



Audit, Risk & Assurance Committee

Date: Tuesday 24 September 2019

Time: 10.00 am **Public meeting** Yes

Venue: Room 116, West Midlands Combined Authority, 16 Summer Lane, Birmingham, B19 3SD

Membership

David Lane (Chair)

Councillor Ahmad Bostan

Councillor Alan Butt

Sean Farnell

Councillor Michael Gough

Councillor Fred Grindrod

Councillor John Kraujalis

Councillor Ram Lakha

Councillor Alexander Phillips

Councillor June Tandy

Councillor Alan Taylor

Councillor David Thain

Councillor Vera Waters

Sandwell Metropolitan Borough Council

City of Wolverhampton Council

Coventry & Warwickshire LEP

Solihull Metropolitan Borough Council

Birmingham City Council

Staffordshire Non-Constituent Authorities

Coventry City Council

Shropshire Council

Nuneaton & Bedworth Borough Council

Dudley Metropolitan Borough Council

Worcestershire Non-Constituent Local Authorities

Walsall Metropolitan Borough Council

Quorum for this meeting shall be nine members.

If you have any queries about this meeting, please contact:

Contact Tanya Patel, Governance Services Officer

Telephone 0121 214 7689

Email Tanya.Patel@wmca.org.uk

AGENDA

No.	Item	Presenting	Pages	Time
Meeting Business Items				
1.	Apologies for Absence	Chair	None	10:00
2.	Declarations of Interest Members are reminded of the need to declare any disclosable pecuniary interests they have in an item being discussed during the course of the meeting. In addition, the receipt of any gift or hospitality should be declared where the value of it was thought to have exceeded £25 (gifts) or £40 (hospitality).	Chair	None	
3.	Appointment of Vice Chair	Tim Martin	None	
4.	Minutes of the meeting held on 21 June 2019	Chair	1 - 6	
5.	Chair's Remarks	Chair	None	
6.	Matters Arising <ul style="list-style-type: none"> • Whistleblowing • Mayoral Elections 2020 Preparations 	Tim Martin	None	
7.	Forward Plan	Tanya Patel	7 - 8	
Business Items for Noting/Approval				
8.	Internal Audit Update	Peter Farrow	9 - 70	10:10
9.	Equal Pay Audit and Gender Pay Gap Update	Anna Sirmoglou	71 - 74	10:25
10.	Investment Programme Governance Audit Update	Sukhy Dhanoa	75 - 92	10:40
11.	WMCA Financial Monitoring 2019/20	Linda Horne	93 - 112	10:55
12.	WMCA Corporate Services Review	Sam Webster	113 - 116	11:05
13.	Capacity and Capability - Risks and Mitigations	Tracy Walters	117 - 122	11:20
14.	Strategic Risk Register	Lorraine Quibell	123 - 130	11:35
15.	Data Protection and Data Processing	Gurmit Sangha	131 - 138	11:50
Date of Next Meeting				
16.	Tuesday 12 November 2019 at 10.00am	Chair	None	12:00

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West Midlands
Combined Authority

Audit, Risk & Assurance Committee

Friday 21 June 2019 at 10.00 am

Minutes

Present

David Lane (Chair)	
Councillor Ahmad Bostan	Sandwell Metropolitan Borough Council
Councillor Alan Butt	City of Wolverhampton Council
Sean Farnell	Coventry & Warwickshire LEP
Councillor Michael Gough	Solihull Metropolitan Borough Council
Councillor Ram Lakha	Coventry City Council
Councillor Alexander Phillips	Shropshire Council
Councillor June Tandy	Nuneaton & Bedworth Borough Council
Councillor Alan Taylor	Dudley Metropolitan Borough Council
Councillor David Thain	Worcestershire Non-Constituent Local Authorities
Councillor Vera Waters	Walsall Metropolitan Borough Council

In Attendance

Deborah Cadman	Chief Executive, West Midlands Combined Authority
Nicola Coombe	Grant Thornton
Grant Patterson	Grant Thornton
Terry Tobin	Grant Thornton

Item No. Title

- 149. Apologies for Absence**
Apologies for absence were received from Councillor Fred Grindrod (Birmingham City Council).
- 150. Minutes of the meeting held on 15 April 2019**
The minutes of the meeting held on the 15 April 2019 were agreed as a correct record.
- 151. Chair's Remarks**
- **Appointment as Independent Chair of Audit for Midland Metro Ltd**
The Chair informed committee that he had been appointed as the independent Chair of the Audit Committee for Midland Metro Ltd and would therefore declare any appropriate interests in items at this committee as necessary.

- **Appointment of WMCA Director of Finance**
The Chair congratulated Linda Horne on being appointed the WMCA's Director of Finance.
- The Chair also informed the committee of his attendance at meetings relating to the annual accounts, Senior Leadership Team meeting and other various sessions held by the Overview & Scrutiny Committee.

152. Matters Arising

- **Whistleblowing**
The Monitoring Officer advised the committee of four notifications received regarding whistleblowing disclosures. None of these disclosures actually related to the WMCA and, where appropriate, were either referred back to its appropriate local authority for further investigation or were not considered to be a whistleblowing matter.
- **Finance Update**
The Director of Finance reported that further to the Annual Accounts being present, no changes had been made to the outturn in the accounts reported to WMCA Board on 24 May. A further update on the financial monitoring position on the WMCA would be presented at the next meeting.

153. Forward Plan

The committee considered the plan of items to be reported to future meetings of the meeting. The Chair requested that a full report on capability and capacity to be presented in September 2019.

Resolved:

- (1) The items of business to be reported at future meetings be noted.

154. WMCA Strategic Risk Register

The committee received a summary on the current status of key risks being considered by Senior Leadership Team captured within the Strategic Risk Register. Changes to register included two risk closures and a reduction in risk S07c relating to delivery of the Adult Education Budget.

Councillor Alexander Phillips requested timescales as to when outcomes would be provided to the review being undertaken for the current funding shortfall in the Investment Programme. He also suggested that HS2 should be covered on the Strategic Risk Register. However, due to HS2 not being a WMCA responsibility in terms of delivery, further officer-led discussions would determine the position as to where this was considered appropriate for the risk register or not. It was noted that the scoring against capacity and capability had been reduced, although members felt that the scoring should remain as a 'red' risk and requested for the risk to remain 'red' until a more detailed understanding was received.

Resolved:

- (1) The strategic risks contained within the Strategic Risk Register be noted.
- (2) The risk for Capacity and Capability would be referred back to the Senior Leadership Team for consideration for regrading it to be a red risk.
- (3) The Senior Leadership Team be requested to consider whether a cancellation or delay in HS2 would introduce risk in WMCA plans and whether this should be recognised within the Strategic Risk Register.

155. WMCA Assurance Report - Arm's Length Companies

The committee received an update confirming the status of the WMCA's arm's length companies and the governance assurance and risk monitoring arrangements put in place for each company. The focus of the report related to WM5G Ltd, which recently moved from dormant status to operational.

The Chair acknowledged the need for WM5G Ltd to retain its commercial confidentiality but felt as the 5G project fed into the Strategic Risk Register, he requested that this committee be alerted to any critical key issues and risks within the Strategic Risk Register. The Monitoring Officer provided the committee with an update regarding previous concerns about Huawei. It was noted that in regards to security issues, the WMCA would continue to work closely in line with the Department for Culture, Media & Sport and Government guidance.

Resolved:

- (1) The governance, assurance and risk monitoring arrangements for WM5G Ltd be noted.
- (2) The ongoing governance, assurance and risk monitoring arrangements for WMCA's other arm's length companies - Midland Metro Ltd, West Midlands Growth Company, West Midlands Rail and West Midlands Development Capital Ltd - be noted.

156. Internal Audit Update

The committee received an update on the work completed by internal audit so far this financial year. It was noted that the four internal audit reviews relating to 2018/19 had been concluded, with no items of particular significance to report back on. Internal audit were on track for delivering the internal audits review for 2019/20 as per the timetable.

The committee raised concerns regarding the implementation of outstanding actions relating to the auditable area establishment of the Mayoral Officer 2017/18. Deborah Cadman assured committee that those recommendations would be considered by the Senior Leadership Team for review and implementation. The three outstanding audit recommendations would be closed out by September 2019 and reported back on at the September meeting.

Resolved:

- (1) The contents of the latest Internal Audit update report be noted.

157. WMCA Cost Assurance

The committee received a report from the Director of Finance outlining the process pertaining to cost assurance for investments forming part of the Investment Programme.

The Chair stated that the report gave the committee a level of assurance around the appraisal method, although he requested further details on post-implementation review and overruns on projects outside of the WMCA's control.

Resolved:

- (1) The contents of the report outlining the way in which WMCA managed costs assurance be noted.

158. Corporate Services Review

The committee was provided with an overview of the current position of the Corporate Services review being undertaken within the WMCA. It was acknowledged that the organisation had evolved considerably and therefore the current model being used by Corporate Services was no longer fit for purpose. The review commenced in January 2019 and focused on 10 key services areas. It was noted that an external organisation would conduct the review of ICT, who would provide recommendations in moving forward its capability and capacity. Further to the review concluding, a formal review will be undertaken in December 2019.

Councillor Ram Lakha queried regarding the budget for this transformation. Deborah Cadman stated how essential it was that an external consultancy undertook the review of ICT and indicated that this and the wider review were being funded through existing budgets.

Resolved:

- (1) That the update on the Corporate Services review be noted with a full report due to back to committee at its September meeting.

159. Constitution Update

The Monitoring Officer updated committee on the position of the review of the constitution. A fundamental review of the constitution was being undertaken to ensure the document being in a more useable format as part of the work being undertaken on general governance and the assurance framework arrangements. A draft copy of the constitution would be shared at the next meeting.

Resolved:

- (1) The update on the review of the constitution be noted.

160. Update on the Transfer of West Midlands Fire Service Governance

The committee were informed by the Monitoring Officer on the decision not to proceed with the proposed transfer of governance of the West Midlands Fire & Rescue Service to the Mayoral WMCA.

Resolved:

- (1) The report be noted.

161. Annual Accounts 2018/19 for West Midlands Combined Authority

The committee considered a report on the Annual Accounts of the West Midlands Combined Authority and the West Midlands Integrated Transport Pension Fund for the financial year ended 31 March 2019. The committee also received a summary of the audit findings for both West Midlands Combined Authority and West Midlands Integrated Transport Pension Fund and Letters of Representation.

Further to concerns around the liquidity of level three assets, the committee requested further details on as to whether the recent Woodford Investment Management issues were considered a risk for the WMCA.

The External Auditor confirmed that he was satisfied that the WMCA accounts, as audited, could be approved by committee. It was noted that a national issue regarding pension liabilities relating to an ongoing litigation of a separate public body, has the potential to impact on the pension fund valuation and accounts of all public sector bodies dependent upon the final ruling. This would become clearer in the next few weeks. It was noted that this could result in adjustments being required to the accounts in regard to the pension fund liabilities on the balance sheet. This would have no impact on the financial outturn for the Authority or the Pension Fund but could require a late adjustment.

Resolved:

- (1) The Director of Finance sign the letter of representation for WMCA and the West Midlands Integrated Transport Authority Pension Fund.
- (2) The annual accounts of WMCA and the West Midlands Integrated Transport Authority Pension Fund be approved subject to resolution of the outstanding Pension query.
- (3) The audit findings reports presented by Grant Thornton be noted.
- (4) Grant Thornton's proposal to issue an unqualified audit opinion on the accounts be noted.
- (5) That the Mayor and Director of Finance be authorised to sign the accounts on behalf of the WMCA and that delegated authority be given to the Director of Finance in consultation with the Chair of committee and Grant Thornton to agree any adjustments to the accounts arising from the pension litigation mentioned above.

162. Exclusion of the Public and Press

Resolved that in accordance with section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business as they involved the likely disclosure of exempt information relating to the financial or business affairs of any particular person (including the authority holding that information)

163. Audit Progress Accessible Transport Group

The committee received an update from the Director of Finance regarding the current position on the administration of Accessible Transport Group. It was noted that the organisation went into administration in March 2019 and the WMCA continued to work with the Administrator to ensure the services were maintained whilst assets were in the process of being sold. A preferred bidder had been named by the Administrator, but this remained a confidential matter at the time of the committee's meeting.

The committee also received a report from Grant Thornton which outlined its satisfaction with the WMCA in its handling of this process but confirmed they would propose some recommendations to be added to a pending detailed review by Internal Audit once the Administrator's work was complete.

Resolved:

- (1) The contents of the latest external audit progress report be noted.

164. Proposed 2019/20 Dates

The dates for meetings of this committee for 2019/20 were noted.

The meeting ended at 12.10 pm.

WMCA Audit, Risk & Assurance Committee - Forward Plan

Title of Report	Description of Purpose	Date of Meeting	Lead Officer
Strategic Risk Register	To receive an update on the Strategic Risk Register.	12 November 2019	Loraine Quibell
Assurance Report Update	Corporate Assurance undertaken since the last update.	12 November 2019	Joti Sharma
Internal Audit Update	To receive an update on the audits undertaken.	12 November 2019	Peter Farrow
Assurance Report Update	Corporate Assurance undertaken since the last update.	13 January 2020	Joti Sharma
Internal Audit Update	To receive an update on the audits undertaken.	13 January 2020	Peter Farrow
Internal Audit Plan 2020/21	It receive the first draft of the 2020/21 Internal Audit Plan.	13 January 2020	Peter Farrow
External Audit Plan	To receive the External Audit Plan.	13 January 2020	Grant Thornton
Conflict of Interest Policy for Non-Elected Participants in Combined Authority Governance	To receive an update on the reviewed appointed Solihull Independent Person Panel.	13 January 2020	Tim Martin
Corporate Services Review	To receive an update on the findings of the corporate services review.	13 January 2020	Sam Webster
Strategic Risk Register	To receive an update on the Strategic Risk Register.	21 April 2020	Loraine Quibell
Assurance Report Update	Corporate Assurance undertaken since the last update.	21 April 2020	Joti Sharma
Internal Audit Update	To receive an update on the audits undertaken.	21 April 2020	Peter Farrow

Title of Report	Description of Purpose	Date of Meeting	Lead Officer
WMCA Annual Governance Statement	To approve the Annual Governance Statement	21 April 2020	Tim Martin
Assurance Report Update	Corporate Assurance undertaken since the last update.	26 June 2020	Joti Sharma
Internal Audit Update	To receive an update on the audits undertaken.	26 June 2020	Peter Farrow
WMCA Annual Accounts	To approve the WMCA Annual Accounts.	26 June 2020	Linda Horne
WMCA Audit Findings	To receive an update from external audit.	26 June 2020	Grant Patterson
WMITA Pension Fund – Audit Findings	To receive an update from external audit.	26 June 2020	Grant Patterson



Audit, Risk & Assurance Committee

Date	24 September 2019
Report title	Internal Audit Update
Accountable Chief Executive	Deborah Cadman, OBE Chief Executive Email: Deborah.Cadman@wmca.org.uk Tel: (0121) 214 7200
Accountable Employee	Tim Martin, Chief Audit Executive Email: Tim.Martin@wmca.org.uk Tel: (0121) 214 7435
Report to be/has been considered by	n/a

Recommendation(s) for action or decision:

The Audit, Risk & Assurance Committee is recommended to:

- (1) Note the contents of the latest Internal Audit Update Report.

1.0 Purpose

1.1 The purpose of this report is to present the Committee with an update on the work completed by internal audit so far, this financial year.

2.0 Background

2.1 In accordance with the agreed work programme for internal audit, the reports provide an independent and objective opinion on the Combined Authority's effectiveness in managing their risk management, governance and control environment.

2.2 The reports will also feed into the Annual Internal Audit Report that will be prepared at the end of the financial year. The Annual Report will provide an overall audit opinion on the adequacy and effectiveness of the governance, risk management and internal control processes, based upon the outcome of the reviews completed during the year. This opinion can then be used to feed into the Combined Authority's Annual Governance Statement that accompanies the Annual Statement of Accounts.

3.0 Wider WMCA Implications

3.1 There are no implications

4.0 Financial implications

4.1 There are no implications

5.0 Legal implications

5.1 There are no implications

6.0 Equalities implications

6.1 There are no implications

7.0 Other implications

7.1 Not applicable

8.0 Schedule of background papers

8.1 None

9.0 Appendices

This report is PUBLIC [NOT PROTECTIVELY MARKED]



West Midlands Combined Authority

Internal Audit Update Report Quarter 2
2019-2020

Delivered by City of Wolverhampton Council – Audit Services

1 Introduction

The purpose of this report is to bring the Audit and Risk Assurance Committee up to date with the progress made against the delivery of the 2019 - 2020 internal audit plan.

The Audit, Risk and Assurance Committee has a responsibility to review the effectiveness of the system of internal controls and to monitor arrangements in place relating to corporate governance and risk management arrangements. Internal audit is an assurance function which provides an independent and objective opinion to the organisation on the control environment, comprising risk management, control and governance. This work update provides the committee with information on recent audit work that has been carried out to assist them in discharging their responsibility by giving the necessary assurances on the system of internal control.

The information included in this progress report will feed into and inform our overall opinion in our internal audit annual report issued at the year end. Where appropriate each report we issue during the year is given an overall opinion based on the following criteria:

Limited	Satisfactory	Substantial
There is a risk of objectives not being met due to serious control failings.	A framework of controls is in place, but controls need to be strengthened further.	There is a robust framework of controls which are applied continuously.

2 *Summary of progress – 2018-2019*

The following internal audit reviews relating to 2018-2019 have been completed or are currently in progress. Reports containing amber or above rated recommendations are appended to this report at Appendix 1, 2 and 3.

Auditable area	AAN Rating	Recommendations					Level of assurance
		Red	Amber	Green	Total	Number accepted	
Performance Management and Business Planning Arrangements (Devolution Deal including Financial Assumptions) (Appendix 1)	High	-	2	-	2	2	Satisfactory
Birmingham Eastside Metro Extension Project Management Arrangements (Appendix 2)	High	-	6	-	6	6	Satisfactory
Governance Arrangements - Midland Metro Limited (Appendix 3)	High	-	2	-	2	2	Satisfactory
WMCA Governance Arrangements	High	Drafting report					

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3 *Summary of progress: 2019-2020*

The following internal audit reviews from the 2019-2020 Internal Audit Plan have been completed or are currently underway. The report containing amber or above rated recommendations is appended to this report at Appendix 4.

Auditable area	AAN Rating	Recommendations					Level of assurance
		Red	Amber	Green	Total	Number accepted	
2019-2020 Internal Audit Reviews already reported							
Employment Support Pilot	Medium	-	-	1	1	1	Substantial – final report issued

This report is PUBLIC [NOT PROTECTIVELY MARKED]

Auditable area	AAN Rating	Recommendations					Level of assurance
		Red	Amber	Green	Total	Number accepted	
2019-2020 Internal Audit Reviews completed in Quarter 2							
Transport Operator Data and Payment Arrangements – Managed Service	Medium	-	-	-	-	-	Substantial – final report issued
Employee Performance Management (Appendix 4)	High	-	1	1	2	2	Satisfactory – final report issued
Homelessness Taskforce	High	-	-	1	1	TBC	Substantial – draft report issued

Auditable area	AAN Rating	Quarter (month)		ARAC Meeting (indicative)
		Quarter	Month	
2019-2020 Internal Audit Reviews in progress				
Programme and Project Management Framework	High	Quarter 1 - In progress – fieldwork commenced		November 2019
Single Commissioning Framework	High	Quarter 2 - In progress – fieldwork commenced		November 2019
Construction Retraining Funds	Medium	Quarter 2 - In progress – fieldwork commenced		November 2019
Local Industrial Strategy	High	Quarter 2 - Scoping commenced		November 2019
West Midlands Rail	High	Quarter 3 - Scoping commenced		November 2019

*Summary of individual audits***Transport Operator Data and Payment Arrangements – Managed Service**

The Swift Team completes operator data returns for 15 small operators regarding the nBus, nNetwork and Concessions Schemes, as part of a contracted managed service arrangement. These returns along with those directly submitted by the larger operators are then used to calculate payments to be made to each of the operators. The objective of the audit was to seek assurance that effective mechanisms had been established to support data and payment arrangements regarding transport operators via managed services.

We identified no major issues and found that suitable processes were in operation for delivery of the managed service to operators, services had been provided by the WMCA in accordance with contracts established, bus operators had been correctly invoiced for services provided and sample testing found that data processing and payment of income collected to operators was undertaken accurately and completely.

4 *Forward plan for 2019-2020 scheduled audits*

Auditable area	AAN Rating	Quarter (month)	ARAC Meeting (indicative)
Gross Service			
ICT Strategy	High	To be confirmed - postponed due to ICT external review, at request of Managing Director, TfWM	To be confirmed
Key Financial Systems Focused Reviews	High	Quarter 3 – October 2019	January 2020
Investment Programme	High	To be confirmed in-year	To be confirmed in-year
Housing and Regeneration			
Housing and Regeneration Programme and Project management arrangements	High	Quarter 2 – September 2019	November 2019
Commissioning and funding arrangements for externally led projects	High	Quarter 3 – October 2019	January 2020

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Auditable area	AAN Rating	Quarter (month)	ARAC Meeting (indicative)
Productivity and Skills			
Adult Education Budget	High	Quarter 4 – January 2020	April 2020
Public Service Reform			
West Midlands 5G Programme	High	Quarter 3 – December 2019	January 2020
Strategy			
Bid Management Framework	High	Quarter 3 – November 2019	January 2020
West Midlands Fire Service	High	Quarter 4 – February 2020	April 2020
Transport for West Midlands			
Third Generation Tram Procurement Project	High	Quarter 4 – January 2020	April 2020

5 Follow-up of previous recommendations

We continue to monitor the implementation of previous key recommendations, and any major issues of concern relating to their non-implementation, will be reported back to the Audit, Risk and Assurance Committee. The following follow up reviews have been completed:

Auditable area	AAN Rating	Recommendations					Level of assurance
		Red	Amber	Green	Total	Number accepted	
Establishment of the Mayoral Office (2017-2018) – second follow-up	Medium	1	6	-	7	7	Remaining three amber recommendations – two fully implemented and one no longer applicable.

This report is PUBLIC [NOT PROTECTIVELY MARKED]

Auditable area	AAN Rating	Recommendations					Level of assurance
		Red	Amber	Green	Total	Number accepted	
Health and Safety Arrangements (2018-2019)	High	-	2	5	7	7	<p>Recommendations implemented with residual action on two green recommendations to be completed by 31 October 2019 and one green recommendation to be taken forward as part of the Constitution review with no further action under this review.</p> <p>Two further recommendations added post issue of the original report (ARAC 14 November 2019) regarding the Fire Service and monitoring of stress and long-term absence in liaison with Human Resources and Organisation Development had been addressed.</p>
Workforce Planning Arrangements	High	-	1	-	1	1	Progress and proposed action plan to achieve full implementation noted. Revised implementation date 31 March 2020.

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The following follow up reviews are scheduled for 2019-2020:

Auditable area	Level of assurance	Recommendations				Quarter (month)	ARAC Meeting (indicative)
		Red	Amber	Green	Total		
2017/18 Internal Audit Reviews							
Investment Programme - Governance Arrangements for Project Appraisal and Approval (2017/18)	Satisfactory	-	8	-	8	On hold at request of Head of Governance and Director for Strategy	To be confirmed
National Fraud Initiative (2017-2018)	Satisfactory	-	2	4	6	Quarter 3 – December 2019	January 2020

This report is PUBLIC [NOT PROTECTIVELY MARKED]

Auditable area	Level of assurance	Recommendations				Quarter (month)	ARAC Meeting (indicative)
		Red	Amber	Green	Total		
Management of IR35 (2017-2018)	Satisfactory	-	4	3	7	Quarter 3 – December 2019	January 2020
2018-2019 Internal Audit Reviews							
Corporate Business Continuity	Substantial	-	-	3	3	Quarter 3 – September 2019	November 2019
Asset Management Arrangements	Satisfactory	-	1	2	3	Quarter 3 – December 2019	January 2020
Data Insight Service	Substantial	-	-	3	3	Quarter 3 – November 2019	January 2020
Budget Management Roles and Responsibilities	Substantial	-	-	3	3	Quarter 1 – May 2020	June 2020



West Midlands Combined Authority

Internal Audit Report Performance Management and Business Planning arrangements (Devolution Deal including Financial Assumptions) 2018 – 2019

9 July 2019

Delivered by City of Wolverhampton Council – Audit Services

1. Executive summary

Introduction

An audit of the West Midlands Combined Authority's (WMCA) Devolution Deal Objectives and Financial Assumptions was proposed as part of the approved internal audit plan for 2018-2019. In addition, an audit of the WMCA's Business Planning Arrangements was also included in the 2018-2019 plan.

