committee during the year, five have been completed and eight are in the process of being implemented.
- Service delivery is monitored throughout the year. An Annual Business Plan is produced that sets out the overall goals, priorities and delivery plans. Progress against each priority is reviewed by one of three management boards formed of officers from various disciplines and including Executive Board level membership. The three management boards are:
 - o Continuous Improvement Management Board
 - o Smart Travel Management Board
 - o Passenger Focus Management Board
- These boards report monthly to the Executive Committee. An annual report is published on the activities, achievements, financial position and performance. This is reported to the ITA and the PTE via the appropriate committee.
- In addition to the three management boards, the Corporate Governance Officers Group (which includes Executive Board-level membership) meets as required to have oversight of all governance-related matters and developments as required to supplement the work of Continuous Improvement Management Board.
- The Finance, Delivery & Performance Monitoring Committee monitors financial performance throughout each year against the forecasts made. The PTE's Director of Business Support Services and relevant officers are in attendance at these meetings to present the reports and answer questions from members.

To supplement the management boards which monitor business performance, four new programme boards have also been established. The programme boards have been established to manage the performance of projects contained within each programme. The programme boards are:

- o Metro Development
- o Business Transformation
- o Smart Mobility
- o Connected to Growth

All programme boards have been set up with agreed standardised terms of reference to ensure that they operate consistently, and each board is led by a member of the Executive team.

To further strengthen governance, “assurance” and “approvals” activity have been separated. Executive Board are accountable for investment approvals, the programme boards monitor the performance of the projects within their programme and provide assurance. Each programme board reports to the Executive Board on a monthly basis and a separate corporate assurance report is sent to the Executive Board by the Corporate Assurance Manager.

Conclusion

In undertaking the review of internal control and the governance framework, the ITA is satisfied the systems of internal control that facilitate the effective exercise of its functions are in place and that all issues raised through the Audit, Risk and Governance Committee have been appropriately addressed and action taken.

**WEST MIDLANDS INTEGRATED TRANSPORT
AUTHORITY
AND
WEST MIDLANDS PASSENGER TRANSPORT
EXECUTIVE**

GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

STATEMENT OF RESPONSIBILITIES

The statement of responsibilities for the West Midlands Integrated Transport Authority and the West Midlands Passenger Transport Executive can be found in their respective financial report for the financial year ended 31 March 2016 which is also available on this website.

INDEPENDENT AUDITOR'S REPORT

The Group financial statements have been audited by the Authority's independent auditor.

The auditor's report for the West Midlands Integrated Transport Authority and the Group, and the West Midlands Passenger Transport Executive can be found within their respective financial report for the financial year ended 31 March 2016 which is also available on this website.

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices (the Local Authority Code of Practice) rather than the amount to be funded from the levy. The reconciliation from the accounting cost shown in the line "Total comprehensive income and expenditure" to the funding position is shown at the bottom of the statement.

2014/2015				Notes	2015/2016		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
			Contractual expenditure				
75,090	-	75,090	Concessionary fares		70,850	-	70,850
245	-	245	Rail services		526	-	526
9,236	-	9,236	Special needs services		8,519	-	8,519
8,908	(1,082)	7,826	Subsidised services		8,729	(1,276)	7,453
93,479	(1,082)	92,397			88,624	(1,276)	87,348
			Operational expenditure				
21,926	(8,889)	13,037	Infrastructure and other premises		23,132	(9,205)	13,927
6,520	-	6,520	Promotions, information and initiatives		6,385	-	6,385
12,910	(1,360)	11,550	Management costs		14,002	(1,311)	12,691
5,046	-	5,046	Other costs		5,352	-	5,352
24,643	(14,026)	10,617	Capital development and district schemes		9,223	(8,028)	1,195
71,045	(24,275)	46,770			58,094	(18,544)	39,550
164,524	(25,357)	139,167	Highways and transport services		146,718	(19,820)	126,898
2,154	(12)	2,142	Corporate and democratic core		2,490	(117)	2,373
847	-	847	Non-distributed costs		575	-	575
167,525	(25,369)	142,156	Cost of services		149,783	(19,937)	129,846
134	-	134	Other operating expenditure		12,336	-	12,336
12,984	(402)	12,582	Financing and investment income and expenditure	7	12,139	(386)	11,753
5,734	(160,562)	(154,828)	Taxation and non-specific grant income	8	1,952	(163,366)	(161,414)
36,358	(36,358)	-	DfT grant income and expenditure		41,743	(41,743)	-
222,735	(222,691)	44	Deficit/(surplus) on provision of services		217,953	(225,432)	(7,479)
		872	Actuarial losses/(gains) on pension assets/liabilities	21			19,823
		916	Total comprehensive income and expenditure				12,344
		(872)	Transfer to pension reserve				(19,823)
		(1,261)	Adjustments between accounting basis and funding basis*				6,601
		145	Transfer to earmarked reserve - ITA				(145)
		(1,072)	Surplus for the year under funding basis				(1,023)

*Adjustments between accounting basis and funding basis are due to the different accounting treatments for capital grants and pension costs, as detailed in the Movements in Reserves Statement on the line "Total adjustments between accounting basis and funding basis under regulations" (page 25).

There were no acquisitions or discontinued operations during the year (2015 - none).

GROUP MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the West Midlands Integrated Transport Authority (ITA) and the West Midlands Passenger Transport Executive (PTE), analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and 'unusable reserves' i.e. those allocated for specific purposes.