At the time of review the WMCA was in the process of revising its approach to the development of the 2019-2020 Annual Plan and developing a more effective strategic performance management and business planning framework at the time of review.

As both performance management and utilisation of business planning arrangements underpin delivery of the Devolution Deal objectives, underlying financial assumptions as well as achievement of overall strategic objectives, the above two audits were amalgamated as agreed with the Director for Strategy and Interim Director of Finance.

It should be noted that the remit of any best practice strategic performance management and business planning framework would be expected to be wider than Devolution Deal objectives alone. In addition, during the review it was identified that the financial assumptions routinely referred to relate solely to the Investment Programme.

This review presents the findings regards seeking assurance that appropriate performance management and business planning arrangements have been established to support delivery of the WMCA's strategic objectives within which the Devolution Deal objectives fall and associated outcomes, outputs and benefits and that the underlying financial assumptions for the Investment Programme are suitably monitored and reported on.

Scope and objectives of audit work

Our audit was conducted in conformance with the Public Sector Internal Audit Standards and considered the following objectives, and the potential risks to the achievement of those objectives:

- To seek assurance that appropriate performance management and business planning arrangements have been established to support delivery of the Devolution Deal objectives and associated outcomes, outputs and benefits and that the underlying financial assumptions made as part of budget setting are suitably monitored and reported on.

Scope	Potential risks
<p>The scope of this audit included high level review of the following:</p> <ul style="list-style-type: none"> • Strategic performance management and business planning arrangements regarding delivery of the Devolution Deal objectives and associated outcomes, outputs and benefits. As part of this reference will be made to both internal and external arrangements as applicable. 	<p>The WMCA may come into disrepute if the organisation is unable to effectively deliver its obligations and aspirations as detailed within Devolution Deals and associated strategic plans.</p>

Appendix 1

- Monitoring and reporting undertaken as part of the above regarding underlying financial assumptions made within budget setting and management arrangements.

Limitations to the scope of our audit

The audit was limited to a high-level review of the above scope. A wider view of organisational performance management and reporting arrangements was taken to encompass the current work to develop robust performance management in support of the new Annual Plan format. Performance management of Devolution Deal objectives and financial assumptions would be expected to be included in organisational wide arrangements.

Overall conclusion

Taking account of the issues identified in this report, in our opinion the controls operating within the system, provide **satisfactory assurance** as part of the process to mitigate risks to an acceptable level.

Limited	Satisfactory	Substantial
There is a risk of objectives not being met due to serious control failings.	A framework of controls is in place, but controls need to be strengthened further.	There is a robust framework of controls which are applied continuously.

Current arrangements and proposed developments

Strategic and external performance monitoring arrangements

We understand that the WMCA has several arrangements in place at present for monitoring achievement of strategic objectives and associated benefits including those related to the two Devolution Deals.

The Annual State of the Region review undertaken by the Black Country Consortium as commissioned by the WMCA provides performance information regarding achievements across the region not just influenced by the WMCA but also other delivery organisations within the West Midlands. This report provides narrative and performance information regards the ambitions of the Strategic Economic Plan and the current direction of travel through key indicators.

In addition, the Annual Conversation process undertaken in liaison with the Department for Business, Energy and Industrial Strategy (BEIS) looks to develop the monitoring and evaluation arrangements for the Devolution Deals. This is in preparation for the future provision of monitoring data against BEIS specified performance measures. We understand that the WMCA is actively engaged with BEIS and central government to ensure that the approach taken is appropriate, proportionate and aligns with the WMCA's own development of performance management arrangements with the aim to avoid duplication and achieve a 'single version of the truth' in meeting the various internal and external monitoring requirements applicable to the WMCA.

We further note that as specified in the Devolution Deals, an Office of Data Analytics is currently being established to further provide insight and intelligence regarding performance and achievement of key strategic objectives and benefits across the region.

Annual Plan

As part of the WMCA's current developmental work, we noted that a key development had been the revised approach to the 2019-2020 Annual Plan to ensure the Plan includes more explicit performance measures including metrics, and clearly reflect the WMCA's vision and strategic objectives as defined within seven key priorities as follows:

- **Homes** – Delivery of 215,000 homes by 2031, significant increase in the proportion of affordable housing and driving new benchmarks.
- **Strong communities** – Delivery of safe and vibrant communities that maximise opportunity for all residents.
- **Transport** – Delivery of a fully integrated transport network.
- **Health and Wellbeing** – Improvement in the region's health and wellbeing, including mental health.
- **Employment, Education and Skills** – Improvement in skills levels at all ages, ensuring greater access to employment.
- **Environment** – Making a significant impact on the environment.
- **Economic** – Transformation of the area by improving competitiveness and productivity of business.

Review identified that the above seven priorities clearly aligned with the strategic areas detailed in the two Devolution Deals.

We understand that the 2019-2020 Annual Plan will be outward looking and be supported by individual Directorate level delivery plans that were being developed at the time of review. The Directorate level delivery plans are expected to cover a period of three to five years with each Annual Plan deliverable being identified from within these longer-term Directorate level plans. The 2019-2020 Annual Plan aims to:

- Set out the priorities for 2019-2020 so that partners and stakeholders are clear on the key areas of focus and priorities for the year ahead
- Provide a strategic context for the WMCA as an organisation so that service plans and operational activity are aligned to the overall vision and priorities
- Enable the WMCA to articulate what is being delivered, and be able to oversee and review progress against priorities

It is further understood that each Directorate plan whilst leading on a specific priority, is expected to consider and contribute to the delivery of the other priorities as well.

Organisational performance management

We found that at the time of our review that the WMCA had fully recognised that current internal arrangements required development to ensure more effectively and explicitly supported strategic performance management and business planning arrangements regarding delivery of WMCA strategic objectives and specifically Devolution Deal objectives as well as associated outcomes, outputs and benefits. We noted several actions were being taken to develop and improve organisational level performance management arrangements ensuring these would effectively align with directorate level arrangements.

We noted that proposed framework principles had been commissioned by the Director for Strategy as part of developing a performance management framework that would underpin the Annual Plan and overall strategic and organisations performance monitoring and reporting. Appendix A provides further details.

Review of the proposed framework principles identified that the framework clearly represented a best practice approach to strategic performance management and business planning that looked to align with strategic objectives on a hierarchical basis at strategic and operational levels within the organisation.

Monitoring and reporting regarding underlying financial assumptions

We found that suitable monitoring and reporting arrangements had been established by Finance regarding the assumptions within the financial model established which underpins the Investment Programme. We understand ongoing monitoring and review of the underlying assumptions was being undertaken through regular cash flow monitoring and reporting, review of current income streams and underlying assumptions, as well as consideration of strategies and associated options based on affordability to sustain income streams for the Investment Programme.

Key issues identified

Based on the above arrangements and developments currently being undertaken that demonstrate clear action and focus regarding performance management arrangements, we have identified two **amber** issues where improvements could be made and help strengthen current developments, arising from the following:

- Whilst core principles of a performance management framework had been developed, these were yet to be formally ratified and a formal strategic performance management framework was yet to be established.
- The business planning tool may not in its current format and capability fully support the strategic performance management monitoring and reporting required by the WMCA, and especially in support of the revised Annual Plan approach taken for 2019-2020 onwards.

The Director of Strategy and the Finance Director have agreed and support the recommendations made within this report and have advised that the recommendations will help reinforce the work already underway to further develop and better align business planning and performance management arrangements with early work having already been reflected in the 2019-2020 Annual Plan. We understand that this work will also continue through actions and recommendations arising from the review of Corporate Services. A target implementation date has been agreed as 31 December 2019.

A copy of this report will be presented to the Audit, Risk and Assurance Committee.

Acknowledgement

Several employees gave their time and co-operation during this review. We would like to record our thanks to all the individuals concerned.

2. Issues arising

Priority rating for issues identified:

Red

Action is imperative to ensure that the objectives for the area under review are met

Amber

Action is required to avoid exposure to significant risks in achieving objectives

Green

Action is advised to enhance risk control or operational efficiency

Action is required to avoid exposure to significant risks in achieving objectives

Amber

No	Issue arising	Agreed action including responsibility and target date
2.1	<p>Performance Management Framework</p> <p>We found that whilst core principles for a best practice performance management framework had been proposed, these were yet to be formally ratified and a single formal strategic performance management framework was yet to be established and adopted in support of the revised Annual Plan format which now looks to include performance measures, overall strategic performance monitoring and alignment with directorate level performance management.</p> <p>We further noted that alignment with specific WMCA internal monitoring of achievement of the Devolution Deal objectives as well as meeting the requirements of the monitoring and evaluation plan once agreed with BEIS, would be required once a framework was established to ensure single system was operated that looked to meet the needs of the various performance monitoring arrangements the WMCA is subject to.</p> <p>We further noted that whilst Corporate Assurance were in the process of developing corporate dashboards containing core organisation information, performance reporting was yet to be fully developed. In addition, there is a need to develop potentially interim performance monitoring arrangements regards demonstration of delivery of the 2019-2020 Annual Plan during and / or at the end of the financial year based on the performance measures included.</p>	<p>Agreed. As part of the current work already underway, the early work reflected in the Annual Plan and the outcomes of the Corporate Services review, action will continue to be taken to ensure that:</p> <ul style="list-style-type: none"> • A clearly defined and documented best practice performance management framework will be established to support effective monitoring and reporting regarding delivery of the WMCA's strategic vision, objectives and priorities to provide an organisational wide framework from operational level through to strategic. • The performance management framework will ensure that the performance measures contained within the Annual Plan are effectively monitored and reported on, periodically during the financial year as well as at year end to demonstrate progress with delivery. • Where required, interim arrangements will be established until such time a full performance management framework can be implemented to address immediate 2019-2020 Annual Plan monitoring and reporting on stated performance measures. • The performance management framework will ensure that it provides a single system approach to the monitoring and evaluation requirements of BEIS and demonstration of the delivery of specific Devolution Deal deliverables and objectives.

Action is required to avoid exposure to significant risks in achieving objectives

Amber

No	Issue arising	Agreed action including responsibility and target date
	<p>Implication: Current performance management arrangements may not fully and effectively support the revised Annual Plan and strategic performance monitoring.</p>	<ul style="list-style-type: none"> • Development of the performance management framework will look to align both strategic and directorate level performance monitoring and reporting arrangements to ensure a single consistent view of organisational wide delivery can be facilitated. • Clearly defined reporting arrangements (including format, content and frequency) will be established as part of the performance management framework at both operational and strategic level, ensuring wherever possible external reporting requirements are also accommodated within a single reporting mechanism. The reporting route within WMCA governance arrangements will be clearly established from operational level through to strategic. • Roles (including a Senior Responsible Officer), responsibilities and associated resources required to support delivery of an effective organisational wide performance management framework will be clearly defined, documented and established. <p>Responsibility: Lead Director – Julia Goldsworthy, Director of Strategy</p> <p>Target date: 31 December 2019</p>

Action is required to avoid exposure to significant risks in achieving objectives

Amber

No	Issue arising	Agreed action including responsibility and target date
2.2	<p>Business Planning process and tool We found that the existing business planning tool may not fully meet the specific performance monitoring and reporting required to support the revised Annual Plan process as well as overall strategic performance management, in its current state.</p> <p>We understand that short business plans were submitted for the purpose of the budget setting process prior to the development of the 2019-2020 Annual Plan and on this occasion looked for clearer demonstration of strategic alignment. However, at that time the seven priorities now included in the Annual Plan to help drive strategic and organisational alignment and consistency within delivery were yet to be developed.</p> <p>We further noted that current mid-level deliverables tended to be set at a more operational than strategic level and reporting was also largely undertaken at an operational level.</p> <p>Consequently, current mid-level deliverables may not fully or explicitly align with the seven priorities or specifically the performance measures within the Annual Plan, leading to a potential gap in performance monitoring.</p> <p>However, we understand that at the time of review Directorates were developing Directorate level plans that should align and underpin the Annual Plan.</p> <p>Implication: Business planning mechanisms may not fully support performance management.</p>	<p>Agreed. As part of the current work already underway, the early work reflected in the Annual Plan and the outcomes of the Corporate Services review, action will continue to be taken to ensure that:</p> <ul style="list-style-type: none"> • The operational business planning tool is reviewed to ensure going forward it can effectively support the Annual Plan and associated performance management arrangements. • Current business plan templates used in the budget setting and annual plan process are reviewed considering the Directorate Plans currently being developed that are expected to align with and underpin the Annual Plan, avoiding duplication in processes. • Directorate plans consistently include a clear statement of the seven priorities as standard, against which service areas can demonstrate alignment and subsequently ensure that Directorate / service level objectives and deliverables are set at an appropriate level. <p>Responsibility: Lead Director – Linda Horne, Finance Director</p> <p>Target date: 31 December 2019</p>

Limitations inherent to the internal auditor's work

This report has been prepared solely for the Combined Authority in accordance with the terms and conditions set out in the terms of reference. Internal audit does not accept or assume any liability of duty of care for any other purpose or to any other party. This report should not be disclosed to any third party, quoted or referred to without prior consent. Internal audit has undertaken this review subject to the limitations outlined below.

Internal control

- Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Responsibilities of management and auditors

- It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance for the prevention and detection of irregularities and fraud. Internal audit work should not be a substitute for management's responsibilities for the design and operation of these systems.
- Internal audit endeavours to plan audit work so that it has a reasonable expectation of detecting significant control weakness and if detected, will carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.
- Accordingly, these examinations by internal auditors should not be relied upon solely to disclose fraud or other irregularities which may exist.

Report distribution: Julia Goldsworthy – Director of Strategy
Linda Horne – Finance Director
Paul Clarke – Head of the Chief Executive's Office

Date Issued: 9 July 2019



West Midlands Combined Authority

Internal Audit Report Birmingham Eastside Metro Extension Project Management Arrangements 2018 – 2019

5 August 2019

Delivered by City of Wolverhampton Council – Audit Services

1.Executive summary

Introduction

An audit of the Birmingham Eastside Extension project management arrangements was undertaken as part of the approved internal audit plan for 2018 – 2019.

The Birmingham Eastside Extension (BEE) Project is one of several major transport capital projects within the West Midlands Combined Authority (WMCA) Metro Programme. The BEE Project involves an extension of 1.7km of track intended to serve the Eastside regeneration area within Birmingham City Centre and the proposed HS2 station at Curzon Street, offering connections to New Street, Moor Street and Snow Hill stations as well as interchange with bus, Sprint and coach.

The expected benefits of this extension were stated as:

- Greater modal shift to the Midland Metro to reduce negative environmental impacts.
- Provision of new and improved public transport links for key population, education and employment centres.
- Reduced journey times.
- Effective connectivity with the proposed HS2 station.
- Maximisation of transport interchange opportunities.

The BEE Project is expected to be implemented by 2022 - 2023 and is currently funded by the several funding streams included the Department of Transport and Greater Birmingham and Solihull Local Enterprise Partnership totalling £137m.

Whilst accountability for delivery of the BEE Project remains with the WMCA's Metro Programme within Transport for West Midlands (TfWM), the Midland Metro Alliance (MMA) has been commissioned under the Programme Alliance Agreement to project manage delivery of the Metro Extension Programme including the BEE Project. The MMA is a joint venture established for the delivery of the Metro Extension Programme and the constituent projects (including the BEE Project). It consists of the West Midlands Combined Authority, a consortium of design experts, and various rail construction specialists.

The TfWM Metro Delivery Manual states that Alliance led projects would be expected to adhere to the processes established by the MMA. This review refers to the processes in operation for the project management of the BEE Project which involves both the MMA and the WMCA Metro Programme Team as the Owner, and therefore includes coverage of some of the MMA's project management processes as evidenced by the Metro Programme Team.

Scope and objectives of audit work

Our audit was conducted in conformance with the Public Sector Internal Audit Standards and considered the following objectives, and the potential risks to the achievement of those objectives:

- To seek assurance that robust governance, project management, risk management and control systems have been established and are operating effectively for the Birmingham Eastside Extension Project.

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Scope	Potential risks
<p>The scope of the review focused on the following areas:</p> <ul style="list-style-type: none"> • Project governance • Project management arrangements • Risk management arrangements • Project control systems <p>Reference was made to project reporting into programme and overall TfWM and WMCA governance arrangements as applicable.</p>	<ul style="list-style-type: none"> • Project fails to realise outcomes / benefits of strategic relevance according to agreed measures of success. • Project fails to be completed to the required standards, on time, within budget and in accordance with stakeholders' expectations. • Inadequately defined or ineffective project management and governance arrangements may result in poor management of deliverables, inefficient working and poor communications.
Limitations to the scope of our audit	
<p>The audit was limited to review of the above areas. Governance arrangements focused on the BEE Project and reporting into the WMCA Metro Programme Board.</p>	

Overall conclusion

Taking account of the issues identified in this report, in our opinion the controls operating within the system, provide **satisfactory assurance** as part of the process to mitigate risks to an acceptable level.

Limited	Satisfactory	Substantial
There is a risk of objectives not being met due to serious control failings.	A framework of controls is in place, but controls need to be strengthened further.	There is a robust framework of controls which are applied continuously.

Key issues identified

We fully recognise that the BEE Project is a complex major capital programme intended to bring strategic and economic benefits for the West Midlands through greater connectivity and specifically integration with HS2 and follows on from several other major Metro Extension projects currently being implemented. We also acknowledge the complexity and evolving nature of the organisational and procedural arrangements between the WMCA and the MMA regarding delivery of major high-profile capital projects.

We note that the WMCA Metro Programme Team advised that at the time of review the Owner's role and project management arrangements was in the process of being revised to further clearly articulate the relationship as well as establish a clearer a separation of duties between the MMA and the Owner regarding project delivery. We understand dedicated Project Sponsors were being appointed at the time of reporting to strengthen project management for the BEE Project.

However, based on the current arrangements in operation, we have identified six **amber** issues where improvements could be made and should help support the above development of WMCA project management arrangements arising from the following:

- Project appraisal processes internal to the WMCA and TfWM were yet to be clearly defined and established for the BEE Project.

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- The arrangements for treating instances referred to by the MMA as Owner's change requests totalling £21.9m required clarity to avoid conflict due to the complex and interrelating processes in play between the MMA and the WMCA / TfWM, and address a lack of project client (rather than MMA partner) involvement within the MMA's Change Control Procedure as deferred to by the Metro Delivery Manual for Alliance led projects.
- Noting that the 2015 Business Case was in the processing of being developed into a Final Business Case according to DfT requirements, the underlying project management documentation and processes (including those reflected in the current 2015 Business Case) had not been subject to regular review to ensure up to date and reflected current arrangements, with some processes yet to be established.
- WMCA Owner / client-side project management and performance management arrangements and associated roles and responsibilities for Alliance led projects that effectively integrated with MMA processes were yet to be fully established.
- Project level governance arrangements and documentation for the BEE Project required review and clarification regarding roles and responsibilities, accountability and specifically the remit of the two current Project Boards and Project Team.
- Benefits realisation and management arrangements for the BEE Project were yet to be fully established, noting that those established for other projects required development.

In addition, we have raised three issues classified as **green** which are detailed in section two of this report. As the arrangements stated for the BEE Project apply to the overall Metro Extension Programme and engagement of the MMA to deliver the programme and constituent projects, it is recommended that the issues raised within this report are considered as part of the governance and programme / project management arrangements for the Metro Extension Programme and other constituent projects as applicable and on a proportionate basis.

The TfWM Metro Team have proposed target implementation dates that extend to January 2021. However, the Full Business Case is expected to be submitted in November 2019 to the appraisal and assurance processes within the WMCA Assurance Framework as an Investment Programme funded project (WMCA contribution of £18.5m underwritten by the Investment Programme). As stated at item 2.1 the Department of Transport (DfT) has also asked for the project to be subjected to the WMCA's full assurance processes.

We further understand that Corporate Assurance in liaison with TfWM have now commenced a WMCA Health Check Assurance process for specific projects and a review is proposed to be undertaken for the BEE Project. Considering the target implementation dates provided and the issues identified, it is further recommended that the proposed Health Check review is undertaken prior to the submission of the Full Business Case as part of the Investment Programme Assurance Framework and in support of the DfT's request for assurance review. This should help provide early assurance regarding progress made with addressing the issues raised within this report prior to implementation by the provided target dates.

A copy of this report will be presented to the Audit, Risk and Assurance Committee.

Examples of good practice identified

During our work we identified the following examples of good practice in the management of risk, as achieved through the effective design and application of controls:

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Project governance

- Governance arrangements had been established for the BEE Project through the BEE Project Technical Board, BEE Project Board and the WMCA Metro Programme Board.
- Monthly meetings of the current BEE Project Board had been held and suitably documented via action notes and included owner representation through attendance by the Metro Project Manager.
- Two meetings of the BEE Project Technical Board were evidenced as having been held in November 2018 and March 2019 respectively.
- Standard agendas were utilised for meetings and action notes maintained.
- Suitably frequent meetings of the BEE Project Team had been held and suitably documented via minutes and included Owner representation through attendance by the Metro Project Manager.
- A standard agenda was utilised for meetings of the BEE Project Team and included key areas: project progress, upcoming surveys, programme progress, risks, issues and stakeholder engagement.

Project management arrangements

- Suitable project management arrangements had been established for the BEE Project via utilisation of the MMA project management arrangements.

Project control systems

- Regular and detailed dashboard and executive summary reporting prepared by the MMA was undertaken at project level and presented to the BEE Project Board.
- Dashboard reporting regarding the BEE Project was on occasion undertaken at programme level.
- Regular and detailed financial reporting was undertaken based on Business World financial information and validation of project costs from project level through to programme level and as part of wider WMCA financial reporting to the WMCA Board.
- Various MMA documentation detailed arrangements for stakeholder engagement, mapping and management including a suitably detailed and up to date tracker of activities and outcomes.

Risk management arrangements

- Risk management arrangements at project level as established by the MMA were found to be in place with supporting strategy and procedure. MMA review and quality assurance processes regarding risk appeared to be in place which included engagement with the Owner. The Metro Programme has place reliance on the MMA's risk management process.
- A suitable best practice risk management system (ARM) was utilised by the MMA for the BEE Project detailing risks, actions, owners and key action and resolution dates as well as alert and reporting mechanisms to facilitate effective monitoring of risk and mitigating actions. The Owner was able to directly access and update the risk management system.

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- The BEE Project risk register maintained by the MMA appeared to be up to date, fully completed and subject to regular review.
- Review of meeting records for the BEE Project Board identified that risks were routinely presented. Detailed and summary dashboard risk reports were produced on a regular basis and presented to the BEE Project Board.

Acknowledgement

Several employees gave their time and co-operation during this review. We would like to record our thanks to all the individuals concerned.

2.Issues arising

Priority rating for issues identified:

Red

Action is imperative to ensure that the objectives for the area under review are met

Amber

Action is required to avoid exposure to significant risks in achieving objectives

Green

Action is advised to enhance risk control or operational efficiency

Action is required to avoid exposure to significant risks in achieving objectives
Amber

No	Issue arising	Recommendations	Agreed action including responsibility and target date (provided by TfWM)
2.1 Page 34	<p>Project appraisal and assurance arrangements</p> <p>We found that project appraisal and assurance arrangements internal to the WMCA / TfWM were yet to be fully established and the BEE project subjected to such processes, noting that the project was working towards Final Business Case stage as per the DfT's requirements.</p> <p>We also noted that the TfWM Metro Delivery Manual stated that the assurance processes contained within the Manual (Corporate Assurance Process for the TfWM Gated Project Management Lifecycle) applied to projects in the Metro Programme external to the Alliance. Consequently, the Manual did not state that the process was applicable to the Alliance led BEE Project. However, the Manual stated that Alliance led projects would</p>	<p>Project appraisal and assurance arrangements to be internally operated by the WMCA as a delivery body (rather than the WMCA as a funding body or as required by external funding bodies) should be clearly defined and established for the BEE Project to provide robust assurance to the WMCA as a delivery body regarding on-going project deliverability, achievement of and alignment with strategic objectives and outcomes, as well as achievement of value for money.</p> <p>The TfWM Metro Delivery Manual should be revised to ensure reflects the above requirement for WMCA / TfWM internal appraisal and assurance processes regardless of whether the project is directly delivered by the WMCA / TfWM or by a contracted third party.</p>	<p>The Metro Delivery Manual will be updated in line with WMCA/TfWM internal assurance process.</p> <p>Responsibility: Phil Hewitt Director West Midlands Metro supported by Projects Director</p> <p>Target date: 31 December 2019</p>

Appendix 2

Action is required to avoid exposure to significant risks in achieving objectives
Amber

No	Issue arising	Recommendations	Agreed action including responsibility and target date (provided by TfWM)
Page 35	<p>follow the Alliance's Stage gate Review process.</p> <p>We confirmed with WMCA Corporate Assurance that to date the BEE Project had not been subject to the internal assurance process associated with the Gated Project Management Lifecycle, albeit this process is for projects under £5m. In addition, we understand that as the project was commenced prior to the establishment of the MMA, the project was not subjected to the initial stage gate review per the MMA's process and at the time of reporting was progressing through the second review stage gate.</p> <p>We understand that at the time of reporting that the DfT requested that the Project be subjected to the WMCA's full assurance process to ensure grant funding could be awarded shortly. Consequently, the WMCA had decided that the project would be subject to the WMCA's Assurance Framework for Investment Programme projects.</p>		

Appendix 2

Action is required to avoid exposure to significant risks in achieving objectives
Amber

No	Issue arising	Recommendations	Agreed action including responsibility and target date (provided by TfWM)
Page 36	<p>It should be noted in the absence of the above request, and if the project did not make an application for Investment Programme funding, coupled with the exclusions stated in the Delivery Manual, suitable project appraisal / assurance process had not been established and the project had not been subject to appraisal and assurance to date.</p> <p>It is however recognised that the process of appraising non-Investment Programme funded projects exceeding £5m was yet to be clearly defined and established at an organisational level. This issue will be addressed as part of the Programme and Project Management Framework audit included in the 2019-2020 Internal Audit Plan.</p> <p>Implication:</p> <ul style="list-style-type: none"> • Project fails to realise outcomes / benefits of strategic relevance according to agreed measures of success. • Inadequately defined or ineffective project management and governance arrangements may result in poor 		

Appendix 2

Action is required to avoid exposure to significant risks in achieving objectives
Amber

No	Issue arising	Recommendations	Agreed action including responsibility and target date (provided by TfWM)
	management of deliverables, inefficient working and poor communications.		
2.2	<p>Treatment of events and changes We found that the arrangements for treating instances referred to by the MMA as Owner's Change Requests totalling £21,957,000 per the MMA Change Register established for the BEE Project required clarity to avoid conflict due to the complex and interrelating processes in play between the MMA and the WMCA / TfWM as both Alliance partner and project client.</p> <p>We identified that the only full Change Register in operation was internally maintained by the MMA which referred to approximately £21,957,000 of instances called Owner's change requests categorised as 'other' and were stated as pending decision regarding approval or rejection, noting some changes appeared to relate to expenditure already incurred as well as future spend requirements.</p> <p>Testing of a sample of four Owner's Change Requests (as referenced by the MMA) (£7.6m, £185k, £8.3M and £4.2m)</p>	<p>The various processes stated as applicable to the BEE Project for the treatment of instances currently categorised as Owner's Change Requests within the MMA Change Register should be collectively reviewed to ensure such instances of this financial magnitude are dealt with effectively, appropriately and transparently and where applicable in accordance with the WMCA's internal processes and governance.</p> <p>A clear distinction should be established and documented within project controls (client and MMA) between utilisation of the adjustment events process or the change control process. Clarity should be provided to the MMA regarding classification and recording of change requests and adjustment events to avoid confusion and ensure application of the correct process going forward.</p> <p>A decision should be taken by the Metro Programme Board regarding the required actions to process the existing instances</p>	<p>Following the re-organisation, the Metro Team and the Project Sponsor will keep the overall register for MMA and None MMA changes, a number of changes on the MMA register e.g. the procurement of the 3G Trams, as this is not a change and was already in the outlined business case.</p> <p>MMA Change register was incorrect and related to items outside their scope.</p> <p>Any changes in the scope, there is a process under the Programme Alliance Agreement for the MMA to follow. Any changes that impacts the total cost and the reimbursable cost must come to the owner as an adjustment event.</p> <p>Any changes in the design within the owner brief are managed by the Alliance as a design within this and not considered as changes.</p>

Appendix 2

Action is required to avoid exposure to significant risks in achieving objectives
Amber

No	Issue arising	Recommendations	Agreed action including responsibility and target date (provided by TfWM)
Page 38	<p>identified that the MMA change request forms were yet to be fully completed noting the format did not facilitate approval or otherwise by the Owner. We understand that as the project was led by the MMA Project Director to date, core project management controls were also operated by the MMA as stated in the Metro Delivery Manual for the BEE Project. The Metro Project Manager advised that WMCA change request forms were not raised as a result.</p> <p>Testing therefore indicated that the MMA had treated these instances as change requests and therefore fell within the MMA Change Control Procedure (and by default the Metro Delivery Manual deference to the MMA process).</p> <p>However, the Metro Programme Team had advised that the Owner's Change Requests stated in the MMA Change Register were not changes to the scope of the project but adjustment events that fall under the Programme Alliance Agreement between the WMCA and MMA, and therefore would not require processing through the WMCA's</p>	<p>currently categorised as Owner's Change Requests totalling £21,957,000 that were pending approval or rejection at the time of reporting, to ensure these are now resolved promptly and appropriately.</p> <p>In liaison with the MMA, a review should be undertaken of the MMA Change Control Procedure and supporting documentation to ensure includes greater Owner / Client involvement regards review and approval of change requests especially for those involving non-significant high value changes. In addition, the review should ensure that the process applied to the BEE Project aligns with WMCA governance and approval requirements.</p> <p>As the MMA Change Control Procedure allows the MMA as a delivery agent to make decisions / approvals regarding changes with values exceeding £5m that affect the BEE Project and its cost to the WMCA without direct referral to the WMCA as the project owner (distinct from its role as Alliance partner), any delegation to do so without further reference to the WMCA should be clearly defined and documented,</p>	<p>Action will be taken to reconcile the existing change register and instigate an owner change register in accordance with the Owner's Metro delivery manual.</p> <p>Responsibility: Phil Hewitt Director West Midlands Metro supported by Project Sponsor and Project Manager</p> <p>Target date: 31 January 2021</p>

Appendix 2

Action is required to avoid exposure to significant risks in achieving objectives
Amber

No	Issue arising	Recommendations	Agreed action including responsibility and target date (provided by TfWM)
Page 39	<p>change control process per the Metro Delivery Manual in liaison with the WMCA Programme Management Office (WMCA PMO).</p> <p>The WMCA PMO had confirmed that no change requests had been received for the BEE Project to date.</p> <p>Consequently, there is a risk that the instances referred to as Change Requests by the MMA and as adjustment events by the Metro Programme Team may not be processed via the appropriate route, that decision making by the WMCA may be undertaken as Alliance partner rather than as project client and may not be reported upon according to project management arrangements specific to the BEE Project.</p> <p>We also identified a lack of WMCA project client (rather than Alliance partner) involvement within the MMA's Change Control Procedure. The Manual stated that the WMCA change control process would apply to projects delivered within the Owner's Team and outside of the MMA. Consequently, the Manual did not appear to</p>	<p>and formally approved according to the WMCA's approval and governance arrangements.</p>	

Appendix 2

Action is required to avoid exposure to significant risks in achieving objectives
Amber

No	Issue arising	Recommendations	Agreed action including responsibility and target date (provided by TfWM)
Page 40	<p>apply to the MMA led BEE Project regarding change control.</p> <p>We therefore reviewed the MMA's Change Control Procedure and found that greater reference to Owner involvement in the decision making and approval of changes was required to ensure the Owner has sight of changes affecting the project.</p> <p>Whilst the MMA Change Control Procedure flow chart stated that changes of significant impact would be referred to the Owner for review, validation and decision making according to its own change control procedures, changes deemed non-significant appeared to only require review and approval by the MMA Project Director (less than £5m) and the Alliance Management Team and Alliance Leadership Team (greater than £5m) based on financial thresholds.</p> <p>Consequently, it appears that the MMA can take decisions on changes exceeding £5m without referral to the WMCA as project owner (albeit the WMCA would be party to the decision as an Alliance partner). It is</p>		

Appendix 2

Action is required to avoid exposure to significant risks in achieving objectives
Amber

No	Issue arising	Recommendations	Agreed action including responsibility and target date (provided by TfWM)
Page 41	<p>acknowledged that the WMCA is party to the Alliance governance structure as one of the funding partners and as the Owner's representative and may have sight of all changes via this route. We also recognise that there is a complex relationship in operation between the MMA and WMCA regarding the operation of the Alliance (through the Programme Alliance Agreement) as well as delivery of the project.</p> <p>However, referral of non-significant high value changes (referenced as changes not adjustment events by the MMA) exceeding £5m to the WMCA as project owner / client may afford a greater level of separation and independence, and less potential conflict between protecting the WMCA's interests within project delivery as distinct from protecting the WMCA's interests as an Alliance Partner.</p> <p>Implication: Change requests and early warnings may not receive the appropriate level of WMCA / Owner review and endorsement or approval or be processed correctly.</p>		

Appendix 2

Action is required to avoid exposure to significant risks in achieving objectives
Amber

No	Issue arising	Recommendations	Agreed action including responsibility and target date (provided by TfWM)
2.3	<p>Project management documentation and processes Noting that the 2015 Business Case was in the process of being developed into a Final Business Case according to DfT requirements, we found that the underlying project management documentation and processes had not been subject to regular review to ensure up to date and reflected current arrangements, with some processes yet to be established.</p> <p>It is our opinion based on best practice and central government recommendation that the information and processes pertinent to and supporting a business case (if not necessarily the business case document itself) should be periodically updated to reflect changes and reviewed prior to every stage gate or decision point to justify continuing the work. However, as stated at item 2.1, the project had not been subject to appraisal for some time.</p> <p>Whilst we fully acknowledge that the BEE Project is a long-term project and is now due to produce a Final Business Case, considering the issues raised above</p>	<p>As part of drafting the next Business Case for the BEE Project action should be taken to fully review and revise supporting documentation regarding project management arrangements and controls to ensure these are accurate, complete, up to date and clearly articulate current and / or proposed project management arrangements including the engagement of the MMA as delivery agent.</p> <p>Going forward, subject to any internal gated assurance processes established for the BEE Project to meet the assurance needs of the WMCA as a delivery body, project management documentation and processes and should be reviewed to ensure accurate, complete and up to date prior to every gate or decision point.</p>	<p>There is a plan to update and submit the full business case, however this has been delayed due to the ongoing discussion with HS2 and DfT.</p> <p>Following a recent discussion with the DfT, the full business case will be submitted to WMCA in Q4 2019.</p> <p>Responsibility: Phil Hewitt Director West Midlands Metro supported by Development Director and Project Manager</p> <p>Target date: 31 December 2019</p>

Appendix 2

Action is required to avoid exposure to significant risks in achieving objectives
Amber

No	Issue arising	Recommendations	Agreed action including responsibility and target date (provided by TfWM)
Page 43	<p>regarding appraisal and assurance processes, it is imperative that projects maintain up to date information, processes and data that help inform the business case.</p> <p>Implications:</p> <ul style="list-style-type: none"> • Project documentation is not accurate, up to date or complete and therefore may not fully support decision making regarding on-going deliverability of the project in meeting strategic objectives and outcomes. • Project fails to be completed to the required standards, on time, within budget and in accordance with stakeholders' expectations. 		
2.4	<p>Owner / client-side project and performance management arrangements We found that owner / client-side project management arrangements for the BEE Project had not been clearly established.</p> <p>We found that whilst the Metro Delivery Manual outlined project management arrangements, the Manual stated that the</p>	<p>Owner / client-side governance, project management arrangements, associated roles and responsibilities and lines of reporting and accountability should be clearly defined, documented and established for the BEE Project and clearly articulate how they align and integrate with MMA arrangements.</p>	<p>Project boards will be reviewed, and the terms of reference are being revised in line with the reorganisation of the owner's team.</p> <p>Responsibility: Phil Hewitt Director West Midlands Metro</p> <p>Target date: 31 December 2019</p>

Appendix 2

Action is required to avoid exposure to significant risks in achieving objectives
Amber

No	Issue arising	Recommendations	Agreed action including responsibility and target date (provided by TfWM)
Page 44	<p>majority of these were applicable to owner led projects outside of the Alliance and that the processes of the MMA would apply to Alliance led projects such as the BEE Project.</p> <p>However, whilst MMA governance and project management documentation provided for review outlined the remit of the MMA and evidenced their operation in relation to the BEE Project, client-side project management arrangements required clearer definition, documenting and establishment for an Alliance led project.</p> <p>We further noted that current arrangements required strengthening through client-side performance management arrangements at a programme and project level regarding the MMA's delivery of the BEE Project. It is understood that the MMA has its own quality assurance processes and undertook periodic project reviews. However, we noted that an internal MMA review in December 2018 highlighted issues and actions regarding the need for the MMA to</p>	<p>The Delivery Manual should be revised to clearly reflect the above.</p> <p>All current project governance and project management documentation including that maintained by the MMA should be reviewed to ensure that it adequately and appropriately refers to the Owner / client-side role and associated responsibilities.</p> <p>Owner / client-side performance monitoring arrangements regarding project delivery and management should be established to ensure that any third party engaged (i.e. the MMA), manages and delivers the project to the required standards and if not, remedial action is taken. Outcomes of performance monitoring should be suitably reported according to the governance arrangements for the BEE Project.</p> <p>Escalation and exception reporting for the Project within defined thresholds (financial and risk related as applicable) from project level to programme level as well as from the MMA to Owner / Metro Programme Team should be clearly defined and documented, and subsequently adhered to</p>	

Appendix 2

Action is required to avoid exposure to significant risks in achieving objectives
Amber

No	Issue arising	Recommendations	Agreed action including responsibility and target date (provided by TfWM)
Page 45	<p>update and complete key BEE Project documentation maintained.</p> <p>In addition, whilst acknowledging that reporting upwards through the Project to the Programme was clear within meeting records, escalation and exception reporting within defined thresholds (financial or risk related) from project level to programme level and from the MMA to Owner / Metro Programme was yet to be clearly defined and documented.</p> <p>However, we understand that at the time of reporting client-side project managements were being addressed through appointment of WMCA Project Sponsors who would going forward be responsible for leading on delivery and core project management, working in liaison with the MMA.</p> <p>Implication: Owner / client-side governance and project arrangements may fail to mitigate the risk that the Project fails to be completed to the required standards, on time, within budget and in accordance with stakeholders' expectations.</p>	<p>within client-side and MMA project management arrangements.</p>	

Appendix 2

Action is required to avoid exposure to significant risks in achieving objectives
Amber

No	Issue arising	Recommendations	Agreed action including responsibility and target date (provided by TfWM)
2.5	<p>BEE Project Boards We found that WMCA / TfWM project level governance arrangements for the BEE Project required review and clarification regarding the roles, accountability and remit, especially in relation to the two BEE Project Boards in operation. We found two Project Boards in operation:</p> <ul style="list-style-type: none"> • BEE Project Technical Board – chaired by the MMA Project Director and administrated by the MMA with predominately MMA and WMCA Metro officers in attendance. • BEE Project Board – chaired by Birmingham City Council, administrated by WMCA Governance Services, with predominately Birmingham City Council officer attendance as well as WMCA Metro officers. <p>We noted that the terms of reference retained by Governance Services within records maintained for the BEE Project Board which appears to be a stakeholder board did not correlate with the business undertaken, membership and chair as</p>	<p>The current terms of reference for the Metro Programme Board should be finalised at the earliest opportunity and disseminated to all projects to ensure that project level governance clearly aligns with programme level.</p> <p>BEE Project level governance arrangements should be fully reviewed and revised to ensure that appropriate project boards are established to cover internal, third party and stakeholder requirements regarding effective delivery of the BEE Project. Specifically, WMCA internal project level board arrangements should be established, separate to any third party or stakeholder led boards.</p> <p>As part of the establishment of project level boards and associated governance arrangements:</p> <ul style="list-style-type: none"> • WMCA delegations regarding programme and project delivery should be made in the first instance to WMCA employed officers. • Accountability to and delegations from the Metro Programme Board 	<p>Project boards will be reviewed, and the terms of reference are being revised in line with the reorganisation of the owner's team.</p> <p>Responsibility: Phil Hewitt Director West Midlands Metro</p> <p>Target date: 31 December 2019</p>

Appendix 2

Action is required to avoid exposure to significant risks in achieving objectives
Amber

No	Issue arising	Recommendations	Agreed action including responsibility and target date (provided by TfWM)
Page 47	<p>indicated in the minutes of this Board but rather related to the Technical Board. Also, current structure chart did not make it clear which Project Board was being referred to. Consequently, a client-side project board was yet to be established.</p> <p>However, as the terms for reference for the Metro Programme Board appeared to have remained in draft form with unresolved track changes since 2017, there is a risk that project level arrangements may not fully align with the Programme if governance arrangements have not been clearly established at each level. We also noted that although an MMA led BEE Project Team was in operation, terms of reference were yet to be established to ensure aligned with project level and programme level governance requirements.</p> <p>Consequently, there is a lack of clarity within project level governance arrangements and supporting documentation regarding the respective roles and responsibilities and accountability of current project boards to the Metro Programme Board.</p>	<p>should be clearly reflected at project level ensuring consistency and clear alignment.</p> <ul style="list-style-type: none"> Escalation and exception reporting from project to programme with clear thresholds should be documented within terms of reference. <p>For each project board required and project team, clearly defined and documented terms of reference should be established (and approved by the Metro Programme Board) reflecting the required roles and responsibilities, delegations to project level and lines of accountability to programme level and wider WMCA governance arrangements.</p> <p>Subsequently, all programme and project level terms of reference should be reviewed and approved annually and evidenced as such within meeting minutes and document version control.</p> <p>Governance structure charts should be revised to clearly reflect the established governance arrangements, accurately and completely.</p>	

Appendix 2

Action is required to avoid exposure to significant risks in achieving objectives
Amber

No	Issue arising	Recommendations	Agreed action including responsibility and target date (provided by TfWM)
Page 48	<p>Although the remit of each project board requires clarity, we noted that a quorum had not been established for any of the governance boards related to the BEE Project including the Metro Programme Board. Coupled with the above governance issues, the absence of clearly defined quorums may make it difficult in the event of query or challenge that decision making was undertaken effectively and by a majority of WMCA officers who have a duty to protect the WMCA's interest.</p> <p>Also, the current project board terms of reference included several delegations from the Metro Programme Board to the MMA Project Director, a non WMCA employee. As is the case with the current chair of the BEE Project Board, there is a risk that it would be difficult to demonstrate that decision making had been undertaken appropriately and only in the interest of the WMCA, by a WMCA officer.</p> <p>Implication: Governance arrangements at project level may not fully support delivery or may not fully reflect that decision making is</p>	<p>A suitable quorum should be established for each decision-making BEE Project related board detailing both the required number of members (minimum of three) and which board members should constitute a quorum, ensuring that the quorum is made up of WMCA officers of appropriate seniority or have clearly defined delegated responsibility.</p> <p>A suitable quorum should be established for the Metro Programme Board detailing both the required number of Board members (minimum of three) and which Board members should constitute the quorum.</p> <p>Action notes or minutes should clearly state whether a meeting was quorate ensuring that the job titles for each member (or their substitutions) are recorded as evidence that the appropriate members were in attendance.</p> <p>Decisions should only be made within quorate meetings. Where a meeting is inquorate, the discussion regarding the decision should be evidenced in action</p>	

Appendix 2

Action is required to avoid exposure to significant risks in achieving objectives
Amber

No	Issue arising	Recommendations	Agreed action including responsibility and target date (provided by TfWM)
	undertaken in accordance with and demonstrable as in the best interest of the WMCA.	notes or minutes. The decision subsequently should be deferred to the next meeting or referred to key responsible officers according to defined approval arrangements applicable in very exceptional circumstances where a decision is required outside of the schedule of governance meetings.	
Page 49 6	<p>Benefits realisation and management We found that benefit realisation and management arrangements were yet to be fully established. Whilst documents for two other Metro Projects were provided for review, a plan had not been developed for the BEE Project. In addition, review of the 2015 Business Case indicated that elements of the approach to benefits management were in the process of being established.</p> <p>We also noted that whilst various WMCA and MMA documentation largely referred to programme level deliverables and benefits as well as the overall benefits and targets of wider external and internal strategic documents, specific targets for the BEE</p>	<p>Benefits realisation and management arrangements should be reviewed and revised to ensure they effectively support achievement of stated benefits, liaising with the MMA as required.</p> <p>Benefits realisation and management arrangements should be clearly defined and documented.</p> <p>Targets associated with the project benefits and those agreed as part of funding agreements should be clearly identified, documented within project documentation and communicated to the MMA in the context of their project management role.</p>	<p>Monitoring and Benefits realisation plans will be updated as part of the WMCA and DfT governance required. The plans will be reviewed by the WMCA as part of the governance process as well as by the DfT.</p> <p>Responsibility: Phil Hewitt Director West Midlands Metro supported by the Development Director and Project Manager.</p> <p>Target date: 31 December 2019</p>

Appendix 2

Action is required to avoid exposure to significant risks in achieving objectives
Amber

No	Issue arising	Recommendations	Agreed action including responsibility and target date (provided by TfWM)
Page 50	<p>Project were yet to be explicitly defined and documented.</p> <p>It is anticipated that external funding would be dependent on delivery of specific targets for which the WMCA would be accountable. However, these were yet to be included within project documentation. We further noted that external and internal funding details and sources were not included within the reporting for the BEE Project, noting that an Owner's report to the Metro Programme Board in December 2018 referred to a potential funding gap because of increased costs.</p> <p>Implication: Project fails to realise outcomes / benefits of strategic relevance according to agreed measures of success.</p>	<p>External funding requirements regards benefits and targets as well funding details should be included within project and programme reporting.</p>	

Action is advised to enhance risk control or operational efficiency
Green

No	Issue arising	Recommendations	Agreed action including responsibility and target date (provided by TfWM)
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Appendix 2

Action is advised to enhance risk control or operational efficiency
Green

No	Issue arising	Recommendations	Agreed action including responsibility and target date (provided by TfWM)
2.7	<p>Governance objectives We further noted several areas where current governance arrangements as defined within current terms of reference could have been made clearer at each level:</p> <ul style="list-style-type: none"> Discharging of the Programme Board's objectives by the MMA Project Board (and therefore the Project Team in turn) within clearly defined parameters and thresholds was yet to be explicitly defined and documented. Definition of risk profiling at both Programme level and Project level as a Board objective stated in respective terms of reference, was yet to be explicitly documented. Adherence by the Project to Programme level risk profiling set for constituent projects was not specifically stated within Project governance and project management documentation. The Programme Board level objective to receive Corporate Assurance Team independent project assurance findings and ensure adherence of Investment 	<p>Discharging of the Programme Board's objectives by the MMA Project Board (and therefore the Project Team in turn) within clearly defined parameters and thresholds should be clearly defined and documented.</p> <p>The definition of risk profiling at both Programme level and Project level as a Board objective should be clearly defined, documented and communicated to ensure adherence at each layer of governance.</p> <p>The Programme Board level objective to receive Corporate Assurance Team independent project assurance findings and ensure adherence of Investment Programme Projects to WMCA Assurance Framework requirement, should be cascaded down to project level to ensure that outcomes of assurance reviews are addressed by the BEE Project Board as well as the Owner at project level.</p>	<p>Noted, the reorganisation of the Project Board will address this issue as per point 2.5 above.</p> <p>Responsibility: Phil Hewitt Director West Midlands Metro</p> <p>Target date: 31 December 2019</p>