	Usable reserves			Unusable reserves				Total reserves £'000
	General fund balance	Earmarked reserve	Capital grants unapplied	Revaluation reserve	Deferred capital grants account	Capital adjustment account	Pension reserve	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 31 March 2014	8,238	12,704	207	7,802	124,173	(85,232)	(81,925)	(14,033)
Movements in reserves during 2013/14								
Deficit on provision of services	(44)	-	-	-	-	-	-	(44)
Actuarial losses	-	-	-	-	-	-	(872)	(872)
Total comprehensive income and expenditure for the year	(44)	-	-	-	-	-	(872)	(916)
Adjustments between accounting basis and funding basis under regulations								
DFT grants received	(52,486)	(84)	(11)	-	16,223	36,358	-	-
DFT grants paid	36,358	-	-	-	-	(36,358)	-	-
Capital grant paid to PTE	10,617	-	-	-	-	(10,617)	-	-
Capital grants released (depreciation and amortisation)	12,868	-	-	-	(6,274)	(6,594)	-	-
Capital grants released (disposals and revaluations)	133	-	-	-	420	(553)	-	-
Minimum revenue provision - MRP	(7,738)	-	-	-	-	7,738	-	-
Debt repayment (Transferred debt)	(470)	-	-	-	-	470	-	-
Capital expenditure charged to the general fund	(2,974)	-	-	-	-	2,974	-	-
Grants applied	7,223	(7,218)	(5)	-	-	-	-	-
Transfer to pension reserve	(2,483)	-	-	-	-	-	2,483	-
Depreciation transfer on land and buildings	213	-	-	(213)	-	-	-	-
Total adjustments between accounting basis and funding basis under regulations	1,261	(7,302)	(16)	(213)	10,369	(6,582)	2,483	-
Increase/(decrease) in year before transfer to earmarked reserves	1,217	(7,302)	(16)	(213)	10,369	(6,582)	1,611	(916)
Transfers to earmarked reserves	(5,096)	5,096	-	-	-	-	-	-
Increase/(decrease) in year	(3,879)	(2,206)	(16)	(213)	10,369	(6,582)	1,611	(916)
Balance at 31 March 2015	4,359	10,498	191	7,589	134,542	(91,814)	(80,314)	(14,949)
Movements in reserves during 2015/16								
Surplus on provision of services	7,479	-	-	-	-	-	-	7,479
Actuarial losses	-	-	-	-	-	-	(19,823)	(19,823)
Total comprehensive income and expenditure for the year	7,479	-	-	-	-	-	(19,823)	(12,344)
Adjustments between accounting basis and funding basis under regulations								
DFT grants received	(61,237)	1,516	-	-	17,978	41,743	-	-
DFT grants paid	41,743	-	-	-	-	(41,743)	-	-
Capital grant paid to PTE	770	-	-	-	-	(770)	-	-
Capital grants released (depreciation and amortisation)	14,377	-	-	-	(7,383)	(6,994)	-	-
Capital grants released (disposals and revaluations)	12,583	-	-	-	(316)	(12,267)	-	-
Minimum revenue provision - MRP	(7,156)	-	-	-	-	7,156	-	-
Debt repayment (Transferred debt)	(517)	-	-	-	-	517	-	-
Capital expenditure charged to the general fund	(457)	-	-	-	-	457	-	-
Grants applied	1,099	(908)	(191)	-	-	-	-	-
Grants unapplied	(4,563)	4,563	-	-	-	-	-	-
Transfer capital receipts	(247)	-	247	-	-	-	-	-
Transfer to pension reserve	(3,208)	-	-	-	-	-	3,208	-
Depreciation transfer on land and buildings	212	-	-	(212)	-	-	-	-
Total adjustments between accounting basis and funding basis under regulations	(6,601)	5,171	56	(212)	10,279	(11,901)	3,208	-
Increase/(decrease) in year before transfer to earmarked reserves	878	5,171	56	(212)	10,279	(11,901)	(16,615)	(12,344)
Transfers to earmarked reserves	(2,715)	2,715	-	-	-	-	-	-
Increase/(decrease) in year	(1,837)	7,886	56	(212)	10,279	(11,901)	(16,615)	(12,344)
Balance at 31 March 2016	2,522	18,384	247	7,377	144,821	(103,715)	(96,929)	(27,293)

GROUP BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the ITA and the PTE. The net assets (assets less liabilities) are matched by the reserves held by the ITA and the PTE. Reserves are reported in two categories – usable and unusable. Usable reserves are those that may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Unusable reserves are those that are not able to be used to provide services. This category of reserves includes reserves that hold unrealised gains and losses and reserves that hold timing differences.

31 March 2015		Notes	31 March 2016
£'000			£'000
231,489	Property, plant and equipment	10	245,895
62	Intangible assets	11	-
231,551	Long term assets		245,895
32,980	Short-term debtors	13	25,803
10,000	Short-term investments	14	-
27,393	Cash and cash equivalents	15	29,347
70,373	Current assets		55,150
(1,610)	Finance lease liabilities	16	(1,647)
(2,668)	PWLB		(7,672)
(109)	Other loans		(109)
(517)	Dudley MBC		(569)
(35,481)	Short-term creditors	17	(38,070)
(5,307)	Provisions	18	(6,297)
(45,692)	Current liabilities		(54,364)
24,681	Net current assets/(liabilities)		786
(1,000)	Provisions	18	(1,000)
(4,324)	Finance lease liabilities	16	(2,677)
(153,010)	PWLB		(147,719)
(10,000)	Other loans		(10,000)
(9,068)	Dudley MBC		(8,499)
(13,465)	Capital grants receipts in advance	19	(13,450)
(80,314)	Employee benefit	21	(90,629)
(271,181)	Long term liabilities		(273,974)
(14,949)	Net liabilities		(27,293)
4,359	General fund balance	20	2,522
10,498	Earmarked reserve	20	18,384
191	Capital grants unapplied reserve	20	247
15,048	Usable reserves		21,153
7,589	Revaluation reserve	20	7,377
134,542	Deferred capital grants account	20	144,821
(91,814)	Capital adjustment account	20	(103,715)
(80,314)	Pension reserve	21	(96,929)
(29,997)	Unusable reserves		(48,446)
(14,949)	Total reserves		(27,293)

GROUP CASHFLOW STATEMENT

The Cashflow Statement shows the changes in cash and cash equivalents of the ITA and the PTE during the reporting period. The statement shows how the ITA and the PTE generate and use cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the ITA/PTE are funded by way of grant income or from the recipients of services provided by the PTE. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to future service delivery.