Appendix 2

Action is advised to enhance risk control or operational efficiency
Green

No	Issue arising	Recommendations	Agreed action including responsibility and target date (provided by TfWM)
Page 52	<p>Programme Projects to WMCA Assurance Framework requirement, did not appear to have been evidenced as cascaded down to project level. Project Board terms of reference and project management documentation largely referred to MMA assurance arrangements.</p> <p>Implication: Governance objectives may not be fully defined and documented leading to confusion that could negatively impact on project delivery.</p>		
2.8	<p>Monitoring and Evaluation Plan A high-level review of the Monitoring and Evaluation Plan provided within the current Business Case indicated that the Department of Transport's Monitoring and Evaluation Framework for Local Authority Major Schemes approach would be utilised for the Metro Programme and the BEE Project.</p> <p>This Framework defines the level of monitoring and evaluation recommended</p>	<p>The Monitoring and Evaluation Plan and arrangements should be revisited to ensure that an appropriate level of monitoring and evaluation is being or will be undertaken to the BEE Project i.e. at an Enhanced level as indicated by the Department of Transport's Monitoring and Evaluation Framework for Local Authority Major Schemes.</p> <p>Agreement to the required level of monitoring and evaluation by the</p>	<p>Noted, as above.</p> <p>Responsibility: Phil Hewitt Director West Midlands Metro supported by Project Sponsor and Project Manager</p> <p>Target date: 31 December 2019</p>

Appendix 2

Action is advised to enhance risk control or operational efficiency
Green

No	Issue arising	Recommendations	Agreed action including responsibility and target date (provided by TfWM)
Page 53	<p>based on financial limits. The BEE Business Case (Management Case) stated that a bespoke form of the Standard level of monitoring and evaluation would be undertaken. However, the Department of Transport Framework stated that for a project exceeding £50m monitoring and evaluation should be at an Enhanced level. As the total funding per the Business Case was stated as £137m, this implies that the BEE Project should be monitored and evaluated at an Enhanced level. We further noted that the Business Case stated that the extent of the stated monitoring was yet to be agreed with the Department of Transport in 2015.</p> <p>Implication: Monitoring and evaluation arrangements may not be established at the level required to provide sufficient assurance to the WMCA and external funding bodies regarding project delivery regarding quality, time, budget and stakeholder expectations.</p>	<p>Department of Transport should be sought at the earliest opportunity, considering the Framework indicates a higher level at an Enhanced level.</p> <p>Current monitoring and evaluation plans within both Owner and MMA arrangements should be subsequently reviewed and revised to ensure they are in accordance with the Department of Transport's Framework and agreement. These should be clearly documented as part the revised and updated Business Case.</p>	

Appendix 2

Action is advised to enhance risk control or operational efficiency
Green

No	Issue arising	Recommendations	Agreed action including responsibility and target date (provided by TfWM)
2.9	<p>Project control logs We found that although some logs were maintained by the MMA for the BEE Project, there was a need to further develop current project control logs and ensure all were fully completed.</p> <p>We found that a separate action log for the Project was yet to be established that would include project specific actions as well as those arising from the governance boards. However, the Issues log suitably maintained did include associated actions.</p> <p>We further identified that the assumptions log maintained although included several assumptions, required updating to include actions against each assumption.</p> <p>Whilst several lessons learnt documents for other projects were provided and indicate that lessons learnt exercises were undertaken within the overall Programme, a dedicated lesson learnt log for the BEE Project would further support this. In addition, specific dependencies and decisions (regarding the Project as well as those made at Programme and Project</p>	<p>All current project control logs should be reviewed and updated to ensure that they are fully completed.</p> <p>An action log for the BEE Project should be developed to ensure that all project related actions and governance actions are clearly captured and monitored. This should be addressed for both the MMA and the Owner / client-side either as individual logs or a central log.</p> <p>A dedicated BEE Project Lessons Learnt log should be established to ensure all relevant lessons are captured, reviewed and remedial action identify to address any issues arising relevant to the project.</p> <p>A decisions log and dependencies log for the BEE Project should be established to ensure all fully captured, reviewed and addressed through appropriate remedial action.</p> <p>All logs established should be regularly reviewed as part of project management arrangements to ensure remain up to date and fully completed. Periodically (i.e.</p>	<p>Project logs and actions logs will be updated. A Lessons Learnt log will be created as part of the assurance process (SGAR) outputs, currently scheduled for the BEE project following successful completion of stage gate review.</p> <p>Responsibility: Phil Hewitt Director West Midlands Metro supported by Project Sponsor and Project Manager</p> <p>Target date: 31 December 2020</p>

Appendix 2

Action is advised to enhance risk control or operational efficiency
Green

No	Issue arising	Recommendations	Agreed action including responsibility and target date (provided by TfWM)
Page 55	<p>Boards) could be more explicitly captured within a log and demonstrate ownership monitoring and tracking to ensure addressed.</p> <p>Implication: Remedial action may not be clearly identified in all instances or explicitly tracked to mitigate the risk that the Project fails to be completed to the required standards, on time, within budget and in accordance with stakeholders' expectations.</p>	<p>at least quarterly) all logs should be presented to the BEE Project Board for their review. Owner / client-side performance management arrangements should ensure logs are suitably maintained to the required standard.</p>	

Limitations inherent to the internal auditor's work

This report has been prepared solely for the Combined Authority in accordance with the terms and conditions set out in the terms of reference. Internal audit does not accept or assume any liability of duty of care for any other purpose or to any other party. This report should not be disclosed to any third party, quoted or referred to without prior consent. Internal audit has undertaken this review subject to the limitations outlined below.

Internal control

- Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Responsibilities of management and auditors

- It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance for the prevention and detection of irregularities and fraud. Internal audit work should not be a substitute for management's responsibilities for the design and operation of these systems.
- Internal audit endeavours to plan audit work so that it has a reasonable expectation of detecting significant control weakness and if detected, will carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.
- Accordingly, these examinations by internal auditors should not be relied upon solely to disclose fraud or other irregularities which may exist.

Report distribution:

Laura Shoaf – Manager Director TfWM
 Phil Hewitt – Director, West Midlands Metro
 Michael Anderson – WM Metro Projects Director
 Tim Martin – Head of Governance
 Linda Horne – Director of Finance
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 Hassan Shuweihdi - Metro Project Manager (Eastside)
 Mike Ogden – Project Manager

Date Issued:

5 August 2019



West Midlands Combined Authority

Internal Audit Report Governance Arrangements - Midland Metro Limited (MML) 2018 – 2019

19 August 2019

1. Executive summary

Introduction

An audit of the arrangements for West Midlands Combined Authority (WMCA) client-side governance and management of the Midland Metro Ltd (MML) company in its delivery of contracted services was undertaken as part of the approved internal audit plan for 2018-2019.

MML is an arms-length organisation wholly owned by the WMCA which has responsibility for the maintenance and operation of the West Midlands Metro. The WMCA's Contract and Shareholders Agreement with MML were approved by both WMCA and MML on 5 March 2018.

The WMCA undertakes two key roles regarding its shareholder and contractual relationship with MML:

- The Shareholder's Representative role to exercise decision-making in relation to the reserved matters and other issues in the Shareholder's Agreement.
- The Authority's Representative role to exercise the functions and powers of the Authority in relation to services as stipulated in the Contract.

Scope and objectives of audit work

Our audit was conducted in conformance with the Public Sector Internal Audit Standards and considered the following objectives, and the potential risks to the achievement of those objectives:

- To seek assurance appropriate arrangements have been established as part of the strategic implementation (and supporting governance, risk management and systems of control) of the Midland Metro operational transfer to Midland Metro Limited.

Scope	Potential risks
<p>The scope of the review included the following as referred to within the contract in place between the WMCA and Midland Metro Limited:</p> <ul style="list-style-type: none"> • WMCA established governance arrangements • Client-side roles and responsibilities • Review and approval of annual business plans by the WMCA. • Submission of audited annual report and accounts to the WMCA. • Consultation on the content of annual customer feedback / surveys and review of results by the WMCA. • Performance management arrangements including monitoring and reporting on Key Performance Indicators / targets stated in the contract. 	<ul style="list-style-type: none"> • Lack of effective contract and performance management may lead to a failure to provide assurance that services will be delivered in accordance with the contract and the WMCA's strategic aims and objectives. • Poor governance, management and operational arrangements may lead to a failure to achieve the strategic and financial objectives expected by the WMCA.

Appendix 3

Limitations to the scope of our audit

The review was limited to a high-level review of the above areas as referred to within the contract in place between the WMCA and Midland Metro Limited

Overall conclusion

Taking account of the issues identified in this report, in our opinion the controls operating within the system, provide **satisfactory assurance** as part of the process to mitigate risks to an acceptable level.

Limited	Satisfactory	Substantial
There is a risk of objectives not being met due to serious control failings.	A framework of controls is in place, but controls need to be strengthened further.	There is a robust framework of controls which are applied continuously.

Key issues identified

We found that whilst performance monitoring arrangements were being undertaken by the WMCA regarding MML's delivery of contract services, we have identified two **amber** issues where improvements could be made to strengthen the roles of the Shareholder's Representative and the Authority's Representatives, demonstrate greater separation between the WMCA and MML, and make these roles more explicit within the governance and management arrangements of the WMCA, as detailed in section two of this report.

A copy of this report will be presented to the Audit, Risk and Assurance Committee.

Examples of good practice identified

During our work we identified the following examples of good practice in the management of risk, as achieved through the effective design and application of controls:

- An approved Contract and Shareholder's Agreement were in place between the WMCA and MML. The Contract and the Shareholder's Agreement were approved on 5 March 2018.
- In accordance with the contract the MML Business Plan 2018-2019 was established and approved by the WMCA Board on 22 June 2018.
- Examination of the 2018-2019 Business Plan identified that it covered the areas stipulated in the MML Contract.
- The draft Business Plan for 2019-2020 was in the processing of being approved by MML prior to submission to the WMCA Board for final approval.
- A WMCA Risk & Assurance checklist for Arm's Length Companies had been completed in respect of MML by the Corporate Assurance Team.
- Performance reporting was undertaken within Metro management information and presented to Transport Operations Board, TfWM Leadership Team, Transport Delivery Committee and WMCA Board.

Acknowledgement

Several employees gave their time and co-operation during this review. We would like to record our thanks to all the individuals concerned.

2. Issues arising

Priority rating for issues identified:

Red

Action is imperative to ensure that the objectives for the area under review are met

Amber

Action is required to avoid exposure to significant risks in achieving objectives

Green

Action is advised to enhance risk control or operational efficiency

Action is required to avoid exposure to significant risks in achieving objectives

Amber

No	Issue arising	Recommendation	Agreed action including responsibility and target date
2.1	<p>Shareholder's Representative We found that the role of the Shareholder's Representative and supporting monitoring and reporting arrangements required further development to ensure they sufficiently supported and provided challenge regarding the shareholder relationship between the WMCA and MML.</p> <p>We also noted that the agreement stated that the Shareholder's Representative was to be the WMCA's Finance Director. However, it has now been agreed that this is no longer appropriate due to the Finance Director also being a Director of MML. We understand that the WMCA Board would be asked to approve the appointment of the Head of Governance as Shareholder's Representative.</p> <p>Implication:</p>	<p>The Shareholder's Agreement should be amended to state that the Head of Governance would be appointed as Shareholder's representative instead of the Finance Director, once agreed by the WMCA Board.</p> <p>The on-going development of the role of the Shareholder's Representative should ensure that the key responsibilities required to support the shareholder relationship with the MML are clearly defined and documented.</p> <p>Due to the varied role and responsibilities of the Head of Governance, a review should be undertaken to ensure sufficient resources and capacity are established to fully support the role of Shareholder's Representative and its associated responsibilities.</p> <p>Separate Shareholder meetings should be held with MML as part of the Shareholder's</p>	<p>This recommendation is agreed. The WMCA Board agreed to the recommendation to appoint the Head of Governance as the Shareholder's Representative on 26th July 2019.</p> <p>The appointment is now effective as the call-in period has elapsed. The Head of Governance and the Director of MML will work to ensure that the change is documented in an appropriate format.</p> <p>The Head of Governance is accountable to the Chief Executive and will discuss the resource and capacity issue with a view to reaching an agreed solution.</p> <p>Arrangements for the Shareholder's Representative to be suitably briefed on a regular basis will be agreed with MML.</p> <p>Responsible Officers:</p>

Action is required to avoid exposure to significant risks in achieving objectives
Amber

No	Issue arising	Recommendation	Agreed action including responsibility and target date
	<p>Potential gaps in governance arrangements regarding the WMCA's shareholder role may lead to a failure to achieve the strategic and financial objectives expected by the WMCA.</p>	<p>Representative role on a suitably frequent basis and at least annually.</p>	<p>Tim Martin - Head of Governance Director of MML Linda Horne - Director of Finance (outgoing Shareholder's Rep)</p> <p>Target date: 30 September 2019</p>
<p>2.2</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 61</p>	<p>Authority's Representative The WMCA had appointed the West Midlands Metro Director as the Authority's Representative. We note that the Director is also an MML Director.</p> <p>The MML contract stated that the role of the Authority's Representative is to exercise the functions and powers of the Authority in relation to services as stipulated in the Contract. Consequently, demonstration that such functions were undertaken independently of MML as the Authority's Representative and in the interest of the WMCA may be difficult where both this role and that of an MML Board member are undertaken by the same individual.</p> <p>We fully acknowledge that the undertaking of the two roles by the same individual affords the WMCA a level of assurance</p>	<p>i. Regarding the Authority's Representative:</p> <ul style="list-style-type: none"> • The role of the Authority's Representative within TfWM should be assigned to a TfWM senior officer who is wholly independent of and holds no formal role within the MML, reports to TfWM Leadership. • The role and associated responsibilities of the Authority's Representative should be clearly defined, documented and established within WCMA / TfWM governance arrangements and associated terms of reference. <p>ii. Performance and contract management, monitoring and reporting arrangements to be undertaken should be led by the Authority's Representative and should be clearly defined and established, with</p>	<p>i. Authority's Representative: This recommendation is agreed. A replacement Authority's Representative will be appointed who is not a Director of MML.</p> <p>Responsible officers: Laura Shoaf - Managing Director, TfWM and Director of MML (outgoing Authority's Representative)</p> <p>Target date: 30 September 2019</p> <p>ii. Enhanced performance reporting: This recommendation is agreed.</p> <p>Responsible officers:</p>

Action is required to avoid exposure to significant risks in achieving objectives
Amber

No	Issue arising	Recommendation	Agreed action including responsibility and target date
Page 62	<p>regarding expertise in the management of MML from the WMCA's perspective and that of MML. However, there is a potential risk of a perceived conflict of interest that may be difficult to refute in the event of challenge. Testing of minutes of MML Board meetings also identified that these did not facilitate an opportunity for Board members and attendees to declare an interest.</p> <p>Whilst we noted that reporting as part of Metro management information was undertaken to the TfWM Transport Operations Board, specific monitoring and reporting regarding MML's delivery of contracted services was yet to be clearly and separately established and included within the Transport Operations Board's terms of reference as a defined and formally assigned role and responsibility. In addition, periodic reporting to the Shareholder's Representative and the WMCA Senior Leadership Team was yet to be developed.</p> <p>Implication: The Authority's Representative role may not be effectively and independently undertaken, and therefore fail to mitigate the risk of conflict of interests.</p>	<p>appropriate and proportionate reporting to TfWM Leadership, the Shareholder's Representative and the WMCA Senior Leadership Team. This should include but not be limited to, review of annual business plans and monitoring of key performance indicators.</p> <p>iii. MML should be requested to ensure that all MML governance meetings include the opportunity for members to make declarations of interests at the start of each meeting. Any declarations made as well as instances where none are made should be clearly minuted.</p> <p>In addition, WMCA officers who are MML Board Members should ensure that any conflicts of interest arising from both their WMCA and MML roles are reported to the WMCA (and Shareholder's Representative) according to the WMCA's Constitution.</p>	<p>Laura Shoaf - Managing Director, TfWM and Director of MML (outgoing Authority's Representative)</p> <p>Target date: 31 December 2019</p> <p>iii. Declaration of Interests: This recommendation is agreed.</p> <p>Responsible officer: Tim Martin, Head of Governance</p> <p>Target date: 30 September 2019</p>

Limitations inherent to the internal auditor's work

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Internal control

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Responsibilities of management and auditors

- It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance for the prevention and detection of irregularities and fraud. Internal audit work should not be a substitute for management's responsibilities for the design and operation of these systems.
- Internal audit endeavours to plan audit work so that it has a reasonable expectation of detecting significant control weakness and if detected, will carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.
- Accordingly, these examinations by internal auditors should not be relied upon solely to disclose fraud or other irregularities which may exist.

Report distribution:

Laura Shoaf – Managing Director, TfWM
 Linda Horne – Finance Director
 Tim Martin – Head of Governance
 Phil Hewitt – Director, West Midlands Metro (TfWM)

Date Issued:

19 August 2019



West Midlands Combined Authority

Internal Audit Report Employee Performance Management 2019 - 2020 28 August 2019

1.Executive summary

Introduction

An audit of the West Midlands Combined Authority's (WMCA) Employee Performance Management was undertaken as part of the approved internal audit plan for 2019 – 2020.

Employee Performance Management is a continuous process throughout the year. At the start of the year employees agree their performance and development objectives with their managers using the WMCA's online Performance Development Process. Throughout the year one -to-one meetings are held to discuss performance between the employee and their line manager. Half way through the year managers and employees are expected to review performance and at the year-end undertake a final review, giving an overall performance rating.

Scope and objectives of audit work

Our audit was conducted in conformance with the Public Sector Internal Audit Standards and considered the following objectives, and the potential risks to the achievement of those objectives:

- To seek assurance that robust performance management and support arrangements at strategic and operational levels have been established for maintaining and improving employee performance ensuring alignment with the WMCA's objectives.

Scope	Potential risks
<p>The scope of the audit was a high-level review of the following areas:</p> <ul style="list-style-type: none"> • Managing Employee Performance Policy. • Employee Performance processes including sample testing to confirm manager and employee engagement / compliance. • Training and support regarding delivery of the Employee Performance Management process. • Employee performance monitoring and reporting. 	<ul style="list-style-type: none"> • Individual performance objectives may not align with strategic objective and vision. • Performance management arrangements may not be effective and / or consistently applied across the organisation. • Performance issues may not be promptly identified and resolved to ensure improvements.
Limitations to the scope of our audit	
<p>The review was limited to high level coverage and included the engagement with several key officers and stakeholders from across the WMCA Directorates as well as core teams and employees of the organisation.</p>	

Appendix 4

Overall conclusion

Taking account of the issues identified in this report, in our opinion the controls operating within the system, provide **satisfactory assurance** as part of the process to mitigate risks to an acceptable level.

Limited

There is a risk of objectives not being met due to serious control failings.

Satisfactory

A framework of controls is in place, but controls need to be strengthened further.

Substantial

There is a robust framework of controls which are applied continuously.

Current arrangements and proposed developments

Managing Employee Performance Policy

We understand that the current performance management process had been in place for several years and pre-dated the establishment of the WMCA. Although there had not been a policy in place previously regarding performance management, we noted that information and instructions had regularly been provided to managers and employees, via emails from the Chief Executive as well as various communications from Human Resources and Organisational Development (HR and OD) within the weekly spotlight newsletters regarding completion of PDP objectives for 2019 - 2020.

At the time of audit an approved documented policy was in the process of being implemented. A Managing Employee Performance policy was approved in June 2019 by the Corporate Management Team and subsequently by the Senior Leadership Team. The Policy was then expected to be publicised across the organisation in August 2019.

Our review of the draft policy identified that it clearly laid out the process that managers and employees should follow when drawing up a PDP along with details of the reviews and actions expected to be taken throughout the year. In addition, the draft policy also detailed the role and responsibilities that HR and OD have regarding managing performance.

Under the current system, as part of the end of year review of performance each employee is given a performance rating. The draft policy provides a clear definition of each of the six ratings that can be awarded to employees as well as guidance on what an employee's performance should look like to achieve each of the ratings.

Employee Performance Process and Engagement

We understand that the current performance management process had been used for the completion of 2018-2019 and 2019-2020 PDPs. Information on how to complete PDPs online was available on the Organisational Development SharePoint page and reminders were issued to staff on an annual basis regarding completion of the current year's PDP and setting PDP objectives for the following year. However, testing of a sample of 12 employees found that only 6 had fully completed both 2018 – 2019 and 2019 – 2020 PDPs. We also noted that recording of any actions arising from one-to-one meetings held during the year was yet to be formalised.

Training and Support

It is understood from the Organisational Development and Engagement Manager that historically training had concentrated primarily on how to use the online PDP system rather than how to conduct the PDP conversation as part of the performance management process. We note that in support of the new policy, the Organisational Development and Engagement Partner had commenced development of a training package to support the PDP.

Appendix 4

Further, the induction process for new employees had been revised to include information on the aims, objectives, values and behaviours of the organisation and the “do’s and don’ts” of performance management.

Following discussions with managers undertaken by OD, Bite Size sessions on management fundamental including ‘conducting reviews for your staff’ had been developed. Three sessions were held in March 2019 and covered the principles of PDP and the processes that managers were expected to follow. The sessions also covered what constitutes a good appraisal and how to conduct the PDP conversation with employees.

Monitoring and Reporting

The Organisational Development Systems and Management Information Partner maintains several spreadsheets based on data extracted from the PDP online system. This information is used to identify where PDPs have not been completed, where managers stated performance rating differs to the system recommended rating, poor performance ratings and performance patterns over several years.

It is understood that the HR Business Partners have been provided with details of poor performers based on the outcomes of the 2018 – 2019 PDPs and that they have been charged with working with the relevant managers and employees to identify the reasons for poor performance and what needs to be done to improve it.

We found that reporting to Directors and the Senior Leadership Team was undertaken and included details on overall completion rate of PDPs within the HR dashboard reports. The PDP Online system also allows managers and Director direct access to view information regarding PDPs.

However, monitoring had historically focused on completion of PDPs rather than the quality of the information contained within individuals’ PDPs, manager’s operation and application of the process system, and effectiveness of the performance management process in addressing performance issues. We understand that going forward, the OD Team intend to review individual PDPs to assess the quality of information recorded within PDPs to determine whether fit for purpose.

The Managing Employee Performance policy will also introduce the concept of performance calibration, the aim of which is to ensure that there has been a fair and objective review of performance by managers and that similar standards are being applied to all employees. This calibration will be facilitated by HR and OD.

Key issues identified

Based on the above arrangements and developments, we have identified one **amber** issue where improvements could be made, arising from the following:

- The performance management process was not fully complied with as PDPs were not always fully completed for both the previous and / or current year.

In addition, we have raised one issue classified as **green** which are detailed in section two of this report. A summary of this report will be presented to the Audit, Risk and Assurance Committee.

Acknowledgement

Several employees gave their time and co-operation during this review. We would like to record our thanks to all the individuals concerned.

2. Issues arising

Priority rating for issues identified:

Red

Action is imperative to ensure that the objectives for the area under review are met

Amber

Action is required to avoid exposure to significant risks in achieving objectives

Green

Action is advised to enhance risk control or operational efficiency

Action is required to avoid exposure to significant risks in achieving objectives
Amber

No	Issue arising	Agreed action including responsibility and target date
2.1	<p>Engagement with PDP</p> <p>We found several instances where the performance management process was not fully completed as evidenced within the PDP Online system. Testing of a sample of 12 individuals' PDPs for 2018 – 2019 identified that in three instances, the 2018-2019 PDP had not been completed.</p> <p>Testing of the same sample for 2019-2020 identified that in four instances completion of a PDP had not been commenced at all. In a further two instances, the 2019-2020 PDPs remained at draft stage.</p> <p>We further noted that evidence that both the employee and the manager had completed a half year and end of year review was only available in one instance.</p> <p>Because the new policy will be rolled out shortly, it is imperative that PDPs are brought up to date in all instances so that the Managing Employee Performance policy can be implemented by managers and employees promptly for the remainder of 2019-2020 on a consistent and fair basis for all employees.</p> <p>Implication: The performance management process was not fully complied with, which could lead to a failure to address performance issues on a timely basis.</p>	<p>Agreed. For 2019-2020, action will be taken to ensure that all PDPs are completed as soon as possible to ensure the process is complied with for the remainder of 2019-2020 and that an overall performance rating can be given in time for the following financial year.</p> <p>A detailed action plan has been drawn up containing several key activities that will be undertaken to ensure that the issues identified are resolved.</p> <p>Responsibility: Tracy Walters - Head of Human Resources and Organisation Development and Tracey Beardmore - Organisation Development and Engagement Officer</p> <p>Target date: 31 December 2019</p>

Action is advised to enhance risk control or operational efficiency
Green

Appendix 4

No	Issue arising	Agreed action including responsibility and target date
2.2	<p>One-to-one meetings An integral part of the WMCA's employee performance management approach are the one-to-one meetings held between the manager and employee where performance will form part of the discussion. The draft Managing Employee Performance policy also clearly states this expectation.</p> <p>We understand from discussion with a sample of managers that regular one to one meetings were being held with employees and notes taken. It is understood from managers that these conversations help form the information recorded as part of the PDP and inform the overall performance rating.</p> <p>However, these could be further enhanced to more explicitly reflect the outcomes and actions arising from one-to-one meetings held during the year as part of the PDP, in a consistent and structured manner.</p> <p>Implication: It may be difficult to demonstrate that performance issues have been identified and addressed, on a timely basis.</p>	<p>Agreed. Action is being taken to develop a checklist for managers to utilise when undertaking one to one meetings. The checklist will ensure that managers are aware of the key areas to address regarding performance as well as employee wellbeing. Coaching and Bite Size training sessions will be made available to all managers to support this process.</p> <p>A detailed action plan has been drawn up containing several key activities that will be undertaken to ensure that the issues identified are resolved.</p> <p>Responsibility: Tracy Walters - Head of Human Resources and Organisation Development and Tracey Beardmore - Organisation Development and Engagement Officer</p> <p>Target date: 31 December 2019</p>

Limitations inherent to the internal auditor's work

This report has been prepared solely for the Combined Authority in accordance with the terms and conditions set out in the terms of reference. Internal audit does not accept or assume any liability of duty of care for any other purpose or to any other party. This report should not be disclosed to any third party, quoted or referred to without prior consent. Internal audit has undertaken this review subject to the limitations outlined below.

Internal control

- Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Responsibilities of management and auditors

- It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance for the prevention and detection of irregularities and fraud. Internal audit work should not be a substitute for management's responsibilities for the design and operation of these systems.
- Internal audit endeavours to plan audit work so that it has a reasonable expectation of detecting significant control weakness and if detected, will carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.
- Accordingly, these examinations by internal auditors should not be relied upon solely to disclose fraud or other irregularities which may exist.

Report distribution:

Julia Nugent - Director of Productivity and Skills
 Tracy Walters - Head of Human Resources and Organisation Development
 Tracey Beardmore - Organisation Development and Engagement Officer

Date Issued:

28 August 2019



Audit, Risk & Assurance Committee

Date	24 September 2019
Report title	Equal Pay Audit and Gender Pay Gap Update
Accountable Chief Executive	Deborah Cadman, OBE Chief Executive Email: Deborah.Cadman@wmca.org.uk Tel: (0121) 214 7200
Accountable Employee	Tracy Walters, Head of Human Resources and Organisational Development Email: Tracy.Walters@wmca.org.uk Tel: (0121) 214 7007
Report has been considered by	Head of Governance – Tim Martin Director of Productivity and Skills - Julie Nugent

Recommendation(s) for action or decision:

The Audit, Risk & Assurance Committee is recommended

- (1) Consider and note the outcomes of the Gender and Race Equal Pay Audit Report
- (2) Consider and note the March 2019 WMCA Gender Pay Gap data and the actions to address the gender pay gap and help bridge internal diversity gaps.

1. Purpose

- 1.1 This report provides the Committee with an update on our Equal Pay Audit outcomes together with a breakdown of the latest Gender Pay Gap Statistics. It also outlines current initiatives and identifies key areas of future focus to help bridge the gap and promote inclusion.

2. Background

- 2.1 Promoting equality and inclusion is of paramount importance and a key internal and external WMCA driver. Narrowing diversity gaps is an organisational priority. The WMCA is a broadly representative organisation. We monitor our workforce and recruitment statistics on a regular basis to identify gaps and explore ways to address these gaps and challenges. Sections 3 and 4 of this report provide a summary of our equal pay audit report findings and our gender pay gap statistics for March 2019. Section 5 briefly outlines current and proposed initiatives. These will be considered internally in September by the Corporate Management Team's and in October by our Strategic Leadership Team.

3. Gender and Race Equal Pay Audit

- 3.1 An equal pay audit is an examination of pay data to determine if staff with different protected characteristics are being paid fairly and equally for work of equal value. A gender pay audit determines whether men and women are being paid fairly and equally, while a race pay audits examine whether White British and Black and Minority Ethnic (BME) employees are being paid fairly and equally.
- 3.2 The latest WMCA gender and race pay audit was conducted in August 2019. The main purpose of the audit was to establish whether there are any gender or race pay inequities arising through the comparison of pay of men and women and White British and BME employees doing the same or equivalent work. Comparisons were made between a) employees doing the same job (same job title), and b) employees doing work rated as equivalent and/or of equal value – posts which have been assessed as jobs of equal value (same grade) by application of the WMCA's single job evaluation scheme.
- 3.3 The WMCA has a job evaluation scheme which provides a method of evaluating the grade of jobs on a consistent basis. An agreed Role Profile is drawn up and agreed which identifies the duties and responsibilities of the post along with the knowledge, skills and experience required to perform the job to a satisfactory level. These are then assessed against a list of criteria which determines a five point grade scale for that post. Each year, every eligible staff member moves one incremental point up the grade scale until they reach the maximum point. Senior posts, namely Directors and Heads of Service are evaluated by a separate job evaluation scheme, the Hay Job Evaluation Scheme, and are externally assessed by a trained Hay advisor.
- 3.4 The audits conducted did not identify any areas of concern. The vast majority of "like" jobs (same job title) were on the same grade. There were grade differentials in very few posts due to either honorariums or employees being on a protected grade, so the grade differentials are justified in line with the WMCA pay policy. Higher pay within the same grade was due to a range of reasons: Years in post (every employee goes one point up the grade scale every year), higher salary on appointment (not appointed at the bottom of the grade scale due to a higher salary scale in a previous role), honorariums and protected grades due to being a previously higher paid post. The analysis of pay differentials between men and women and White British and BME employees for post

assessed as jobs of equal value also showed that pay differentials do not appear to negatively and disproportionately affect women or minority ethnic employees.

3.5 Gender and race equal pay audits are conducted on an annual basis – the next audit is due in August 2020.

4. Gender Pay Gap

4.1 From April 2018 organisations are legally required to report their median and mean gender pay gap. The ‘mean’ gender pay gap shows the difference in mean pay between female and male employees (that is the average of the total of all employees’ pay) while the ‘median’ pay gap shows the difference in median pay (that is putting all male/female employees in a line and identifying the pay of the person in the middle).

4.2 The UK has a median pay gap of 8.6% for full-time employees. The WMCA’s median gender pay gap (March 2019) is 16.3% which compares to 5.77% in March 2018. The WMCA’s mean gender pay gap is 10.1% which compares to 3.7% in 2018. There has been significant increase in the WMCA gender pay gap between March 2018 and March 2019 even though there has been an increase in the female workforce. In-depth analysis of the recruitment statistics showed that the reasons for that increase were:

- More males were appointed in senior level positions between April 2018 and March 2019;
- More females were appointed in lower salary level positions between April 2018 and March 2019;
- There were fewer applications from women for the highest salary level posts (only 25% of applicants for senior level posts were women though the success rate was 30.8%); and

5. Current and proposed Initiatives

5.1 Current initiatives to address diversity gaps and promote inclusion include:

- We introduced an external careers/recruitment site that clearly highlights WMCA benefits and is reflective of the regional gender and ethnic diversity
- We have amended our advertising templates to strongly highlight our commitment to equality, diversity and inclusion whilst also encouraging under-represented groups to apply for roles.
- We use qualifications under the apprenticeship levy to encourage people to apply, which we anticipate will have a positive impact on a number of groups, including mothers who had taken a career break due to caring responsibilities and may need some encouragement and support to get back to work.
- Online equality training is mandatory at induction level for all employees
- Regular equality awareness campaigns help ensure staff are abreast of equalities.
- Our “Building our Future Workforce” strategy is designed to provide under-represented groups with the skills required for leadership roles as part of an overall learning and development strategy. The strategy was approved in January at Strategic Leadership team level. All vacancies at SCP26 or below are apprenticeships unless there is no Apprenticeship standard available or the recruiting manager has a justifiable reason which is approved by their Head/Director. We hold work experience weeks engaging with hard to reach schools. The strategy also allows provisions for NEETs, care leavers, people with disabilities, homeless people, ex-offenders and Armed Forces Veterans.

- We are an advocate of flexible working arrangements as demonstrated by the Flexible Working Hours Scheme which seeks, as far as practicable, to balance the needs of the individual with the needs of the organisation and wellbeing of the wider team.

5.2 Proposed initiatives focus on three key areas of work: Recruitment, Equality Awareness and Development and include:

- Targeted positive action statements for those roles where there is gender or race under-representation
- Reviewing job titles and role profiles when advertising a vacancy to identify biases in the way they are worded and to ensure they are inclusive
- Delivering face-to-face unconscious bias training for recruiting managers and rolling out unconscious bias training for employees
- Introducing regular HR business partner recruitment conversations with senior and recruiting managers to identify team diversity gaps and highlight the importance of diversity in recruitment
- Establishing networking groups to provide an ongoing, informal and supportive environment to explore challenges and barriers
- Identifying internal senior mentors and consider reverse mentoring (to support an understanding of challenges for under-represented groups)
- Providing work/role experience placements and involvement in projects (also connected to the mentoring relationships established)
- Securing access to academic funding to support learning, raise skills and qualifications to enhance opportunities (primarily via the apprenticeship Levy).

6. Financial Implications

N/A

7. Legal Implications

N/A

8. Equalities Implications

The initiatives are aimed at addressing diversity gaps and are therefore likely to have equality positive impact.

9. Inclusive Growth Implications

N/A

10. Geographical Area of Report's Implications

N/A

11. Other Implications

N/A

12. Schedule of Background Papers

N/A



**West Midlands
Combined Authority**

Audit, Risk & Assurance Committee

Date	24 September 2019
Report title	Investment Programme Governance Audit Update
Accountable Chief Executive	Deborah Cadman, OBE Chief Executive Email: Deborah.Cadman@wmca.org.uk Tel: (0121) 214 7200
Accountable Employee	Julia Goldsworthy, Director of Strategy Email: Julia.Goldsworthy@wmca.org.uk Tel: (0121) 214 7941 Sukhy Dhanoa, Head of Strategic Programme Delivery Email: Sukhy.Dhanoa@wmca.org.uk Tel: (0121) 214 7295
Report has been considered by	n/a

Recommendation(s) for action or decision:

The Audit, Risk & Assurance Committee is recommended to:

- (1) Note the work that has been undertaken to date on the assurance framework, and the rationale behind the proposed way forward.
- (2) Understand the work being undertaken by Governance to deliver continuous improvements to the decision-making process and how that impacts on the Investment Programme and PMO responsibilities.
- (3) Note timescales and proposed activity for the resolution of outstanding actions in the Internal Audit Report dated 6 February 2018.
- (4) Understand the current controls that are in place for programme risk and the intended changes to the controls.

1. Purpose

- 1.1 The purpose of this report is threefold, it is to:
 - 1) Review internal audit recommendations.
 - 2) Update on how the enhanced assurance framework is being updated to reflect latest government guidance
 - 3) Respond to questions raised at last ARAC session on control mechanisms
- 1.2 The report will provide an overview to ARAC of the intended delivery route for the original recommendations in the Internal Audit review of Investment Programme Governance Arrangements for Programme Approval & Appraisal. It will also provide the context around why the strategic approach has changed as a result of consideration by SLT (Senior Leadership Team).
- 1.3 Additionally the report will describe the current programme controls that are in place for the Investment Programme and what enhancements will be introduced as a part of the “Single Assurance Framework” (SAF) implementation.

2. Summary

- 2.1 Since the internal audit in February 2018, WMCA PMO had developed a robust plan for an enhanced approach and methodology for governance and assurance of the Investment Programme. This is detailed in Appendix A.
- 2.2 Monthly Working Group meetings have commenced with stakeholders from Constituent Authorities and Corporate Assurance providing rich discussions and alignment of governance. The WMCA PMO had started to complete new artefacts, templates and guidance in line with the plan to enhance the Assurance Framework.
- 2.3 This work was focussed on addressing the audit actions and additionally taking the opportunity to continuously improve the processes, governance and controls that were in place.
- 2.4 At the same time SLT have been considering a recommendation put forward by the Head of Governance following an external review of governance and guidance from central government to design and embed a “Single Assurance Framework” (SAF) developed under the National Local Growth Assurance Framework. The framework identifies a set of guiding principles that can be utilised for all funding sources and their respective frameworks within the WMCA.
- 2.5 As a result a more fundamental re-working of the decision-making processes and a Single Assurance Framework are being developed, which will feed into our annual Assurance Framework review and refresh processes.
- 2.6 Work to develop a Single Assurance Framework is developing well alongside a number of other governance improvement actions, however this work is dependent upon a number of significant other tasks such as establishment of the Strategic Hub and the ensuring the development of governance process dovetail with the improvements being made to the Assurance Framework.

2.7 A detailed action plan is being developed which will include detailed actions, next steps and timeframes. An update on progress in delivering this action plan will be presented to the November ARAC meeting.

3. Internal Audit Actions

3.1 A progress report was submitted to ARAC in January 2019 detailing the progress to date and the Internal Audit actions that have been completed to enhance the level of assurance WMCA provide on the Investment Programme.

3.2 In May 2019 a review of WMCA Governance began, coordinated by the Head of Governance, this work is part of efforts to deliver continuous improvement within the WMCA and includes a review and overhaul of the written constitution, consideration of the governance structure of Boards/Committees and other representational bodies, delegations and financial regulations and numerous other considerations that have arisen since the 2017 Mayoral election.

3.3 The first phases of the work being undertaken by Governance has been completed. This has involved analysis of existing governance processes within the WMCA including project approvals processes, decision-making processes and the organisational model to ensure adherence to the WMCA's legal framework and best practice.

3.4 Additionally, the review has involved the examination of existing delegation levels and Board/Committee terms of reference and has involved one to one discussions with members of the Strategic Leadership Team. This has captured the experiences and suggestions of those leading the organisation as they relate to wider governance matters and identified issues for the governance review to seek to address. Given the remit of the governance review, the role and function of the Assurance Framework, and its application across the organisation was included as part of these discussions.

3.5 The evidence collected through the work undertaken by Governance has identified areas for focus and development where improvements to technical challenge and decision-making could be made.

3.6 The work being undertaken by Governance has led to an agreement that the project to develop an enhanced Assurance Framework be re-scoped and re-planned to ensure that a new Single Assurance Framework is developed taking into account the findings of the Governance Review and reflects the requirements of the National Local Growth Assurance Framework guidelines.

3.7 In July 2019 the Strategic Leadership Team agreed a number of proposals that relate to enhancing the current WMCA Assurance Framework. These included proposals for a new governance process for project approvals, proposals for a more consistent and value adding role for all Thematic Boards and suggestions to ensure 'golden threads' from the Strategic Objectives down to delivery, monitoring and evaluation were clearly identifiable and measurable.

3.8 In addition, SLT agreed a series of key principles for the governance and single assurance process, these included:

- a) Development of the Health Check process to facilitate Business Area lead in project development process whilst providing required guidance and support as required.

- b) Delivery of an objective Assurance Review function with sign-off from outside of Business Area by Assurance expertise, ensuring compliance with the WMCAs Assurance Framework.
- c) Directorate Engagement Points becoming a standard part of Business Area project development. This would be applied proportionally within Business Areas but would be assessed through the Assurance Review sign off process and advised upon through the Health Check process during development. Individual Directors would then become responsible for ensuring adequate engagement had taken place before signing off on a project proposal.

3.9 Work is now underway to implement these proposals, aligned to the outcome of the governance review, and supported by a Corporate Services Review to ensure CA functions are organised and equipped to support any changed arrangements. The Single Assurance Framework will be adopted as part of the annual review and refresh process, with quick wins implemented as soon as practicable. **It is recommended that ARAC is kept updated on the continued progress of this work.**

3.10 The table provided below details an update to the Internal Audit Actions given the changes detailed above.

Ref.	Audit Action	Owner	Original Timescale / Proposed Timescale	Objective	Status
2.1	Assurance Framework and Project Approval	Director of Strategy – Julia Goldsworthy	August 2019 / September 2019	1. Governance, Roles & Responsibilities and Assurance Framework Review	<p>Previous progress reported as completed by PMO, actions will now be incorporated into the action plan being developed by Governance.</p> <p>Work currently being undertaken to fully identify and deliver areas identified for improvement by Governance and ensure that the Assurance Framework is compliant with National Local Growth Guidelines.</p> <p>New governance process for project approvals has been developed, work currently ongoing to identify and develop actions required to support new process. This will include proposals for:</p> <ul style="list-style-type: none"> • CA project register • Assurance sign off process • Health Check process <p>Implementation will progress as quickly as possible, with substantive changes incorporated into the annual assurance review and refresh process.</p>

Ref.	Audit Action	Owner	Original Timescale / Proposed Timescale	Objective	Status
2.2	Governance of Technical Appraisal Panel (TAP)	Director of Strategy – Julia Goldsworthy	August 2019 / September 2019	<ol style="list-style-type: none"> Review membership, Review interface with performance group and embed green book best practice How is CA gaining technical assurance? 	<p>Previous progress reported as completed by PMO, actions will now be incorporated into the action plan being developed by Governance.</p> <p>Work currently being undertaken to fully identify and deliver improvements to how the CA will ensure that it gains required level of technical assurance and consideration of investment proposals. This will include proposals for:</p> <ul style="list-style-type: none"> Replacing IAG with a new Investment Panel designed to support Investment Board Amending the existing TAP process to reflect devolvement of project management function within Business Areas and for proportionate delivery of project development processes compliant with the CAs Assurance Framework within Business Areas. <p>Implementation will progress as quickly as possible, with substantive changes incorporated into the annual assurance review and refresh process.</p>
2.3	Pre-Project Lifecycle	Director of Strategy – Julia Goldsworthy	April 2019 / September 2019	<ol style="list-style-type: none"> Define mechanism for introducing projects 	<p>Previous progress reported as completed by PMO, actions will now be incorporated into the action plan being developed by Governance.</p> <p>Implementation will progress as quickly as possible, with substantive changes incorporated into the annual assurance review and refresh process.</p>
2.4	Project Appraisal, Scoring & Evaluation	Director of Strategy – Julia Goldsworthy	August 2019 / March 2020	<ol style="list-style-type: none"> Develop project appraisal, scoring and evaluation mechanisms. 	<p>Previous progress reported as completed by PMO, actions will now be incorporated into the action plan being developed by Governance</p> <p>Implementation will progress as quickly as possible, with substantive changes incorporated into the annual assurance review and refresh process.</p>

Ref.	Audit Action	Owner	Original Timescale / Proposed Timescale	Objective	Status
2.8	Monitoring & Evaluation Plan	Director of Strategy – Julia Goldsworthy	August 2019 / March 2020	1. Review of monitoring and evaluation requirements	<p>Previous progress reported as completed by PMO, actions will now be incorporated into the action plan being developed by Governance</p> <p>Implementation will progress as quickly as possible, with substantive changes incorporated into the annual assurance review and refresh process.</p>

Summary of progress against completed internal audit actions as reported to ARAC January 2019

Ref.	Audit Action	Owner	Completion Date	Quick win Objectives	Status
2.1	Assurance Framework Project Appraisal	Director of Strategy – Julia Goldsworthy	March 2018	<p>Quick Win</p> <ol style="list-style-type: none"> 1. Implementation of Investment Programme Risk Register 2. Investment Programme governance services support 3. PMO will be accountable for Investment Programme records 4. PMO accountable for monitoring/tracking risks/change control requests 	<p>COMPLETE: The Actions referenced as Quick Wins have been implemented with the Investment Programme Risk Register having been developed internally and being reported to the Investment Board since July 2018. Governance Services support the democratic processes that include the Investment Board and WMCA Board with the West Midlands Development Capital Ltd supporting the Investment Advisory Group. PMO have fully adopted accountability for Investment Programme document management, portfolio level risk management and the change control procedure.</p>
2.2	Governance of Technical Appraisal Panel	Director of Strategy – Julia Goldsworthy	March 2018	<p>Quick Win</p> <ol style="list-style-type: none"> 1. TAP Attendance recorded 2. Investment Programme governance services support 3. TAP revised roles, sign off due diligence process for business case appraisal 4. ACD document development for action tracking 	<p>COMPLETE: Quick Win actions are implemented and Governance Services is specifically referenced in support of the objectives. Specifically, the ACD document, now known as the Assurance Checklist, has been revised to better support decision making.</p>

Ref.	Audit Action	Owner	Completion Date	Quick win Objectives	Status
2.3	Pre-Project Lifecycle	Director of Strategy – Julia Goldsworthy	March 2018	Quick Win 1. Performance management group confirm process for evaluating change control requests and alignment to SEP priorities (prior to implementation of scheduling exercise)	COMPLETE: Quick Win action 1 has been implemented. Governance arrangements had been developed to consider current Change Requests and they were reviewed by CA representatives on the Investment Performance Management Group and required sign off by the Investment Board dependent on value. This has since been superseded by the approved Change Control Process (see Longer Term Objective ref 2.3).
2.4	Project Appraisal, Scoring & Evaluation	Director of Strategy – Julia Goldsworthy	March 2018 June 2018	Quick Win 1. Development of TAP checklist 2. Operational improvements for TAP meetings to strengthen due diligence Medium term objective 1. review of DEIM (Dynamic Economic Impact Model)	COMPLETE: Quick Win actions 1 & 2 have been implemented. Appraisal documentation is now utilised for all projects which ensures that consideration is given to projects alignment to SEP and this is scored accordingly. COMPLETE: Review of DEIM has been considered as part of wider Governance Review. It has since been confirmed that DEIM is not a viable tool for implementation within the WMCA.
2.5	Business Case Governance	Director of Strategy – Julia Goldsworthy	February 2018	Quick Win 1. Effective mechanisms for business case and recommendations tracking to be implemented.	COMPLETE: An Assurance Checklist detailing a full audit trail of all endorsement and approval board decisions has now been implemented.
2.6	Local Assurance Process	Director of Strategy – Julia Goldsworthy	March 2018	Quick win 1. PMO to ensure that documentary evidence is obtained in all instances	COMPLETE: Quick Win action 1 has been implemented. Process has been updated to request documentary evidence. Details of evidence are provided in the individual Assurance Covering Documents for each project.
2.7	SEP Board	Director of Strategy – Julia Goldsworthy	July 2018	Quick Win 1. Establishment of benefits realisation role 2. Economic Intelligent Unit to support scheduling exercise	COMPLETE: Quick Win actions have been implemented. The WMCA Benefits Manager was appointed in March 2018. In establishing appraisal process for the Framework it has been agreed that members of the Black Country Consortium Economic Intelligence Unit are actively involved to appraise alignment to the SEP. It should be noted that the SEP Board has now been replaced with Strategic Economic Development (SED) Board.

Ref.	Audit Action	Owner	Completion Date	Quick Objectives	Status
			July 2018	Longer term objective – part of wider governance review to understand the role of SEP Board	COMPLETE: In enhancing the appraisal process for the Framework it has been agreed that members of the Black Country Consortium are actively involved to appraise alignment to the SEP through the Technical Appraisal Panel (TAP). TAP remain as a consistent panel for appraisal of every business case and change request. This supersedes the requirement to include the SEP Board under the enhanced governance procedures. A review of the SEP Board has been undertaken and as a result has now been replaced with Strategic Economic Development (SED) Board, although this is not part of the Assurance Framework.
2.8	Monitoring & Evaluation Plan	Director of Strategy – Julia Goldsworthy	March 2018	Quick Win 1. Need to confirm that all FBC have submitted their monitoring and evaluation plans	COMPLETE: Quick Win action 1 has been implemented. The PMO now checks to ensure that all documentation required as part of FBC, including monitoring & evaluation (M&E) plans, is provided. Review of M&E plans now form part of the appraisal process.