31 March 2015 £'000		31 March 2016 £'000
(44)	Net (deficit)/surplus on the provision of services	7,479
	Adjustments to net surplus or deficit on the provision of services for non-cash movements	
13,687	Charges for depreciation and impairment of non-current assets	14,529
421	Amortisation of intangible assets	62
3,069	Net amounts of non-current assets written off on disposal	12,336
(2,483)	Change in pension reserve	(3,208)
	Working capital adjustments:	
(12,902)	(Increase)/decrease in short-term debtors	7,177
-	Pension prepayment 2016/17	(6,300)
4,264	Increase in short-term creditors	2,589
2,655	Increase in provisions	990
8,711		28,175
9,366	Net interest payable	9,568
(9,470)	Interest paid	(9,878)
269	Interest received	303
165		(7)
	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	
(52,486)	Capital grants received	(61,237)
36,358	Capital grants paid	41,743
(7,296)	Net cash flows from operating activities	16,153
	Investing activities	
(45,734)	Purchase of property, plant and equipment	(41,518)
-	Proceeds for disposal of property, plant and equipment	247
16,128	Capital grants received for the purchase of property, plant and equipment	19,494
(10,000)	(Increase)/decrease in short-term investments	10,000
31	Reduction in investment	-
(39,575)		(11,777)
	Financing activities	
20,000	New loans	-
(1,574)	Payment of finance lease liabilities	(1,610)
(7,301)	(Decrease) in capital grants receipts in advance	(15)
(152)	PWLB - repayment of loan	(280)
(470)	Dudley MBC - repayment of principal	(517)
10,503	Net cash flows from financing activities	(2,422)
(36,368)	Net increase or decrease in cash and cash equivalents	1,954
63,761	Cash and cash equivalents at 1 April	27,393
27,393	Cash and cash equivalents at 31 March (note 15)	29,347

NOTES TO THE GROUP ACCOUNTS

1. Group structure

These accounts consolidate the accounts of the West Midlands Integrated Transport Authority (ITA) with the accounts of the West Midlands Passenger Transport Executive (PTE). The ITA is a Joint Authority of the seven Metropolitan Authorities in the West Midlands, and sets policies and budgets for the public sector transport responsibilities in the area. The policies are implemented by the PTE. As the ITA exerts considerable control over the PTE, a group relationship exists between the organisations.

The ITA is classified as a local authority and the PTE is classified as a 100% owned subsidiary of the ITA. The group accounts are therefore prepared, in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code), via merger accounting, as opposed to acquisition accounting.

The ITA has no formal relevant interests in any other organisations and consequently these accounts only consolidate the accounts of the ITA and the PTE.

The ITA is liable for any accumulated deficits/losses of the PTE. If these losses could not be met by the use of reserves, the ITA would have to raise a supplementary levy on the Districts. Continuing reviews of areas of risk are undertaken and the PTE/ITA hold reserves which could be used should these risks materialise. As at 31 March 2016 the PTE had net assets of £163.929m (2015: £164.460m). During the year the PTE made a net surplus of £1.074m (2015: £0.919m) to be transferred to the general fund.

2. Basis of preparation

The financial statements have been prepared in accordance with the Accounts and Audit Regulations 2015. Proper practices are set out in the Code.

Income and expenditure is accounted for on an accruals basis (recognised in the period to which they relate) rather than when cash payments are made or received.

3. Significant accounting policies

a) Consolidation

The accounts of Midland Metro Limited, Network West Midlands Limited, Centro Properties Ltd and West Midlands Rail Limited which are wholly owned subsidiaries of the PTE, have not been consolidated with those of the PTE because the companies have never traded and do not hold any assets or liabilities.

b) Alignment of accounting policies

The group accounts have been prepared by applying consistent accounting policies to the ITA and the PTE. This has ensured that consistent accounting policies have been applied during the consolidation of the two sets of accounts. These accounting policies can be found in the individual ITA and PTE accounts.

Notes to the Group Comprehensive Income and Expenditure Statement

4. Consolidation adjustments

The following adjustments were made to the PTE/ITA's Comprehensive Income and Expenditure Statement in order to prepare the combined Group Income and Expenditure Statement.

- Revenue grants of £112.701m (2015: £116.546m) and capital grants of £24.310m (2015: £37.192m) paid by the ITA to the PTE have been removed from surplus/deficit on provision of services.

5. Officers' remuneration

The remuneration paid to the ITA and PTE's senior officers is as follows:

2014/2015					2015/2016			
Salary	Compensation for loss of office	Pension Contributions	Total		Salary	Compensation for loss of office	Pension Contributions	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
156	-	19	175	Chief Executive - Geoff Inskip	117	157	14	288
106	-	12	118	Finance Director	122	-	14	136
98	-	11	109	Customer Experience Director	72	-	8	80
-	-	-	-	Director of Integrated Mobility	84	-	10	94
-	-	-	-	Strategic Director for Transport	34	-	4	38
11	-	-	11	Non Executive Director	-	-	-	-
11	-	-	11	Non Executive Director	-	-	-	-

The PTE's other employees receiving more than £50,000 remuneration for the year (excluding pension contributions) were paid the following amounts:

2014/2015 No's		2015/2016 No's
11	£50,000 - £54,999	9
7	£55,000 - £59,999	5
6	£60,000 - £64,999	4
1	£65,000 - £69,999	5
6	£70,000 - £74,999	2
-	£75,000 - £79,999	2

The numbers of exit packages with total cost per band and total cost of the compulsory redundancies as payable during the year are set out in the table below. Exit packages include pension contributions paid to the pension fund.