4. Programme Controls

- 4.1 At its last meeting ARAC requested an outline understanding of the current controls that are in place for the WMCA Investment programme.
- 4.2 Project Controls are defined as ‘the data gathering, data management and analytical processes used to predict, understand and constructively influence the time and cost outcomes of a project or programme; through the communication of information in formats that assist effective management and decision making’. Having programme controls is crucial to the effective management of programme delivery.
- 4.3 There are currently three key programme controls for the investment programme, they are Risk Management, Change Management and Financial Management.

Risk Management

- 4.4 The benefits and purpose of effective programme risk management are listed below:
- Identifies uncertainty within a programme
 - Facilitates programme resources to focus on threats and opportunities within a programme
 - Identifies threats to delivery and enables effective management to reduce or remove the probability or impact of the threats
 - Enables funding accuracy as risks and issues can be costed to derive contingency budgets
 - Provides visibility of common threats within a programme

- 4.5 The current risk management process key steps are outlined below
- a) The delivery organisations document and submit their 'top 5 risks and issues' as part of the business case submission process
 - b) The risks and issues form a part of the management case are appraised by the technical appraisal panel via a set criteria
 - c) The risks and issues are also reviewed by the Investment Advisory Group and the Investment Board.
 - d) The top 5 risks are detailed on the monthly dashboard submitted to the Investment Board.
- 4.6 The following key enhancements that will be considered for incorporation into the Single Assurance Framework are listed below:
- a) Risks and issues will be costed to derive accurate contingency costs
 - b) There will be an established and standardised risk management scoring methodology for all project and programmes
 - c) Risks and issues will be monitored and tracked throughout the lifecycle of the project
 - d) There will be a recognised risk management tool to enable consistency of process, format and reporting
 - e) There will be increased emphasis and a pre-requisite for programme teams having a dedicated risk manager and risk and issue management arrangements
 - f) Risk and issue management will become a standard agenda item at project and programme board meetings.
 - g) There will be risk and issue reporting at appropriate levels

Change Management

- 4.7 The benefits and purpose of change control management are listed below:
- a) Enables the definition, review and approval of any change before being implemented.
 - b) Prevents unnecessary changes that might disrupt delivery of a project or programme
 - c) Enables tight control of finance within a programme
 - d) Formalises any change in direction of a programme
- 4.8 The current Change management process steps are outlined below:
- a) Delivery organisations assess whether a requirement for additional funding can be accommodated within existing approvals
 - b) If there is a requirement to request a change to existing financial approvals, scope, time or outputs the delivery organisation complete a change request.
 - c) The change request is validated, appraised and processed via the technical appraisal panel through an established set criteria.
 - d) The change request is then progressed to the appropriate WMCA board for approval or rejection.
- 4.9 The following key enhancements that will be considered for incorporation into the Single Assurance Framework are listed below:
- a) There will be more of an emphasis around the change request being developed and sponsored by the programme SRO
 - b) Change request outcomes will be tracked and monitored via the WMCA.

- c) There will be an updated funding agreement which captures the new outputs and outcomes resulting from the change.

Financial Management

- 4.10 On 21 June 2019, ARAC received a report titled WMCA Cost Assurance, which fully outlined the processes pertaining to cost assurance for investments forming part of the Investment Programme which detailed the process for reporting the financial status up to Investment Board and other key stake holders including WMCA Board.
- 4.11 The reports to Investment Board and WMCA Board provide a summary of the latest financial position against the programme and operates a Red / Amber / Green system to draw out those variances which are materially important to the overall picture. Details are then provided on the underlying reasons for the variance including details about the subsequent implications and what is being done to manage the position where these details are relevant.
- 4.12 Whilst the financial summary is based on cost against the forecast out-turn and budget, the Red / Amber / Green criteria will apply to schemes where there is an underlying issue with funding. This applies to the gross project costs and funding package, not just the WMA funded element.

5. Next Steps

- 5.1 The next steps to establishing and implementing a revised assurance framework are listed below:
 - a) Stakeholder engagement including, however not limited to BEIS, MHCLG, DWP, LEP's and LA's.
 - b) Development of an integrated action plan to be implemented by the Combined Authority.
 - c) Ensure the future state WMCA Strategic hub includes sufficient capability to deliver and support the actions and processes identified within the work undertaken by this review
 - d) Appropriate resource is identified to develop and deliver the action plan.
- 5.2 The Combined Authority has an Assurance Framework in place, the action plan being developed will detail the improvements and enhancements needed and recognised. It should be noted that a number of issues identified through the work undertaken by Governance are already in the process of being addressed.

6. Financial Implications

- 6.1 There are no financial implications as a result of the recommendations within this report to note the approach taken by WMCA towards Investment Programme governance and control.

7. Legal Implications

- 7.1 The WMCA is required to maintain an assurance framework which ensures that investment and spending decisions are made in the light of relevant considerations and proper stewardship of public monies is provided. This report outlines development work

which is in progress with the overall objective of ensuring this objective continues to be met.

8. Equalities Implications

8.1 There are no equalities implications arising from this report.

9. Inclusive Growth Implications

9.1 There are no inclusive growth implications arising from this report.

10. Geographical Area of Report's Implications

10.1 There are no geographical area implications arising from this report.

11. Other Implications

11.1 There are no other implications arising from this report.

12. Schedule of Background Papers

12.1 Not Applicable

13. Appendix

13.1 Appendix A - Original Enhanced Assurance Framework Plan

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ID	% Complete	Ref.	Task Name	Duration	Start	Finish	Predecessors	Baseline Finish	Resource Names	Finish Variance
0	16%		Enhanced Assurance Framework Plan	479 days?	Thu 01/11/18	Thu 17/09/20		NA		0 days
1	0%		Key Milestones	216 days	Thu 01/11/18	Mon 16/09/19		NA		0 days
2	100%		Working Group Established	0 days	Tue 26/02/19	Tue 26/02/19	61	Tue 26/02/19		0 days
3	0%		Gateway 0 - Sign off PBC	0 days	Mon 03/06/19	Mon 03/06/19	205	Mon 03/06/19		0 days
4	0%		Gateway 1 - Sign off SOC	0 days	Mon 03/06/19	Mon 03/06/19	287	Mon 03/06/19		0 days
5	0%		Gateway 2 - Sign Off OBC	0 days	Mon 03/06/19	Mon 03/06/19	369	Thu 18/04/19		29 days
6	0%		Gateway 3 - Sign Off FBC	0 days	Mon 03/06/19	Mon 03/06/19	451	Thu 18/04/19		29 days
7	0%		Gateway 4 - Sign Off M&E	0 days	Mon 03/06/19	Mon 03/06/19	467	Thu 18/04/19		28.5 days
8	0%		Gateway 5 - Sign off Evaluation Plan	0 days	Mon 03/06/19	Mon 03/06/19	484	Thu 18/04/19		28.5 days
9	0%		Project Closure - Template Sign Off	0 days	Tue 02/04/19	Tue 02/04/19	489	Fri 22/02/19		28 days
10	0%		Assurance/Approval Boards ToR Sign Off	0 days	Mon 13/05/19	Mon 13/05/19	499	Wed 30/01/19		71 days
11	0%		MHCLG Approve Assurance Framework	0 days	Mon 16/09/19	Mon 16/09/19	518	Mon 16/09/19		1 day
12	0%		Change Control Process Sign Off	0 days	Thu 01/11/18	Thu 01/11/18		NA		0 days
13	0%		Benefit Management Strategy Sign Off	0 days	Tue 16/04/19	Tue 16/04/19	558	Wed 23/01/19		60 days
14	0%		Risk & Issue Management Strategy Sign	0 days	Wed 17/04/19	Wed 17/04/19	573	Tue 12/02/19		47 days
15	0%		Stakeholder Training Complete	0 days	Mon 01/07/19	Mon 01/07/19	592	Mon 01/07/19		0 days
16	0%		Go Live Following MHCLG Approval	0 days	Mon 16/09/19	Mon 16/09/19	594	Mon 16/09/19		0 days
17	0%		Key Dependencies	105 days?	Thu 01/11/18	Fri 05/04/19		NA		0 days
23	99%		Transition Planning	111 days	Thu 01/11/18	Mon 15/04/19		Wed 27/02/19		33 days
73	5%		Gateway Stage 0	97 days	Wed 13/02/19	Wed 03/07/19		Mon 03/06/19		22 days
74	28%		Complexity Model	26 days	Tue 12/03/19	Tue 16/04/19		Mon 18/02/19		41 days
75	40%		Design Complexity Model	14 days	Tue 12/03/19	Fri 29/03/19	72FS+10 days	Fri 18/01/19	Steven Cooper	50 days
76	0%		HoSPD Review	2 days	Mon 01/04/19	Tue 02/04/19	75	Tue 22/01/19	Sukhy Dhanoa	50 days
77	0%		Update Complexity Model	2 days	Wed 03/04/19	Thu 04/04/19	76	Thu 24/01/19	Steven Cooper	50 days
78	0%		Submit to Working Group	0 days	Thu 04/04/19	Thu 04/04/19	77	NA		0 days
79	0%		Working Group Consultation	0 days	Fri 12/04/19	Fri 12/04/19	78FS+6 days	Thu 14/02/19	Steven Cooper	41 days
80	0%		Update Complexity Model	2 days	Mon 15/04/19	Tue 16/04/19	79	Mon 18/02/19	Steven Cooper	41 days
81	0%		Sign Off Complexity Model	9 days	Tue 16/04/19	Wed 01/05/19		Wed 27/02/19		43 days
82	0%		HoSPD Sign Off	0 days	Tue 16/04/19	Tue 16/04/19	80	Mon 18/02/19	Sukhy Dhanoa	41 days
83	0%		Prepare papers for SLT	2 days	Wed 17/04/19	Thu 18/04/19	82	Wed 20/02/19	Hardial Phull	41 days
84	0%		SLT Submission	0 days	Thu 25/04/19	Thu 25/04/19	83FS+3 days	Mon 25/02/19	Hardial Phull	41 days
85	0%		SLT approval	0 days	Wed 01/05/19	Wed 01/05/19	84FS+4 days	Wed 27/02/19		43 days
86	48%		Business Case Approval Routes	85 days	Fri 01/03/19	Wed 03/07/19		NA		0 days
87	100%		Design Approval Routes	9 days	Fri 01/03/19	Wed 13/03/19	72FS+52 days	NA	Andy Morgan	0 days
88	100%		Peer Review	4 days	Thu 14/03/19	Tue 19/03/19	87	NA	Andy Morgan	0 days
89	0%		HoSPD Sign Off	0 days	Fri 29/03/19	Fri 29/03/19	88FS+8 days	NA	Sukhy Dhanoa	0 days
90	0%		Document Sign Off	58 days	Tue 09/04/19	Wed 03/07/19		NA		0 days
91	0%		Working Group submission	1 day	Tue 09/04/19	Tue 09/04/19	89FS+6 days	NA		0 days
92	0%		Working group consultation	0 days	Fri 12/04/19	Fri 12/04/19	91FS+3 days	NA		0 days
93	0%		Prepare SLT Papers	5 days	Mon 15/04/19	Tue 23/04/19	92	NA		0 days
94	0%		SLT Submission	0 days	Mon 29/04/19	Mon 29/04/19	93FS+4 days	NA		0 days
95	0%		Prepare Investment Board Papers	3 days	Wed 15/05/19	Fri 17/05/19	94FS+10 days	NA		0 days
96	0%		Investment Board Submission	0 days	Wed 22/05/19	Wed 22/05/19	95FS+3 days	NA		0 days
97	0%		Investment Board Sign Off	1 day	Mon 03/06/19	Mon 03/06/19	96FS+6 days	NA		0 days
98	0%		Prepare papers for WMCA Board	4 days	Fri 07/06/19	Wed 12/06/19	97FS+3 days	NA		0 days
99	0%		Submit to WMCA Board	0 days	Wed 19/06/19	Wed 19/06/19	98FS+5 days	NA		0 days
100	0%		WMCA Board Sign Off	0 days	Wed 03/07/19	Wed 03/07/19	99FS+10 days	NA		0 days
101	0% On Hold		Strategic Outline Programme Case	28 days	Tue 12/03/19	Thu 18/04/19		Wed 27/02/19		36 days
102	0%		Design Project / Programme Initiation Documents	5 days	Tue 12/03/19	Mon 18/03/19	75SS	Tue 15/01/19	Roger Sahonta	44 days
103	0%		HoSPD Review	2 days	Tue 19/03/19	Wed 20/03/19	102	Thu 17/01/19	Sukhy Dhanoa	44 days
104	0%		Update Documents	3 days	Thu 21/03/19	Mon 25/03/19	103	Tue 22/01/19	Roger Sahonta	44 days
105	0%		Working Group Consultation	10 days	Tue 26/03/19	Mon 08/04/19	104	Tue 05/02/19		44 days
106	0%		Project / Programme Initiation Documents Sign Off	5 days	Fri 12/04/19	Thu 18/04/19		Wed 27/02/19		36 days
107	0%		HoSPD Sign Off	1 day	Fri 12/04/19	Fri 12/04/19	105FS+3 days	Wed 20/02/19	Sukhy Dhanoa	37 days
108	0%		Prepare papers for SLT	2 days	Mon 15/04/19	Tue 16/04/19	107	Mon 25/02/19	Roger Sahonta	36 days
109	0%		SLT Submission	0 days	Tue 16/04/19	Tue 16/04/19	108	Mon 25/02/19	Roger Sahonta	36 days
110	0%		SLT approval	0 days	Thu 18/04/19	Thu 18/04/19	109FS+2 days	Wed 27/02/19		36 days
111	0%		Business Justification Case Design	47 days	Mon 25/03/19	Mon 03/06/19		Mon 15/04/19		31 days
112	0%		Template design	1 day	Mon 25/03/19	Mon 25/03/19		Thu 07/02/19	Roger Sahonta	32 days
113	0%		Question Development	1 day	Tue 26/03/19	Tue 26/03/19	112	Mon 11/02/19	Roger Sahonta	31 days
114	0%		SME Engagement	1 day	Wed 10/04/19	Wed 10/04/19	113FS+10 days	Tue 05/03/19	Roger Sahonta	26 days
115	0%		SME Updates	3 days	Thu 11/04/19	Mon 15/04/19	114	NA		0 days
116	0%		SME Approval	3 days	Tue 16/04/19	Thu 18/04/19	115	NA	Roger Sahonta	0 days
117	0%		BJC Sign Off	18 days	Wed 08/05/19	Mon 03/06/19		Mon 15/04/19		31 days
118	0%		Working Group Endorsement	1 day	Wed 08/05/19	Wed 08/05/19	116FS+10 days	Wed 20/03/19		32 days
119	0%		Prepare Papers for CMT	2 days	Thu 09/05/19	Fri 10/05/19	118	Fri 22/03/19	Roger Sahonta	32 days
120	0%		CMT Submission	0 days	Mon 13/05/19	Mon 13/05/19	119FS+1 day	Mon 25/03/19	Roger Sahonta	32 days
121	0%		CMT Approval	0 days	Wed 15/05/19	Wed 15/05/19	119FS+2 days,1	Wed 27/03/19	Roger Sahonta	32 days
122	0%		Prepare Papers for Investment Board	5 days	Thu 16/05/19	Wed 22/05/19	121	Wed 03/04/19	Roger Sahonta	32 days
123	0%		Investment Board Submission	1 day	Fri 24/05/19	Fri 24/05/19	122FS+1 day	Fri 05/04/19	Roger Sahonta	32 days
124	0%		Investment Board Approval	1 day	Mon 03/06/19	Mon 03/06/19	122FS+4 days,1	Mon 15/04/19		31 days
125	2% On Hold		Programme Business Case Developm	75 days	Wed 13/02/19	Mon 03/06/19		Mon 03/06/19		0 days
126	2%		PBC Design	28 days	Wed 13/02/19	Fri 22/03/19		Mon 18/02/19		24 days
127	100%		Templates	5 days	Wed 13/02/19	Tue 19/02/19		Fri 25/01/19		17 days
128	100%		PBC Template	1 day	Wed 13/02/19	Wed 13/02/19	325,407	Mon 21/01/19	Steven Cooper	17 days
129	100%		Appraisal Template	5 days	Wed 13/02/19	Tue 19/02/19	325,407	Fri 25/01/19	Steven Cooper	17 days
130	0%		Strategic Case	27 days	Thu 14/02/19	Fri 22/03/19		Fri 25/01/19		40 days
131	0%		Identify Questions	21 days	Thu 14/02/19	Thu 14/03/19	128	Tue 22/01/19	Steven Cooper	37 days
132	0%		Identify Appraisal Criteria	21 days	Thu 14/02/19	Thu 14/03/19	131SS	Wed 23/01/19	Steven Cooper	36 days
133	0%		Guidance Notes	21 days	Thu 14/02/19	Thu 14/03/19		Fri 25/01/19	Steven Cooper	34 days

Project: Enhanced Assurance Fr
Date: Thu 12/09/19

Task		Inactive Milestone		Start-only		Path Predecessor Summary Task
Split		Inactive Summary		Finish-only		Path Predecessor Normal Task
Milestone		Manual Task		External Tasks		Progress
Summary		Duration-only		External Milestone		Manual Progress
Project Summary		Manual Summary Rollup		Deadline		
Inactive Task		Manual Summary		Path Predecessor Milestone Task		

ID	% Complete	Ref.	Task Name	Duration	Start	Finish	Predecessors	Baseline Finish	Resource Names	Finish Variance
134	0%		PMO Peer Review	4 days	Fri 15/03/19	Wed 20/03/19	133	NA		0 days
135	0%		Update Business Case	1 day	Thu 21/03/19	Thu 21/03/19	134	NA	Steven Cooper	0 days
136	0%		Submit to SME	1 day	Fri 22/03/19	Fri 22/03/19	135	NA	Steven Cooper	0 days
137	0%		Economic Case	27 days	Thu 14/02/19	Fri 22/03/19		Thu 31/01/19		36 days
144	0%		Commercial Case	27 days	Thu 14/02/19	Fri 22/03/19		Wed 06/02/19		32 days
151	0%		Financial Case	27 days	Thu 14/02/19	Fri 22/03/19		Tue 12/02/19		28 days
158	0%		Management Case	27 days	Thu 14/02/19	Fri 22/03/19		Mon 18/02/19		24 days
165	0%		Stakeholder Engagement	19 days	Fri 22/03/19	Wed 17/04/19		Fri 29/03/19		13 days
166	0%		PBC Strategic Case- Review by SME	19 days	Fri 22/03/19	Wed 17/04/19		Fri 29/03/19		13 days
167	0%		SME Submission	1 day	Fri 22/03/19	Fri 22/03/19	164SS	Tue 19/02/19	Steven Cooper	23 days
168	0%		SME Review	1 day	Mon 08/04/19	Mon 08/04/19	167FS+10 days	Wed 13/03/19		18 days
169	0%		Write-up Amendments	1 day	Tue 09/04/19	Tue 09/04/19	168	Thu 14/03/19	Steven Cooper	18 days
170	0%		Send to SME for review	1 day	Wed 10/04/19	Wed 10/04/19	169	Fri 15/03/19	Steven Cooper	18 days
171	0%		Approval by SME	0 days	Wed 17/04/19	Wed 17/04/19	170FS+5 days	Fri 29/03/19		13 days
172	0%		Economic SME Review	19 days	Fri 22/03/19	Wed 17/04/19		Fri 08/03/19		28 days
178	0%		Commercial SME Review	19 days	Fri 22/03/19	Wed 17/04/19		Fri 29/03/19		13 days
184	0%		Financial SME Review	19 days	Fri 22/03/19	Wed 17/04/19		Thu 28/03/19		14 days
190	0%		Management SME Review	19 days	Fri 22/03/19	Wed 17/04/19		Thu 28/03/19		14 days
196	0%		Sign-off Review Period	29 days	Thu 18/04/19	Mon 03/06/19		Mon 03/06/19		0 days
197	0%		Submit Draft PBC to Working Group	1 day	Thu 18/04/19	Thu 18/04/19	195	Fri 29/03/19	Roger Sahonta	14 days
198	0%		Working Group Endorsement	1 day	Wed 08/05/19	Wed 08/05/19	197FS+10 days	Mon 15/04/19		14 days
199	0%		Prepare papers for CMT	2 days	Thu 09/05/19	Fri 10/05/19	198	Thu 18/04/19	Roger Sahonta	13 days
200	0%		CMT Submission	0 days	Wed 15/05/19	Wed 15/05/19	199FS+3 days	Tue 23/04/19	Roger Sahonta	15 days
201	0%		CMT Approval	0 days	Mon 20/05/19	Mon 20/05/19	200FS+3 days	Wed 08/05/19		8 days
202	0%		Prepare Papers for Investment Board	1 day	Wed 22/05/19	Wed 22/05/19	201FS+1 day	Wed 22/05/19	Roger Sahonta	0 days
203	0%		Submit Papers to Investment Board	0 days	Wed 22/05/19	Wed 22/05/19	202	Wed 22/05/19	Roger Sahonta	0 days
204	0%		Investment Board Endorsement	0 days	Mon 03/06/19	Mon 03/06/19	203FS+7 days	Mon 03/06/19		0 days
205	0%		Sign-off PBC	0 days	Mon 03/06/19	Mon 03/06/19	204	Mon 03/06/19		0 days
206	14% On Hold		Gateway Stage 1	75 days	Wed 13/02/19	Mon 03/06/19		Mon 03/06/19		0 days
207	14% On Hold		SOC Business Case Development	75 days	Wed 13/02/19	Mon 03/06/19		Mon 03/06/19		0 days
208	17%		SOC Design	21 days	Wed 13/02/19	Wed 13/03/19		Mon 18/02/19		17 days
209	100%		Templates	3 days	Wed 13/02/19	Fri 15/02/19		Fri 25/01/19		15 days
210	100%		SOC Template	3 days	Wed 13/02/19	Fri 15/02/19	325,407	Mon 21/01/19	James Magee	19 days
211	100%		Appraisal Template	3 days	Wed 13/02/19	Fri 15/02/19	325,407	Fri 25/01/19	James Magee	15 days
212	8%		Strategic Case	17 days	Tue 19/02/19	Wed 13/03/19		Fri 25/01/19		33 days
213	7%		Identify Questions	11 days	Tue 19/02/19	Tue 05/03/19	210FS+1 day	Tue 22/01/19	Steven Cooper James Magee	30 days
214	11%		Identify Appraisal Criteria	11 days	Tue 19/02/19	Tue 05/03/19	213SS	Wed 23/01/19	Steven Cooper James Magee	29 days
215	11%		Guidance Notes	11 days	Tue 19/02/19	Tue 05/03/19	214SS	Fri 25/01/19	Steven Cooper James Magee	27 days
216	0%		PMO Peer Review	4 days	Wed 06/03/19	Mon 11/03/19	215	NA		0 days
217	0%		Business Case Update	1 day	Tue 12/03/19	Tue 12/03/19	216	NA	Steven Cooper James Magee	0 days
218	0%		SME Submission	1 day	Wed 13/03/19	Wed 13/03/19	217	NA	Steven Cooper James Magee	0 days
219	14%		Economic Case	17 days	Tue 19/02/19	Wed 13/03/19		Thu 31/01/19		29 days
220	20%		Identify Questions	4 days	Tue 19/02/19	Fri 22/02/19	210FS+1 day	Mon 28/01/19	Steven Cooper James Magee	19 days
221	20%		Identify Appraisal Criteria	6 days	Tue 19/02/19	Tue 26/02/19	213SS	Tue 29/01/19	Steven Cooper James Magee	20 days
222	20%		Guidance Notes	6 days	Tue 19/02/19	Tue 26/02/19	214SS	Thu 31/01/19	Steven Cooper James Magee	18 days
223	0%		PMO Peer Review	5 days	Wed 06/03/19	Tue 12/03/19	215	NA		0 days
224	0%		Business Case Update	1 day	Tue 12/03/19	Tue 12/03/19	216	NA	Steven Cooper James Magee	0 days
225	0%		SME Submission	1 day	Wed 13/03/19	Wed 13/03/19	217	NA	Steven Cooper James Magee	0 days
226	14%		Commercial Case	17 days	Tue 19/02/19	Wed 13/03/19		Wed 06/02/19		25 days
227	20%		Identify Questions	4 days	Tue 19/02/19	Fri 22/02/19	210FS+1 day	Fri 01/02/19	Steven Cooper James Magee	15 days
228	20%		Identify Appraisal Criteria	6 days	Tue 19/02/19	Tue 26/02/19	213SS	Mon 04/02/19	Steven Cooper James Magee	16 days
229	20%		Guidance Notes	6 days	Tue 19/02/19	Tue 26/02/19	214SS	Wed 06/02/19	Steven Cooper James Magee	14 days
230	0%		PMO Peer Review	5 days	Wed 06/03/19	Tue 12/03/19	215	NA		0 days
231	0%		Business Case Update	1 day	Tue 12/03/19	Tue 12/03/19	216	NA	Steven Cooper James Magee	0 days
232	0%		SME Submission	1 day	Wed 13/03/19	Wed 13/03/19	217	NA	Steven Cooper James Magee	0 days
233	14%		Financial Case	17 days	Tue 19/02/19	Wed 13/03/19		Tue 12/02/19		21 days
234	20%		Identify Questions	4 days	Tue 19/02/19	Fri 22/02/19	210FS+1 day	Thu 07/02/19	Steven Cooper James Magee	11 days
235	20%		Identify Appraisal Criteria	6 days	Tue 19/02/19	Tue 26/02/19	213SS	Fri 08/02/19	Steven Cooper James Magee	12 days
236	20%		Guidance Notes	6 days	Tue 19/02/19	Tue 26/02/19	214SS	Tue 12/02/19	Steven Cooper James Magee	10 days
237	0%		PMO Peer Review	5 days	Wed 06/03/19	Tue 12/03/19	215	NA		0 days
238	0%		Business Case Update	1 day	Tue 12/03/19	Tue 12/03/19	216	NA	Steven Cooper James Magee	0 days
239	0%		SME Submission	1 day	Wed 13/03/19	Wed 13/03/19	217	NA	Steven Cooper James Magee	0 days
240	17%		Management Case	17 days	Tue 19/02/19	Wed 13/03/19		Mon 18/02/19		17 days
241	20%		Identify Questions	12 days	Tue 19/02/19	Wed 06/03/19	210FS+1 day	Wed 13/02/19	Steven Cooper James Magee	15 days
242	20%		Identify Appraisal Criteria	12 days	Tue 19/02/19	Wed 06/03/19	213SS	Thu 14/02/19	Steven Cooper James Magee	14 days
243	20%		Guidance Notes	12 days	Tue 19/02/19	Wed 06/03/19	214SS	Mon 18/02/19	Steven Cooper James Magee	12 days
244	0%		PMO Peer Review	5 days	Wed 06/03/19	Tue 12/03/19	215	NA		0 days
245	0%		Business Case Update	1 day	Tue 12/03/19	Tue 12/03/19	216	NA	Steven Cooper James Magee	0 days
246	0%		SME Submission	1 day	Wed 13/03/19	Wed 13/03/19	217	NA	Steven Cooper James Magee	0 days
247	0%		Stakeholder Engagement	17 days	Wed 13/03/19	Fri 05/04/19		Fri 22/03/19		10 days
278	0%		Sign-off Review Period	37 days	Mon 08/04/19	Mon 03/06/19	247	Mon 03/06/19		0 days
279	0%		Submit Draft SOC to Working Group	1 day	Mon 08/04/19	Mon 08/04/19	277	Mon 25/03/19	Roger Sahonta	10 days
280	0%		Working Group Endorsement	1 day	Thu 25/04/19	Thu 25/04/19	279FS+10 days	Tue 09/04/19		10 days
281	0%		Prepare papers for CMT	3 days	Fri 26/04/19	Tue 30/04/19	280	Fri 12/04/19	Roger Sahonta	10 days
282	0%		CMT Submission	0 days	Mon 13/05/19	Mon 13/05/19	281FS+8 days	Mon 15/04/19	Roger Sahonta	17 days
283	0%		CMT Approval	0 days	Wed 15/05/19	Wed 15/05/19	282FS+2 days	Wed 17/04/19		17 days
284	0%		Prepare Papers for Investment Board	3 days	Thu 16/05/19	Mon 20/05/19	283	Wed 22/05/19	Steven Cooper	-2 days
285	0%		Submit Papers to Investment Board	0 days	Wed 22/05/19	Wed 22/05/19	284FS+2 days	Wed 22/05/19	Steven Cooper	0 days
286	0%		Investment Board Approval	0 days	Mon 03/06/19	Mon 03/06/19	285FS+7 days	Mon 03/06/19		0 days

Project: Enhanced Assurance Fr
Date: Thu 12/09/19

Task		Inactive Milestone		Start-only		Path Predecessor Summary Task	
Split		Inactive Summary		Finish-only		Path Predecessor Normal Task	
Milestone		Manual Task		External Tasks		Progress	
Summary		Duration-only		External Milestone		Manual Progress	
Project Summary		Manual Summary Rollup		Deadline			
Inactive Task		Manual Summary		Path Predecessor Milestone Task			

ID	% Complete	Ref.	Task Name	Duration	Start	Finish	Predecessors	Baseline Finish	Resource Names	Finish Variance
287	0%		Sign-off SOC	0 days	Mon 03/06/19	Mon 03/06/19	286	Mon 03/06/19		0 days
288	7% On Hold		Gateway Stage 2	113 days	Wed 12/12/18	Mon 03/06/19		Thu 18/04/19		28 days
370	6% On Hold		Gateway Stage 3	113 days	Wed 12/12/18	Mon 03/06/19		Thu 18/04/19		28 days
452	74%		Gateway Stage 4	86.5 days	Mon 28/01/19	Mon 03/06/19		Thu 18/04/19		27.5 days
468	59%		Gateway Stage 5	86.5 days	Mon 28/01/19	Mon 03/06/19		Thu 18/04/19		27.5 days
485	0%		Project Closure	12 days	Mon 18/03/19	Tue 02/04/19		Tue 22/01/19		50 days
490	11%		Governance Processes	121 days	Mon 12/11/18	Mon 13/05/19		Wed 30/01/19		70 days
491	100%		Establish Approval Route	3 days	Mon 12/11/18	Wed 14/11/18	35	Wed 14/11/18	Roger Sahonta	0 days
492	0%		Review of Existing ToR's - All IP Assurance/Approval Boards	2 days	Mon 01/04/19	Tue 02/04/19	491FS+45 days	Tue 11/12/18	Roger Sahonta	73 days
493	0%		Develop ToR for all groups	10 days	Wed 03/04/19	Tue 16/04/19	492	Thu 10/01/19	Roger Sahonta,Dan Essex	68 days
494	0%		Sign-off Review Period	16 days	Wed 17/04/19	Mon 13/05/19		Wed 30/01/19		70 days
495	0%		Working Group Endorsement	10 days	Wed 17/04/19	Thu 02/05/19	493	Thu 24/01/19		68 days
496	0%		Prepare papers for SLT	2 days	Fri 03/05/19	Tue 07/05/19	495	Mon 28/01/19		68 days
497	0%		SLT Submission	0 days	Tue 07/05/19	Tue 07/05/19	496	Mon 28/01/19		68 days
498	0%		SLT Approval	0 days	Mon 13/05/19	Mon 13/05/19	497FS+4 days	Wed 30/01/19		70 days
499	0%		Assurance/Approval Boards ToR Sign Off	0 days	Mon 13/05/19	Mon 13/05/19	498	Wed 30/01/19	PMO	70 days
500	0%		Assurance Framework	74 days	Tue 04/06/19	Mon 16/09/19		Mon 16/09/19		0 days
519	46%		Enhanced Framework Processes	182 days?	Thu 01/11/18	Mon 29/07/19		Mon 29/07/19		0 days
520	79% On Hold		Prioritisation Model	84 days	Mon 19/11/18	Mon 25/03/19		Mon 25/03/19		0 days
541	0%		Change Control Process	182 days?	Thu 01/11/18	Mon 29/07/19		Mon 29/07/19		0 days
551	64%		Benefits Management	145 days	Wed 02/01/19	Mon 29/07/19		Mon 01/07/19		20 days
552	100%		Interfaces to Change Management Processes	1 day	Wed 02/01/19	Wed 02/01/19	543	Wed 02/01/19		0 days
553	98%		WMCA Benefit Management Strategy	74 days	Thu 03/01/19	Tue 16/04/19		Wed 23/01/19		59 days
554	100%		Revise WMCA Benefit Management Strategy	52 days	Thu 03/01/19	Fri 15/03/19	552FS+2 days	Wed 09/01/19	Andy Morgan	47 days
555	100%		Benefits Management Strategy HoSPD Review	7 days	Tue 19/03/19	Wed 27/03/19	554	Fri 11/01/19	Sukhy Dhanoa[71%]	53 days
556	100%		Update WMCA Benefit Management Strategy	3 days	Thu 28/03/19	Mon 01/04/19	555	Tue 15/01/19	Andy Morgan	54 days
557	0%		Submit WMCA BenefitManagement Strategy to CMT	1 day	Thu 11/04/19	Thu 11/04/19	556FS+7 days	Mon 21/01/19	Andy Morgan	58 days
558	0%		CMT Approval (Final Approval)	0 days	Tue 16/04/19	Tue 16/04/19	557FS+3 days	Wed 23/01/19		59 days
559	0%		Develop Benefit Management process document	5 days	Tue 18/06/19	Mon 24/06/19	558FS+40 days	Wed 27/03/19	Andy Morgan	59 days
560	0%		Identify Benefit Management process document	1 day	Tue 25/06/19	Tue 25/06/19	559	Thu 28/03/19	Andy Morgan	59 days
561	0%		Identify Benefit Management Assessment, Evaluation & Responses	1 day	Wed 26/06/19	Wed 26/06/19	560	Fri 29/03/19	Andy Morgan	59 days
562	0%		Working Group Consultation	1 day	Thu 18/07/19	Thu 18/07/19	561FS+15 days	Wed 24/04/19		59 days
563	0%		Finalise process document	2 days	Fri 19/07/19	Mon 22/07/19	562	Fri 26/04/19	Andy Morgan	59 days
564	0%		Develop Benefit Management Training Module	5 days	Tue 23/07/19	Mon 29/07/19	563	Fri 03/05/19	Andy Morgan	59 days
565	0%		Benefit Management Training	20 days	Tue 04/06/19	Mon 01/07/19	287,205	Mon 01/07/19		0 days
566	50%		WMCA Risk Management Process	80 days	Tue 18/12/18	Wed 17/04/19		Wed 29/05/19		-26 days
567	100%		Interfaces to Change Management Processes	1 day	Wed 02/01/19	Wed 02/01/19	543	Wed 02/01/19	James Magee	0 days
568	97%		WMCA Risk Management Strategy	75 days	Thu 03/01/19	Wed 17/04/19	567	Tue 12/02/19		46 days
569	100%		Revise WMCA Risk Management Strategy	62 days	Thu 03/01/19	Fri 29/03/19		Wed 09/01/19	James Magee,Steven Cooper	57 days
570	100%		Socialise WMCA Risk Management Strategy	5 days	Mon 01/04/19	Fri 05/04/19	569	Thu 10/01/19	James Magee,Steven Cooper	61 days
571	100%		Update WMCA Risk Management Strategy	2 days	Mon 08/04/19	Tue 09/04/19	570	Fri 25/01/19	James Magee,Steven Cooper	52 days
572	0%		Submit WMCA Risk Management Strategy to CMT	1 day	Mon 15/04/19	Mon 15/04/19	571FS+3 days	Mon 28/01/19	James Magee,Steven Cooper	55 days
573	0%		CMT Approval (Final Approval)	1 day	Wed 17/04/19	Wed 17/04/19	572FS+1 day	Tue 12/02/19		46 days
574	0%		Working Group Consultation	15 days	Tue 18/12/18	Wed 16/01/19		Tue 12/03/19		-39 days
575	0%		Socialise process document with stakeholders	15 days	Thu 17/01/19	Wed 06/02/19	574	Tue 02/04/19	James Magee,Steven Cooper	-39 days
576	0%		Finalise Risk & Issue process document	2 days	Thu 07/02/19	Fri 08/02/19	575	Thu 04/04/19	James Magee,Steven Cooper	-39 days
577	0%		Develop Risk Management Training Module	5 days	Mon 11/02/19	Fri 15/02/19	576	Thu 11/04/19		-39 days
578	0%		Risk & Issue Management Training	30 days	Mon 18/02/19	Fri 29/03/19	576,577	Wed 29/05/19	James Magee,Steven Cooper	-39 days
579	0%		PMO Processes	15 days	Mon 08/04/19	Tue 30/04/19		Thu 14/03/19		31 days
580	0%		Changes to ancillary documents	10 days	Mon 08/04/19	Tue 23/04/19	443SS	Thu 07/03/19	Danny Wood	31 days
581	0%		PMO Glossary	5 days	Mon 08/04/19	Fri 12/04/19	580SS	Thu 28/02/19	Waj Ali	31 days
582	0%		Sharepoint Changes	15 days	Mon 08/04/19	Tue 30/04/19	581SS	Thu 14/03/19	Archana Aburri	31 days
583	0%		Implementation	44 days	Mon 29/04/19	Mon 01/07/19		Mon 01/07/19		0 days
584	0%		Training packs	25 days	Mon 29/04/19	Tue 04/06/19		Mon 08/04/19		37 days
585	0%		Develop Updated Training Packs for Workshops	5 days	Mon 29/04/19	Fri 03/05/19	364SS-10 days,443SS-10	Mon 11/03/19		37 days
586	0%		Working Group Consultation	10 days	Tue 07/05/19	Mon 20/05/19	585	Mon 25/03/19		37 days
587	0%		Update Training Packs	5 days	Tue 21/05/19	Tue 28/05/19	586	Mon 01/04/19		37 days
588	0%		Working Group Approval	5 days	Wed 29/05/19	Tue 04/06/19	587	Mon 08/04/19		37 days
589	0%		HoSPD Sign Off	0 days	Tue 04/06/19	Tue 04/06/19	588	Mon 08/04/19		37 days
590	0%		Training & Development Workshops	20 days	Tue 04/06/19	Mon 01/07/19		Mon 01/07/19		0 days
591	0%		Schedule stakeholder workshops for assurance framework update	5 days	Wed 05/06/19	Tue 11/06/19	589	Mon 15/04/19		37 days
592	0%		Hold Stakeholder Training Workshops	20 days	Tue 04/06/19	Mon 01/07/19	287,205	Mon 01/07/19		0 days
593	0%		Go Live	0 days	Mon 16/09/19	Mon 16/09/19		Mon 16/09/19		0 days
595	0%		Post Implementation Review	203 days	Tue 10/12/19	Thu 17/09/20		Thu 17/09/20		0 days

Project: Enhanced Assurance Fr
Date: Thu 12/09/19

Task		Inactive Milestone		Start-only		Path Predecessor Summary Task	
Split		Inactive Summary		Finish-only		Path Predecessor Normal Task	
Milestone		Manual Task		External Tasks		Progress	
Summary		Duration-only		External Milestone		Manual Progress	
Project Summary		Manual Summary Rollup		Deadline			
Inactive Task		Manual Summary		Path Predecessor Milestone Task			

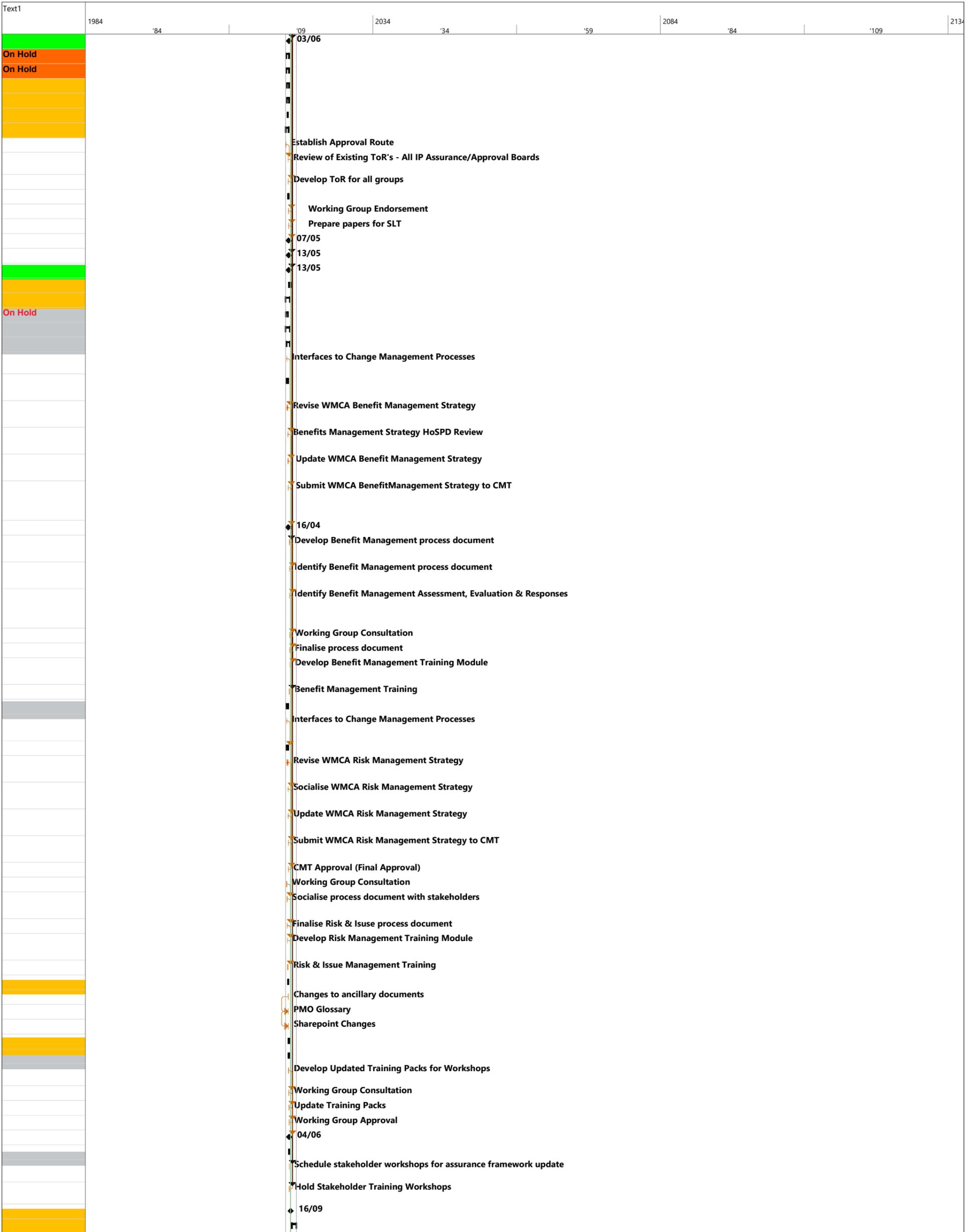


Project: Enhanced Assurance Fr Date: Thu 12/09/19	Task	Inactive Milestone	Start-only	Path Predecessor Summary Task
	Split	Inactive Summary	Finish-only	Path Predecessor Normal Task
	Milestone	Manual Task	External Tasks	Progress
	Summary	Duration-only	External Milestone	Manual Progress
	Project Summary	Manual Summary Rollup	Deadline	Manual Progress
Inactive Task	Manual Summary	Path Predecessor Milestone Task	Path Predecessor Milestone Task	



On Hold
On Hold

Project: Enhanced Assurance Fr Date: Thu 12/09/19	Task	Inactive Milestone	Start-only	Path Predecessor Summary Task
	Split	Inactive Summary	Finish-only	Path Predecessor Normal Task
	Milestone	Manual Task	External Tasks	Progress
	Summary	Duration-only	External Milestone	Manual Progress
	Project Summary	Manual Summary Rollup	Deadline	Manual Progress
	Inactive Task	Manual Summary	Path Predecessor Milestone Task	Manual Progress



Project: Enhanced Assurance Fr
Date: Thu 12/09/19

Task	Inactive Milestone	Start-only	Path Predecessor Summary Task
Split	Inactive Summary	Finish-only	Path Predecessor Normal Task
Milestone	Manual Task	External Tasks	Progress
Summary	Duration-only	External Milestone	Manual Progress
Project Summary	Manual Summary Rollup	Deadline	Manual Progress
Inactive Task	Manual Summary	Path Predecessor Milestone Task	Manual Progress



Audit, Risk & Assurance Committee

Date	24 September 2019
Report title	WMCA Financial Monitoring 2019/20
Accountable Chief Executive	Deborah Cadman, OBE Chief Executive Email: Deborah.Cadman@wmca.org.uk Tel: (0121) 214 7200
Accountable Employee	Linda Horne, Finance Director Email: Linda.Horne@wmca.org.uk Tel: (0121) 214 7505
Report has been considered by	WMCA Board 13 September 2019 WMCA Programme Board 30 August 2019

Recommendation(s) for action or decision:

Audit, Risk & Assurance Committee is recommended to:

(1) Note the financial position as at the end of July 2019.

1.0 Purpose

- 1.1 In recognition of Audit, Risk & Assurance Committee's role in approving West Midlands Combined Authority's statutory accounts, the Statement of Accounts, the report attached as an Appendix provides an update on West Midlands Combined Authority's consolidated revenue budget monitoring position as at 31 July 2019.

2.0 Background

- 2.1 This update provides the committee with the next regular planned update to enable a greater understanding of West Midlands Combined Authority's finances prior to the formal consideration of the authority's Statement of Accounts in June of each year in line with the statutory timetable that is set out in the Accounts and Audit Regulations.
- 2.2 The report attached as an Appendix was considered by West Midlands Combined Authority Board on 13 September 2019 and represents the next regular update for members of the Audit, Risk and Assurance Committee in respect of West Midlands Combined Authority's consolidated in year revenue budget monitoring position for July 2019.
- 2.3 The next update will be provided at the meeting of the Audit, Risk & Assurance Committee on 12 November 2019.

3.0 Legal Implications

- 3.1 There are no legal implications arising from this report.

4.0 Equalities Implications

- 4.1 There are no equalities implications arising from this report.

5.0 Inclusive Growth Implications

- 5.1 West Midlands Combined Authority will continue to have due regard to proactively delivering inclusive growth in the West Midlands region. The authority's 2019/20 budget reflects that commitment.

6.0 Geographical Area of Report's Implications

- 6.1 The authority's 2019/20 budget encompasses the West Midlands region.

7.0 Appendices

Appendix – Financial Monitoring Report 2019/20



WMCA Board

Date	13 September 2019
Report title	Financial Monitoring Report 2019/20
Portfolio Lead	Finance - Councillor Bob Sleight
Accountable Chief Executive	Deborah Cadman, West Midlands Combined Authority email: deborah.cadman@wmca.org.uk tel: (0121) 214 7552
Accountable Employee	Linda Horne, Director of Finance email: linda.horne@wmca.org.uk tel: (0121) 214 7508
Report to be considered by	Programme Board - 30 August

Recommendation(s) for action or decision:

WMCA Board is recommended to:

- (1) Note the financial position as at the end of July 2019.

1.0 Purpose

- 1.1 To provide an update on West Midlands Combined Authority finances as at the end of July 2019.

2.0 Background - Financial Monitoring

- 2.1 A summary of the revenue and capital spend against the approved budget are attached as appendices 1-5. A summary of the Investment Programme along with current commitments is included in appendices 6 and 7. The balance sheet is included in appendix 8.
- 2.2 Appendix 1 shows the overall consolidated revenue position for the West Midlands Combined Authority.
- 2.3 The year to date position at the end of July shows a minor £0.003m favourable variance from budget. This consists of a favourable variance of £0.143m within transport largely due to staffing variations and lower infrastructure costs than budget, this is offset by an adverse variance of (£0.140m) within the operational budget. This adverse position is due to lower investment income than budgeted.
- 2.4 Following the first reforecast of the year there is an adverse variance from budget of (£0.627m) for 2019/20. This consists of an adverse variance of (£0.664m) within the operational budget mainly due to lower investment income than budgeted offset by a minor favourable variance of £0.037m within transport. Further details are provided in sections 3 and 4 below.
- 2.5 As part of WMCA financial planning we are undertaking an organisation operational efficiency review with the aim of negating this adverse forecast revenue position fully during the current financial year and regular updates will be provided in future reports.