2014/2015		Exit package cost band	2015/2016	
No's	£'000		No's	£'000
13	161	£0 - £20,000	3	30
6	151	£20,001 - £40,000	1	21
2	91	£40,001 - £60,000	-	-
3	203	£60,001 - £80,000	1	80
1	91	£80,001 - £100,000	-	-
-	-	£100,001 +	2	414
25	697	Total	7	545

6. Other costs

Charges relating to work undertaken by external auditors:

2014/2015 £'000		2015/2016 £'000
39	Annual statutory audit - PTE	39
20	Annual statutory audit - ITA	20
36	Other services	17
95	Total	76

7. Financing and investment income and expenditure

2014/2015 £'000		2015/2016 £'000
	Gross expenditure	
8,989	External interest on borrowing	9,264
646	External interest on transferred debt	607
9,635		9,871
3,349	Net interest cost of pension scheme (note 21)	2,268
12,984		12,139
	Gross income	
-	Heritable Bank	(161)
(269)	Investment interest received	(142)
(13)	Bank interest received	(8)
(120)	Other income	(75)
(402)		(386)
12,582	Net expenditure	11,753

8. Taxation and non-specific grant income

2014/2015 £'000		2015/2016 £'000
	Revenue grants	
138,700	ITA levy	131,400
-	LSTF - revenue grant	5,467
-	DfT - Midlands Connect programme	5,000
-	Other	53
138,700		141,920
	Capital grants	
5,000	DfT - Bilston	-
1,451	Local Growth Fund - accrued grant	-
5,734	Capital grants paid to districts	1,952
23,036	Transfers from capital grants received in advance (note 19)	25,487
35,221		27,439
(13,359)	Grants funding capital development/district schemes	(8,028)
(5,734)	Capital grants paid to districts (note 19)	(1,952)
16,128	Grants funding property, plant and equipment	17,459
-	Ring and Ride vehicles	519
-	Transfers from capital grants received in advance (note 19)	1,516
16,128		19,494
154,828	Total grants	161,414

Notes to the Group Balance Sheet

9. Consolidation adjustments

The following adjustments were made to net off inter-company balances and prepare the Group Balance Sheet:

- Short-term creditors and short-term debtors have been reduced by £35.381m (2015: £35.322m) receivable by the PTE from the ITA.
- The ITA grant element of the PTE's deferred capital grants account of £93.697m (2015: £89.418m) has been offset against the ITA's capital adjustment account.

10. Property, plant and equipment

Other land and buildings include the head office at Summer Lane and non-operational land acquired for the future expansion of park and ride sites and the Midland Metro system.

Assets under construction consists of expenditure on the extension to park and ride facilities and the construction of the Midland Metro extension. Vehicles, plant and equipment include Ring and Ride vehicles with a carrying value of £1.715m (2015: £1.855m), included on the PTE's Balance Sheet in accordance with IFRIC 4. Additions during the year for Ring and Ride were £0.519 (2015: £nil).

Movements in 2015/16:

	Other land and buildings	Vehicles, plant and equipment	Infrastructure assets			Assets under construction	Total
			Bus stations, shelters, park and ride sites	Trams	Midland Metro		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
As at 1 April 2015	3,906	36,373	65,717	56,951	158,972	62,602	384,521
Additions - capital programme	-	1,081	1,197	-	1,324	37,397	40,999
Additions - other	-	519	-	-	-	-	519
Transfers	-	724	3,932	2,756	36,245	(43,657)	-
Transfer to provision of services	-	-	-	-	-	(191)	(191)
Disposals	(330)	-	(70)	(20,747)	-	(12,051)	(33,198)
As at 31 March 2016	3,576	38,697	70,776	38,960	196,541	44,100	392,650
Accumulated depreciation							
As at 1 April 2015	97	23,059	15,483	21,954	92,439	-	153,032
Charge for the year	98	2,681	2,899	1,300	7,551	-	14,529
Disposals	-	-	(59)	(20,747)	-	-	(20,806)
As at 31 March 2016	195	25,740	18,323	2,507	99,990	-	146,755
Net Book Value							
As at 31 March 2016	3,381	12,957	52,453	36,453	96,551	44,100	245,895
As at 31 March 2015	3,809	13,314	50,234	34,997	66,533	62,602	231,489

Comparative movements in 2014/15:

	Other land and buildings	Vehicles, plant and equipment	Infrastructure assets			Assets under construction	Total
			Bus stations, shelters, park and ride sites	Trams	Midland Metro		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
As at 1 April 2014	4,606	34,582	61,229	20,747	141,588	79,659	342,411
Additions - capital programme	-	1,666	3,190	8,476	3,397	29,005	45,734
Transfers	(700)	376	1,735	27,728	13,987	(43,126)	-
Transfer to provision of services	-	-	-	-	-	(2,936)	(2,936)
Disposals	-	(251)	(437)	-	-	-	(688)
As at 31 March 2015	3,906	36,373	65,717	56,951	158,972	62,602	384,521
Accumulated depreciation							
As at 1 April 2014	-	20,549	13,146	19,718	86,487	-	139,900
Charge for the year	97	2,750	2,652	2,236	5,952	-	13,687
Disposals	-	(240)	(315)	-	-	-	(555)
As at 31 March 2015	97	23,059	15,483	21,954	92,439	-	153,032
Net Book Value							
As at 31 March 2015	3,809	13,314	50,234	34,997	66,533	62,602	231,489
As at 31 March 2014	4,606	14,033	48,083	1,029	55,101	79,659	202,511

Revaluations

All other land and buildings are revalued at least every five years at fair value and a valuation was carried out as at 31 March 2014. This valuation was carried out by Bruton Knowles, an accredited independent valuer in accordance with the Practice Statements in the Valuation Standards (The Red Book) published by The Royal Institution of Chartered Surveyors. Fair value is determined by reference to market based evidence. This means that valuations performed by the valuer are based on active market prices adjusted for any difference in the nature, location or condition of the asset.

Between valuations, a desktop review is carried out by independent valuers for indications of material changes to values and adjustments are made to the carrying value of assets as appropriate. The desktop review at 31 March 2016 was carried out by Bruton Knowles confirmed that there were no adjustments to be made.

	Other land and buildings	Vehicles, plant and equipment	Infrastructure assets			Assets under construction	Total
			Bus stations, shelters, park and ride sites	Trams	Midland Metro		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	-	38,697	70,776	38,960	196,541	44,100	389,074
Valued at fair value as at:							
31 March 2014	3,576	-	-	-	-	-	3,576
Total cost or valuation	3,576	38,697	70,776	38,960	196,541	44,100	392,650

11. Intangible assets

Intangible assets consist of costs incurred in the development and implementation of equipment, systems and services for introducing ITSO-compliant smartcard ticketing in the West Midlands. The costs are fully funded by capital grants.

31 March 2015 £'000		31 March 2016 £'000
13,327	Cost	
-	At 1 April	13,327
	Additions	-
13,327	At 31 March	13,327
	Amortisation	
12,844	At 1 April	13,265
421	Charge for the year	62
13,265	At 31 March	13,327
	Net Book Value	
62	As at 31 March	-

12. Investments

The PTE owns 100% of the issued shares of the following subsidiaries, which were incorporated in England. The investments were held at 31 March 2015 and 31 March 2016.

	Share capital	Nature of business
Midland Metro Limited	£100	Non - trading
Network West Midlands Limited	£100	Non - trading
Centro Properties Ltd	£100	Non - trading
West Midlands Rail Limited	n/a - limited by guarantee	Non - trading

Midland Metro Ltd was incorporated under the Companies Act 1985 as a private limited company on 16 March 1988.

Network West Midlands Ltd was incorporated under the Companies Act 1985 as a private limited company on 31 July 2000.

Centro Properties Ltd was incorporated under the Companies Act 2006 as a private limited company on 01 December 2009.

West Midlands Rail Ltd was incorporated under the Companies Act 2006 as a private limited company (limited by guarantee) on 10 April 2014. This company is non-trading.

13. Short-term debtors

31 March 2015 £'000		31 March 2016 £'000
10,775	Trade debtors and accrued income	12,362
2,990	Other debtors	2,101
19,215	Prepayments	11,340
32,980	Total	25,803
	Analysed between the following classes of debtors:	
4,367	Central government bodies	4,831
6,175	Other local authorities	5,822
22,438	Other entities and individuals	15,150
32,980	Total	25,803

14. Short-term investments

31 March 2015 £'000		31 March 2016 £'000
10,000	Short-term deposits (original maturity over three months)	-
10,000	Total	-

15. Cash and cash equivalents

31 March 2015 £'000		31 March 2016 £'000
26,600	Short-term deposits (original maturity three months or less)	28,150
2,750	Altram refundable deposits	2,750
793	Cash at bank	1,197
30,143		32,097
(2,750)	Less amount to be repaid to Altram	(2,750)
27,393	Cash and cash equivalents in the balance sheet	29,347

The PTE holds £2.750m (2015: £2.750m) from Altram, its private sector partner in the Midland Metro Project, as a deposit against unforeseen circumstances. Centro invests this sum short-term with any interest accruing repaid to Altram.

16. Finance lease liabilities

In 1998 the PTE entered into two finance leases with Royal Bank Leasing in connection with the vehicles for Metro Line 1. The first lease covers two vehicles and the second lease covers the remaining 13. The initial cost of all 15 vehicles was £20.747m. The leases are repayable by equal instalments over 20 years based on LIBOR interest rates. The leases are due to terminate in 2018/19. Any monetary fluctuations due to interest rate changes are settled on an annual basis.

These vehicles are no longer operational as they have been replaced by new trams. The cost and accumulated depreciation of £20.747m at 31 March 2015 have been written out of the books during the year (note 10).

Finance lease liabilities are repayable as follows:

31 March 2015			31 March 2016	
Future minimum payments £'000	Finance lease liabilities £'000		Future minimum payments £'000	Finance lease liabilities £'000
1,676	1,610	Within 1 year	1,712	1,647
4,412	4,324	Within 2 - 5 years	2,766	2,677
-	-	More than 5 years	-	-
6,088	5,934	Total minimum lease payments	4,478	4,324
(154)	-	Finance costs payable in future years	(154)	-
5,934	5,934	Present value of minimum lease payments	4,324	4,324

17. Short-term creditors

31 March 2015 £'000		31 March 2016 £'000
32,568	Trade creditors and accruals	34,892
285	Taxes and social security	352
2,628	Payments received on account	2,826
35,481	Total	38,070
	Analysed between the following classes of creditors:	
1,073	Central government bodies	559
7,110	Other local authorities	11,258
27,298	Other entities and individuals	26,253
35,481	Total	38,070

18. Provisions

2015/16 Provisions	Redundancy	Rail fares and services	Insurance/ other	Buildings maintenance	Transport development	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2015	59	520	383	1,330	4,015	6,307
Additional provision	-	216	-	85	1,840	2,141
Amounts used	(59)	-	(5)	(143)	(944)	(1,151)
At 31 March 2016	-	736	378	1,272	4,911	7,297
Current 2016	-	736	378	272	4,911	6,297
Long term 2016	-	-	-	1,000	-	1,000
Total	-	736	378	1,272	4,911	7,297
Current 2015	59	520	383	330	4,015	5,307
Long term 2015	-	-	-	1,000	-	1,000
Total	59	520	383	1,330	4,015	6,307

2014/15 Provisions	Redundancy	Rail fares and services	Insurance/ other	Buildings maintenance	Transport development	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2014	771	345	383	1,486	667	3,652
Additional provision	-	175	-	47	4,015	4,237
Amounts used	(712)	-	-	(203)	(667)	(1,582)
At 31 March 2015	59	520	383	1,330	4,015	6,307
Current 2015	59	520	383	330	4,015	5,307
Long term 2015	-	-	-	1,000	-	1,000
Total	59	520	383	1,330	4,015	6,307
Current 2014	771	345	383	486	667	2,652
Long term 2014	-	-	-	1,000	-	1,000
Total	771	345	383	1,486	667	3,652

Rail fares and services

This has been provided in order to meet anticipated future liabilities and risks in relation to local rail services.

Insurance/other

The insurance/other provision provides for various activities including redundancy and the net expected costs of claims outstanding, and their administration, relating to the activities of the PTE as a bus operator prior to 26 October 1986.

Building maintenance

This has been provided to meet contractual obligations in respect of the PTE's properties.

Transport developments

This has been provided to meet the PTE's commitments to the West Midlands regions' transport developments.

19. Capital grants receipts in advance

The ITA and the PTE receive grants which they administer and pass onto 3rd parties (the Department for Transport grants having been passed to the PTE from the ITA). These grants are credited to capital grants receipts in advance on receipt and released to the Comprehensive Income and Expenditure Statement when the expenditure is incurred.

2015/16 movements	ITB £'000	LSTF/ BBAF £'000	Joint Initiatives/ Other* £'000	Local Growth fund £'000	Total £'000
At 1 April 2015	11,234	1,126	1,105	-	13,465
Grants received/accrued					
DfT - ITB block allocation	4,380	-	90	-	4,470
DfT -other	-	-	896	-	896
Dft - Highways maintenance challenge fund	-	-	840	-	840
Enterprise Zone - BCC	-	-	2,271	-	2,271
Local Growth Fund - GBS LEP	-	-	-	16,400	16,400
Local Growth Fund - BC LEP	-	-	-	3,821	3,821
Other	-	-	953	-	953
	4,380	-	5,050	20,221	29,651
Grants applied to funding capital programme (note 8)	(6,623)	(1,348)	(3,338)	(14,178)	(25,487)
Grants paid out to districts (note 8)	(1,952)	-	-	-	(1,952)
Grants credited to Comprehensive Income and Expenditure Statement	(299)	-	(412)	(1,516)	(2,227)
At 31 March 2016	6,740	(222)	2,405	4,527	13,450

*Other – Road Safety Fund, Congestion Target Fund, ITSO Smartcard ticketing and DfT Clean Vehicle Technology Funding

20. Reserves

Movements in the group's reserves are detailed in the Movement in Reserves Statement on page 25. The purpose of the individual reserves are as follows:

Usable reserves:

General fund balance

The general fund balance is a statutory fund which represents funds available to the PTE and the ITA to meet unexpected short-term requirements.

Earmarked reserves

The earmarked reserve contains additions in year to provide funding to back capital programme commitments and the revenue grants that the ITA and PTE have received where the expenditure has not been incurred at the Balance Sheet date. These grants are transferred to the general fund via the Movements in Reserves Statement as the expenditure is incurred (see table below).

	LSTF £'000	BBAF £'000	Midlands Connect £'000	European/other schemes £'000	Capital Programme £'000	Total £'000
At 1 April 2014	10,985	1,426	-	438	-	12,849
Utilised revenue	(6,564)	(475)	-	(263)	-	(7,302)
Additions in year	-	-	-	-	4,951	4,951
At 1 April 2015	4,421	951	-	175	4,951	10,498
Received	5,467	-	5,000	53	-	10,520
Utilised revenue	(6,005)	(145)	(437)	(44)	(234)	(6,865)
	(538)	(145)	4,563	9	(234)	3,655
Released in year	-	-	-	(145)	(945)	(1,090)
Additions in year	-	-	-	-	5,321	5,321
	-	-	-	(145)	4,376	4,231
At 31 March 2016	3,883	806	4,563	39	9,093	18,384

Capital grants unapplied reserve

The capital grants unapplied reserve contains the capital grants and receipts that the PTE has received where the expenditure has not been incurred at the Balance Sheet date. These grants will be transferred to the deferred capital grants account via the Movements in Reserves Statement once the expenditure has been incurred.

The PTE has the following unusable reserves:

Revaluation reserve

The revaluation reserve contains the gains made by the PTE arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost,
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

Deferred capital grants account

The deferred capital grants account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets to the financing of those assets by capital grants.

The account is credited with capital grants that have been applied to finance capital expenditure via the Movements in Reserves Statement. The capital grants are then released to the general fund via the Movement in Reserves Statement to offset the write downs of the historical costs of assets as they are consumed by depreciation and impairment or written off on disposal.

Pension reserve

The pensions reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The debit balance on the reserve shows the shortfall in the benefits earned by past and current employees and the resources the

PTE has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

The ITA has the following unusable reserves:

Capital adjustment account

This account sets out the cumulative capital financing costs made to the PTE to support its capital programme. The account is debited with the capital grants which the ITA makes to the PTE via the Movements in Reserves Statement. The account is credited with amounts which the ITA has set aside to finance the expenditure.

21. Defined benefit pension scheme

Employees of the PTE participate in the West Midlands Metropolitan Authorities Pension Fund, a defined benefit average salary statutory scheme administered by the City of Wolverhampton Council in accordance with the Local Government Pension Scheme Regulations 2013

An actuarial valuation of this fund was carried out by Mercer Limited, an independent firm of actuaries in accordance with the Regulations as at 31 March 2013. Based on the results of the valuation of this fund at 31 March 2013, the actuaries advise that the cost of pensions to be charged to the Comprehensive Income and Expenditure Statement from 1 April 2015 should be 11.7% of the current employees pensionable pay plus £6.8m per annum to meet 100% of the overall fund liabilities. This pension cost has been determined after allowing for the amortisation of the difference between the assets and the accrued liabilities relating to the PTE over the average remaining service lives of the current members of the fund.

Barnett Waddingham LLP is now the fund's actuary and has performed the valuation at 31 March 2016.

Calculation method

The figures as at 31 March 2016 are based on the 31 March 2013 formal valuation of the fund. Membership data as at 31 March 2013 was used to develop current funding requirements. Liabilities are based on benefit payment and contribution information provided by the fund's administrator as at 31 March 2016. This valuation was carried out by Barnett Waddingham LLP.

Net liability and pension reserve

The net amount recognised on the Balance Sheet at 31 March 2016 is a deficit of £90.629m compared to a deficit of £80.314m at 31 March 2015. The net deficit has been reduced by a prepayment of £6.3m for 2016/17 contributions. As a result the pension liability does not agree to the pension reserve by that amount.

Transactions relating to post employment benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against the levy is based on the cash payable in the year, so the real cost of post employment benefits is reversed out of the general fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the general fund balance via the Movement in Reserves Statement during the year:

31 March 2015 £'000		31 March 2016 £'000
	Comprehensive income and expenditure statement	
	Cost of services	
1,986	Current service cost	2,497
32	Administration expenses	97
254	Past service cost/curtailments	-
	Financing and investment income and expenditure	
3,349	Net interest cost	2,268
5,621	Total post employment benefit charged to the surplus or deficit on provision of services	4,862
	Other post employment benefit charged to the comprehensive income and expenditure statement	
872	Remeasurements (liabilities and assets)	19,823
6,493	Total post employment benefit charged/(credited) to the comprehensive income and expenditure statement	24,685
	Movement in reserves statement	
(5,621)	Reversal of net charges made to the surplus or deficit on provision of services for post employment benefits in accordance with the Code	(4,862)
	Actual amount charged against the general fund balance for pensions in the year	
8,104	Employer's pension contributions payable to scheme	8,070
2,483		3,208

Assets and liabilities in relation to post-employment benefits

31 March 2015 £'000		31 March 2016 £'000
(306,754)	Present value of scheme liabilities	(316,284)
226,440	Fair value of scheme assets	225,655
(80,314)	Funded status	(90,629)
(80,314)	Amounts recognised as Liabilities	(90,629)

Reconciliation of present value of the scheme liabilities (defined benefit obligation)

31 March 2015 £'000		31 March 2016 £'000
284,687	Opening balance at 1 April	306,754
1,986	Current service costs	2,497
11,919	Interest cost	9,289
788	Contributions by scheme participants	818
22,941	Remeasurements (liabilities)	12,058
(15,821)	Benefits paid	(15,132)
254	Past service costs/curtailments	-
306,754	Closing balance at 31 March	316,284

Reconciliation of fair value of the scheme assets

31 March 2015 £'000		31 March 2016 £'000
202,762	Opening balance at 1 April	226,440
8,570	Interest on plan assets	7,021
(32)	Administration expenses	(97)
22,069	Remeasurements (assets)	(7,765)
8,104	Employer contributions paid - current year	8,070
-	Employer contributions paid - prepayment for 2016/17	6,300
788	Contributions by scheme participants	818
(15,821)	Benefits paid	(15,132)
226,440	Closing balance at 31 March	225,655

The plan assets at the year end were as follows:

31 March 2015			31 March 2015	
Plan assets %	Plan assets £'000		Plan assets %	Plan assets £'000
59.07	133,758	Asset category		
7.87	17,821	Equities	60.52	136,572
10.64	24,093	Government bonds	7.79	17,583
8.73	19,768	Other bonds	4.66	10,508
4.09	9,261	Property	8.25	18,609
9.60	21,739	Cash/liquidity	4.57	10,307
		Other	14.21	32,076
100.00	226,440	Total	100.00	225,655

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

The expected rate of return on plan assets is based on market expectations, at the beginning of the period, for investments returns over the entire life of the related obligation.

31 March 2015		31 March 2016
	Valuation assumptions	
3.1%	Discount rate	2.7%
3.75%	Rate of salary increase	3.75%
2.0%	Rate of pension increase	2.0%
2.0%	Inflation assumption	2.0%
	Future life expectancies from age 65	
	Retiring today:	
23.0	Males	23.0
25.6	Females	25.7
	Retiring in 20 years:	
25.2	Males	25.3
28.0	Females	28.0

It is assumed that 50% of retiring members will take the maximum tax-free lump sum available and 50% will take the standard 3/80ths cash sum.

Five year history

	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
Present value of liabilities	(285,888)	(317,471)	(284,687)	(306,754)	(316,284)
Fair value of assets in the pension scheme	189,660	208,581	202,762	226,440	225,655
Deficit/(surplus) in the scheme	(96,228)	(108,890)	(81,925)	(80,314)	(90,629)
Difference between the expected and actual return on scheme assets	(7,597)	13,622	(7,523)	22,069	(7,765)
Percentage of scheme assets	-4.0%	6.5%	-3.7%	9.7%	-3.4%
Experience gains and (losses) on scheme liabilities	-	-	4,315	(22,941)	(12,058)
Percentage of scheme liabilities	-	-	1.5%	-7.5%	-3.8%
Changes in actuarial assumptions	(6,580)	(27,574)	29,430	-	-
Percentage of scheme liabilities	-2.3%	-8.7%	10.3%	0.0%	0.0%
Net actuarial gain/(loss) recognised	(14,177)	(13,952)	26,222	(872)	(19,823)
Percentage of scheme liabilities	-5.0%	-4.4%	9.2%	-0.3%	-6.3%
Cumulative actuarial loss recognised	(85,476)	(99,428)	(73,206)	(74,078)	(93,901)

Movement in pension fund liability during the year

31 March 2015 £'000		31 March 2016 £'000
81,925	Balance at 1 April	80,314
(8,104)	Employer's pension contributions payable in the year	
	Current year	(8,070)
	Prepayment for 2016/17	(6,300)
		(14,370)
	Post employment benefit charged to the surplus or deficit on provision of services	
1,986	Current service cost	2,497
254	Past services/curtailment	-
32	Administration expenses	97
3,349	Net interest cost	2,268
5,621		4,862
872	Remeasurements (liabilities and assets)	19,823
80,314	Balance at 31 March	90,629

Movement in pension reserve during the year

31 March 2015 £'000		31 March 2016 £'000
81,925	Balance at 1 April	80,314
872	Remeasurements (liabilities and assets)	19,823
	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on provision of services in the comprehensive income and expenditure statement	4,862
5,621	Employer's pension contributions payable in the year:	
(8,104)	Current year contributions	(8,070)
80,314	Balance at 31 March	96,929

Employer's pension contributions expected to be paid in 2016/17 are estimated at £1.229m (2015/16: £8.075m). This significant reduction is due to the pension prepayment made during the year.

22. Other notes to the accounts

No other disclosures relating to the Group Comprehensive Income and Expenditure or Balance Sheet are considered necessary as adequate disclosures are made elsewhere in the individual ITA and PTE accounts.

23. Capital commitments

The PTE has major committed capital contracts amounting to £14.591m (2015: £16.885m) reflecting outstanding contracts in relation to the Metro extension.

24. Guarantees

The PTE has guarantees with local authorities lodged with the bank in connection with works being undertaken at various car parks as follows:

	£'000
Sandwell MBC (4 guarantees)	147
Birmingham City Council (1 guarantee)	97
HSBC (1 guarantee)	472

25. Related party disclosures

The following table identifies related party transactions during the year:

31 March 2015 £'000		31 March 2016 £'000
	Levy received from:	
54,492	Birmingham City Council	51,563
16,223	Coventry City Council	15,569
15,743	Dudley MBC	14,842
15,629	Sandwell MBC	14,837
10,411	Solihull MBC	9,861
13,602	Walsall MBC	12,850
12,600	Wolverhampton City Council	11,878
138,700		131,400
	Central government	
65,440	Capital and revenue grants received	59,482
65,440		59,482
	West Midlands Metropolitan Authorities Pension Fund	
8,104	Employers contribution and fixed contribution	14,370
	Recharges from District Councils	
13	Birmingham City Council	7
336	Solihull MBC	367
26	Wolverhampton City Council	10
375		384

Appointments held by the PTE's current directors include the following:

- (i) The Managing Director is a director of Biz 365 Limited and Balsall and Berkswell Football Club Limited and is a board member of Colmore Business Improvement District. There were no financial transactions with these entities during the year or the prior year.
- (ii) The Managing Director is a director of the wholly owned subsidiary companies Midland Metro Limited, Centro Properties Ltd and Network West Midlands Limited. These companies are dormant.
- (iii) The Director of Integrated Mobility is a Director of West Midlands Transport Services Limited (WMTIS). During the year Centro made payments to WMTIS of £34,927. There was no balance due to/from WMTIS at 31 March 2016. He is also a director of Network West Midlands Limited which is dormant.
- (iv) The Strategic Director for Transport is a director of Sustainability West Midlands Limited. During the year Centro made payments of £2,460 to this company. There were no other transactions during the year.

There are no comparatives for items (iii) and (iv) as these directors were appointed during the year.

Appointments held by the PTE's directors who retired during the year (up to the date of retirement) include the following:

- (i) The Chief Executive is a director of UK Tram. Centro has received £117,700 from UK Tram during the year (2015: £116,423). £28,341 remains payable to Centro at 31 March 2016 (2015: £63,114).
- (ii) The Chief Executive is a director and member of GI Consultants Limited. There were no financial transactions with this company (2015: no transactions).
- (iii) The Chief Executive was a director of PTEG Limited. During the year Centro made payments to PTEG Limited of £98,262 (2015: £111,098). There was no balance due to/from PTEG Limited as at 31 March 2016 or 31 March 2015.
- (iv) The Chief Executive was a director of the wholly owned subsidiary companies Midland Metro Limited, Centro Properties Ltd and Network West Midlands Limited. These companies are dormant.
- (v) The Chief Executive was a director of the wholly owned subsidiary West Midlands Rail Limited. This company is non-trading.
- (vi) The Chief Executive is a member of Union Internationale des Transports Publics (UITP). During the year, £275 (2015: £1,168) was received for a recharge of flight costs. £nil remained outstanding at 31 March 2016 (2015: £276).

26. Events after the Balance Sheet date

On 17 June 2016 the West Midlands Combined Authority came into existence and is the umbrella organisation under which the ITA and the PTE are combined and the responsibility for transport strategy and delivery now falls within one organisation. The ITA and PTE have ceased to exist and all of their functions, property, rights or liabilities have transferred to the Combined Authority. Where reconfigurations of this nature take place within the public sector, Government accounting requires that the activities concerned are to be considered as continuing operations, and therefore these accounts have been prepared on a "going concern" basis.