3.0 Transport

Year to date:

- 3.1 Appendix 2 sets out the year to date position on the Transport revenue budget as at the end of July 2019, showing a favourable variance of £0.143m from budget. This is due to a favourable variance within the Safety and Security team due to vacant post savings and lower than budgeted infrastructure costs. This favourable variance is partly offset by higher costs incurred for subsidised bus as a result of increased costs pressures for post Accessible Transport Group contracts.

Full year forecast:

- 3.2 The forecast position shows a favourable movement of £0.037m from budget. This consists of favourable variances within a number of areas detailed below.
- 3.3 Travel concessions has a favourable forecast movement of £0.134m due to the 16-18 scheme costs coming in lower than the budgeted costs.
- 3.4 Business Support Costs has a favourable forecast movement of £0.182m. This is due to a lower requirement of IT hardware and software purchases.

- 3.5 Safety and security has a favourable forecast movement of £0.127m, this is partly due to vacant post savings and the remainder is within bus station and infrastructure costs.
- 3.6 A favourable forecast movement of £0.089m within capital finance charges is due to the rescheduling of the Longbridge park and ride development.
- 3.7 Accessible Transport has a favourable forecast variance of £0.050m due to the termination of the Community Transport Ltd contract for shoppers services and prison services.
- 3.8 The Subsidised Bus Network has an adverse forecast movement of (£0.431m). This is due to a number of significant cost pressures including revised costs for post ATG (iGo) contracts, clean air quality pressures and inflationary pressures.
- 3.9 Network Resilience has an adverse forecast movement of (£0.092m). This is due to an increase in staff costs and consultancy services.
- 3.10 Strategic Development has an adverse forecast movement of (£0.054m) mainly due to staffing variations and additional external advice requests.
- 3.11 Further details are set out in Appendix 2.

4.0 West Midlands Combined Authority Operational Budget

- 4.1 Appendix 3 sets out the year to date and full year position on the West Midlands Combined Authority Operational Budget as at the end of July 2019.

Year to date:

- 4.2 There is an adverse year to date variance of (£0.140m) largely due to lower investment income than budget, which is partly offset by savings in the Wellbeing budget due to timing of activity.
- 4.3 Office of Data Analytics has a favourable year to date variance due to vacant posts not being recruited to until later in the year. The funding will be carried forward to 2020/21 as part of the three year programme.
- 4.4 Brexit support preparations have been included within the Economy and Innovation portfolio reflecting unbudgeted grant income received from MHCLG.
- 4.5 The year to date favourable variances within the Productivity and Skills budget, Employment Support Pilot, Construction Skills, Digital Skills and the Adult Education budget are due to changes in delivery timetables, with activity taking place later than expected. These favourable variances are fully offset by the lower drawdown of grants.
- 4.6 The year to date favourable variance within the Housing and Land budget is due to timing of activity and vacant posts, this is also offset by lower drawdown of grant income.
- 4.7 The Public Sector Reform position reflects lower than budgeted income where expected new income streams have not as yet been secured in year, hence associated expenditure has been reduced.

Full year forecast:

- 4.8 The adverse full year forecast variance compared to budget is (£0.664m). This is largely due to a reforecast of investment income as a result of the statutory need to set aside an increasing provision in case of default.
- 4.9 Additionally Employment Support Pilot and Digital Skills all have favourable variances within full year forecast position due to activity taking place later than budgeted. This is offset by lower drawdown of grant income. Adult education has an adverse full year variance due to the forecast being updated to reflect implementation funding as well as the main grant income.
- 4.10 Energy Capital, 5G and Creative Scale Up are all unbudgeted grant funded areas which are now included in the forecast.
- 4.11 ODA has a favourable full year variance due to vacant posts not being recruited until later in the year. This variance will be carried forward to next year as part of the 3 year programme.

5.0 Mayor's Office

- 5.1 The Mayoral Office year to date position is largely in line with budget.

6 Transport Delivery Capital Programme

- 6.1 Appendix 5 sets out the position on the Capital Programme as at the end of July 2019. Actual costs totalled £41.9m, resulting in a favourable variance of £18.3m against a budget of £60.1m. The variance is contained primarily within the Transport (£10.6m) and Housing (£7.8m) Programmes. The annual forecast has been reduced by £16.7m (5%) in July 2019, primarily within the Investment Programme with respect to Metro Wednesbury to Brierley Hill Extension (£10.6m), and Metro Birmingham Eastside Extension (£5.9m), this is explained in further detail in section 6.9.
- 6.2 The Transport Programme has been categorised into five sub programmes. The largest of these is the Investment Programme with a Budget of £139.5m, including all of the Rail / Sprint & Metro extension schemes. The main variances at the end of July 2019 are contained within the Investment Programme totalling £9.0m. The Metro Birmingham Eastside extension (£2.0m) work has not progressed as anticipated. Discussions with DfT to secure shorter term funding have now resulted in DfT providing £10 million for use by WMCA prior to approval of Transport Works Order Act. The Metro Edgbaston extension (£1.4m) favourable variance is due to reduced excavation scope within the Five Ways underpass, and traffic management approvals being obtained later than planned. The Wolverhampton Interchange Project (£1.3m) has incurred lower claims than anticipated in Q1 19/20. The Metro Centenary Square extension (£1.2m) variance is due to rescheduled progression of utility works and a slightly amended time frame for construction of a substation.
- 6.3 The Commonwealth Games Programme includes all of the schemes (SPRINT, Perry Barr & University Rail Stations, and Games) scheduled to be delivered in advance of the Games in July and August 2022. At the end of July 2019, actual costs total £1.8m, which is £0.5m (21%) below the Budget of £2.3m. The main variance of note relates to SPRINT - A34 Walsall to Birmingham (£0.2m) where detailed design has commenced slightly later than anticipated but this is expected to accelerate over the coming months.
- 6.4 Other Major Schemes includes construction of the decked car park with respect to the Longbridge Connectivity Package and the Snow Hill Third Access. At the end of July

2019, actual costs total £2.8m, which was £0.4m (13%) below the Budget of £3.2m. The main variance is contained within the Rail Schemes, being Snow Hill 3rd Access (£0.3m) where survey work to inform on the single option solution (GRIP 4) has been rescheduled to August 2019.

- 6.5 The Minor Works Programme includes a large number of small schemes. At the end of July 2019, actual costs total £0.7m, which was £0.6m (48%) below the Budget of £1.3m. The majority of projects are broadly in line with budget at this stage of the year. The only variance of note relates to the ADEPT Live Lab project (£0.3m), which encompasses a pilot to analyse congestion patterns on the regions busiest roads. The early start pilots expected in July 2019 have been deferred into late Q2 19/20.
- 6.6 The Grants to Local Authorities Budget of £6.0m relates primarily to the schemes funded within the Transforming Cities Fund, which are in the early stages of development. There only minor favourable variances across the Programme.
- 6.7 Within the Investment Programme, grants have been allocated to Coventry (£38.7m) and Solihull (£14.9m) Local Authorities. There only minor adverse timing variances (£0.1m) across the Programme at this time.
- 6.8 The Housing Programme with an annual budget of £47.6m includes the Black Country Land and Property Investment Fund (LPIF) for projects which support the re-use of brownfield land and buildings and delivery of supporting infrastructure within the region. At the end of July 2019, actual costs total £5.3m, which was £7.8m (60%) below the Budget of £13.1m. The variance is entirely contained within the Brownfield Land & Property Development Fund, where the drawdown of funding for Commonwealth Games (£6.0m) and Telford and Wrekin Council (£0.8m) have been rescheduled to late Q3 19/20.
- 6.9 In July 2019, the annual forecast has been reduced by £16.7m (5%) against the budget of £306.4m. The primary variances are contained within the Investment Programme, and in the main are spread across the Metro Programme. The Metro Wednesbury to Brierley Hill Extension (£10.6m) has been reduced, following a minor reschedule of the programme. The 2019/20 forecast for the Metro Birmingham Eastside extension has been reduced (£5.9m) pending certainty of funding from DfT. Now the additional £10m has been secured, a revised forecast will be produced during the next quarter and reported accordingly.
- 6.10 Within the Commonwealth Games Programme, the annual forecast has been increased by £1.3m to £28.0m, primarily due an underestimation of Design costs with respect to University Station Improvements (£0.9m), which have proved more complex than anticipated, and Perry Barr Rail Station (£0.4), following a more detailed review which has helped establish a higher degree of accuracy regarding forecast total cost. These increases are expected to be contained within the overall budget for the respective schemes at this stage.
- 6.11 On the Other Major Schemes Programme, the Annual Forecast has been reduced by £0.8m to £22.5m, entirely relating to Snow Hill 3rd Access (£0.8m). The design phase and the single option solution will now complete at the end of Q2 19/20, and the construction phase in Q3 19/20.
- 6.12 The Minor Works Programme is broadly in line with Budget with only small variations at this time.

- 6.13 The Grants to Local Authorities is broadly in line with Budget with only small variations at this time.
- 6.14 There are no variations to Budget on the other portfolios.
- ## 7 Investment Programme
- 7.1 The financial results for the Investment Programme run one month behind the regular management accounts due to the requirement to consolidate outputs across the Metropolitan area. The June results are shown in Appendix 6.
- 7.2 The year to date cash spend to June 2019 is £17.8m behind the rebased 2019/20 forecast, mainly as a result of the current metro programmes.
- 7.3 In respect of full project costs to completion, the financial summary has been adjusted to reflect the revised project budget for the Wednesbury to Brierley Hill Metro Extension, as approved by the WMCA Board on 22 March 2019.
- 7.4 The Metro programme is red status because of the current funding gap against the East Birmingham to Solihull project. The cost to completion against UK Central Interchange remains red status due to the reduced funding gap of circa £131m against the Birmingham International Station redevelopment project.
- 7.5 It should be noted that the costs to date against the East Birmingham to North Solihull Metro extension and the Birmingham Eastside Metro Extension continue to be incurred in line with the arrangement by WMCA to cash-flow these projects in advance of them securing permanent funding.
- 7.6 The Rail programme budget reflects the Package 1 (Willenhall & Darlaston), Package 2 (Moseley, Kings Heath, Hazelwell), Snow Hill Lines and Sutton Coldfield Interchange and City Link schemes only.
- 7.7 In Quarter 1 of 2019/2020, the UKC HS2 Interchange programme was revised in respect of the HS2 Parallel Design process. A change request was submitted through the WMCA assurance framework and approved in July 2019. The budget has been adjusted to reflect the revised UKC HS2 Interchange programme.
- 7.8 Appendix 7 details the commitments made against the Investment Programme which totalled £721.6m to the end of July 2019 (£674.1m June 2019).
- 7.9 It should be noted that the commitment of £25.0m for the Commonwealth Games programme is approved subject to successful progression through the assurance framework. As well as this, commitments against Metro cash-flow funding for the East Birmingham to Solihull and Birmingham Eastside Extension projects are reported while these projects secure permanent funding.
- 7.10 In addition to the projects listed at Appendix 7, an application for funding for the UK Battery Industrialisation Centre was approved in principle subject to the Directors of Finance and Investment working with Coventry City Council to identify an innovative solution to providing funding at £Nil cost to the WMCA.

- 7.11 During March 2019, the WMCA Mayor and WMCA Leaders agreed a set six of strategies to help address the funding challenge facing the Investment Programme. The background to this concerned the need for WMCA to operate within a capped funding level of £766 million for the Investment Programme due to the locally sourced income to support the programme (Business Rates Growth, Business Rates Supplement and Mayoral Precept) not being adequately secure. This subsequently restricts WMCA being able to fully commit to the borrowing required to realise the £2 billion of WMCA investment expected to be funded by those revenue streams.
- 7.12 The work against the six strategies was co-ordinated through the WMCA Finance Director group and has now concluded. This resulted in the £766 million cap being extended to £801 million which will allow WMCA to enter into a marginally higher level of commitments than previously expected.
- 7.13 Following the work undertaken against the strategies and changes to the UKC Interchange programme, the point at which the WMCA are expecting to reach the ceiling of approvals has extended from June 2019 to December 2019 / January 2020.
- 7.14 The direction received from WM Leaders and the Mayor in relation to the funding challenge was that during the extended period, business cases for funding should continue through the Assurance Process until September. During this period work will continue to identify commercial opportunities to enable any viable schemes to be funded with a lower degree of WMCA support. The WMCA bid into the Government Spending Review will also be finalised during this time.
- 7.15 An update is scheduled to the Mayor and Met Leaders on 13 September 2019.

8 Balance Sheet

- 8.1 Appendix 8 presents the West Midlands Combined Authority Balance Sheet which shows a healthy financial position as at 31 July 2019. The main changes reflect Transport for West Midlands capital spend and work-in-progress mainly funded by grants in advance.
- 8.2 Cash and bank and short-term deposits have increased in the quarter largely due grant income received for the Housing Fund, resulting in an increase in grants receipts in advance.
- 8.3 The increase in short-term creditors/accruals are largely driven by the accruals for the Land and Property Investment Fund, Metro Edgbaston extension scheme and HS2/UK Central.

9 Administered Funds

Funding Stream	2019/20 Latest Forecast Grant Award £'000	2019/20 Spend to date £'000	Purpose
Midlands Connect	7,817	2,266	Work is continuing on delivering the Midlands Engine 'Vision for Growth'.
Housing First Pilot	9,600	9,600	WMCA are the accountable body for this grant award that has now been paid to Birmingham City Council to develop work streams to help rough sleepers off the streets
One Public Estate	926	926	It was agreed by WMCA Board that WMCA would assume accountable body status for this grant award, that is delivering various projects that secure more from public sector assets through collective action. Sandwell MBC are in the process of transferring the funds to WMCA.
Highways Maintenance Block	13,112	13,112	Distributed to the 7 Mets. excluding Birmingham City Council which has separate PFI arrangements, to deliver programmed highways maintenance works in line with the conditions of the grant award
Integrated Transport Block	17,618	17,618	Supporting delivery of the 7 Mets. Capital Programmes & WMCA's Minor Works Capital Programme
Total	49,073	43,522	

10 Financial Implications

10.1 The Financial Implications are set out in the report.

11 Legal implications

11.1 There are no legal implications.

12 Equalities implications

12.1 There are no equalities implications.

13 Inclusive Growth Implications

13.1 The WMCA budget includes implications of inclusive growth in the region.

14 Geographical Area of Report's Implications

14.1 The report encompasses the West Midlands region.

15 Other Implications

15.1 There are no other implications

16 Appendices

- Appendix 1 – WMCA Consolidated Summary – July 2019
- Appendix 2 – WMCA Transport Revenue Summary - July 2019
- Appendix 3 – WMCA Operational Revenue Summary – July 2019
- Appendix 4 – WMCA Mayor Revenue Summary – July 2019
- Appendix 5 – WMCA Capital Transport Delivery Programme – July 2019
- Appendix 6 – WMCA Investment Programme Summary – June 2019
- Appendix 7 – WMCA Investment Programme Commitments – July 2019
- Appendix 8 – WMCA Balance Sheet – July 2019

Appendix 1

WMCA Consolidated Summary – July 2019

	July 2019 YEAR TO DATE			FULL YEAR 2019/20		
	ACTUAL £'000	BUDGET £'000	VARIANCE £'000	FORECAST £'000	BUDGET £'000	VARIANCE £'000
INCOME						
General (un-ringfenced) resources:						
1 - Transport Levy	38,240	38,240	0	114,720	114,720	0
2 - Devolution Deal grant (IP)	36,500	36,500	0	36,500	36,500	0
3a Devolution Deal grants - Operational	2,204	3,503	(1,299)	11,507	11,592	(85)
3b Devolution Deal grants - Mayoral	242	268	(26)	804	804	0
3c 5G Income	(8)	0	(8)	87	0	87
3d Other Operational Income	8	0	8	8	0	8
4 - Adult Education Funding	218	262	(44)	78,863	78,713	150
5 - Business rates growth	2,000	2,000	0	6,000	6,000	0
6 - Grants from Constituent members	1,548	1,548	0	4,644	4,644	0
7 - Grants from Non Constituent members	142	142	0	425	425	0
8 - Investment Income	327	564	(237)	946	1,694	(748)
Total income	81,421	83,027	(1,606)	254,504	255,092	(588)
EXPENDITURE						
Operating expenditure:						
10 - Transport delivery	37,775	37,918	143	114,683	114,720	37
11 - Economy & Innovation	546	561	15	2,313	1,684	(629)
12 - Environment & Energy, HS2	67	81	14	368	243	(125)
13 - Housing and Land	463	784	321	2,293	2,352	59
14 - Health and Wellbeing	543	484	(59)	1,680	1,507	(173)
15 - Public Service Reform & Social Economy	131	245	114	608	838	230
16 - Culture and Digital	52	57	5	847	110	(737)
17 - Skills and Productivity	1,602	2,674	1,072	85,663	86,955	1,292
19 - Corporate Support Recharges to Portfolios	1,157	1,144	(13)	3,619	3,380	(239)
20 - Investment Programme	3,982	3,033	(949)	16,964	11,290	(5,674)
21 - Mayoral Office	242	268	26	804	804	0
22 - Financing Costs	34,547	35,467	920	25,288	31,210	5,922
Total expenditure	81,107	82,716	1,609	255,129	255,092	(37)
Net	314	311	3	(625)	0	(625)
Made up as follows:						
Transport Delivery	465	322	143	37	0	37
Operational Budget	(151)	(11)	(140)	(664)	0	(664)
Investment Programme	0	0	0	0	0	0
Mayoral Office	0	0	0	0	0	0
Net	314	311	3	(627)	0	(627)

The year to date position at the end of July shows a minor £0.003m favourable variance from budget. This consists of a favourable variance of £0.143m within transport largely due to staffing variations and lower infrastructure costs than budgeted which is offset by an adverse variation of (£0.140m) within the operational budget. This adverse position is largely as a result of lower investment income than budgeted, following setting aside a statutory provision for debt.

Following the first reforecast of the year there is an adverse variance from budget of (£0.627m) for 2019/20. This consists of an adverse variance of (£0.664m) within the operational budget mainly due to lower investment income than budgeted offset by a minor favourable variance of £0.037m within transport.

Within the Investment Programme operational spend is ahead of budget to date. This is offset by a favourable variance against financing costs as a result of a lower transfer to the Investment Programme reserve which is in place to meet the costs of future Investment Programme borrowing, this has also been reflected in the revised forecast position.

Appendix 2

Transport for West Midlands year to date revenue position – July 2019

	JULY 2019 YEAR TO DATE			FULL YEAR 2019/20			VARIANCE EXPLANATION(S)
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000	
TRANSPORT FOR WEST MIDLANDS							
INCOME							
Specific resources:							
Transport Levy	38,240	38,240	() 0%	114,720	114,720	0%	
TOTAL INCOME	38,240	38,240	() 0%	114,720	114,720	0%	
EXPENDITURE							
Concessions							
National Bus Concession	17,061	17,054	(7) 0%	51,213	51,184	(29) 0%	
Metro / Rail	1,510	1,522	12 1%	4,571	4,578	7 0%	
Child Concession	2,493	2,531	39 2%	7,486	7,643	157 2%	
	21,064	21,107	43	63,270	63,404	134	Favourable variance reflecting 16-18 scheme costs lower than budgeted
Bus Services							
Bus Stations / Infrastructure	1,359	1,340	(19) 1%	4,025	3,994	(31) 1%	
Subsidised Network	3,183	3,099	(84) 3%	9,810	9,379	(431) 5%	Adverse variance reflecting additional costs of accessible transport arrangements
Tendering / Monitoring	239	259	20 8%	821	788	(33) 4%	
Accessible Transport	2,404	2,419	15 1%	7,209	7,259	50 1%	
	7,185	7,116	(69)	21,865	21,419	(446)	
Rail and Metro Services							
Metro Services	485	510	26 5%	1,574	1,609	34 2%	
Rail Services	676	716	40 6%	2,286	2,267	(20) 1%	
	1,161	1,226	65	3,860	3,875	15	
Integration							
Safety and Security	216	343	127 37%	904	1,031	127 12%	Staffing variations and infrastructure costs less than budgeted
Passenger Information	1,730	1,670	(60) 4%	5,015	5,062	47 1%	
Sustainable Travel	120	123	2 2%	364	378	14 4%	
	2,067	2,136	69	6,283	6,471	188	
Network Resilience							
	348	347	(1) 0%	1,880	1,788	(92) 5%	Staffing variations
Business Support Costs							
	1,036	1,069	33 3%	3,352	3,534	182 5%	ICT costs lower than budgeted
Strategic Development							
	807	734	(73) 10%	2,466	2,412	(54) 2%	
Elected Members							
	84	129	45 35%	371	391	20 5%	
Corporate & Democratic Core							
			0%			0%	
Capital Finance Charges							
	4,024	4,055	31 1%	11,335	11,425	89 1%	Finance charges lower than budgeted owing to rescheduling of capital expenditure
TOTAL EXPENDITURE	37,775	37,918	143 0%	114,683	114,720	37 0%	
NET	465	322	143 45%	37	()	37	

Appendix 3
West Midlands Combined Authority Operational Budget – July 2019

FINANCIAL SUMMARY AS AT JULY 2019	JULY 2019 YEAR TO DATE			FULL YEAR 2019/20			
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000	
Operational Income							As at the 31st July 2019 there is an adverse in year variance of (£0.140m) within the operational budget. Following the first forecast of the year the operational budget has an adverse variance of (£0.664m) against budget.
Investment Interest Income	297	564	(267)	1,194	1,694	(500)	The adverse year to date and full year variance within operational income has occurred due to receiving lower investment income than budgeted following set aside of a statutory provision for debt.
Contribution - 7 Met Councils	1,548	1,548	0	4,644	4,644	0	
Contribution - Non constituent members	142	142	0	425	425	0	
Total Income	1,987	2,254	(267)	6,263	6,763	(500)	
Corporate Support Recharges to Portfolios	(1,157)	(1,144)	(13)	(3,619)	(3,380)	(239)	
Total Expenditure	(1,157)	(1,144)	(13)	(3,619)	(3,380)	(239)	
Operational Income Net Total	830	1,110	(280)	2,644	3,383	(739)	
Economy & Innovation							
Other Industrial Strategy Income	15	99	(84)	96	296	(200)	Industrial Strategy has an adverse variance in year and full year due to receiving lower than budgeted income, this is offset by lower costs.
Office of Data Analytics	16	95	(79)	202	284	(82)	
MHCLG - Brexit Support Preparations	170	0	170	917	0	917	ODA has a favourable variance in year and full year due to vacant posts not being recruited to until later in the year. The underspend will be carried forward as part of the 3 year programme.
Total Income	201	194	7	1,215	580	635	
Funding for Growth	(233)	(233)	0	(700)	(700)	0	The overall Economy and Innovation position reflects unbudgeted Brexit preparation grant income and expenditure.
Industrial Strategy	(15)	(99)	84	(96)	(296)	202	
Office of Data Analytics	(16)	(95)	79	(202)	(284)	82	
Black Country Economic Intelligence Unit	(59)	(80)	21	(240)	(240)	0	
MHCLG - Brexit Support Preparations	(170)	0	(170)	(917)	0	(917)	
Director of Strategy	(53)	(54)	1	(158)	(162)	4	
Total Expenditure	(546)	(561)	15	(2,313)	(1,684)	(629)	
Economy & Innovation Net Total	(345)	(367)	22	(1,098)	(1,104)	6	
Environment & Energy, HS2							
Energy Capital	0	0	0	150	0	150	The Environment and Energy, HS2 position reflects unbudgeted Energy Capital grant income and expenditure.
Total Income	0	0	0	150	0	150	
Environment	(67)	(81)	14	(218)	(242)	24	
Energy Capital	0	0	0	(150)	0	(150)	
HS2 Growth Strategy	0	0	0	(1)	(1)	0	
Total Expenditure	(67)	(81)	14	(369)	(243)	(126)	
Environment & Energy, HS2 Net Total	(67)	(81)	14	(219)	(243)	24	
Housing and Land							
Housing and Land Commission	414	734	(320)	2,140	2,201	(61)	The year to date and full year favourable variance within Housing and Land is due to vacant posts being recruited to later in the year than budgeted.
Total Income	414	734	(320)	2,140	2,201	(61)	
Housing and Land Commission	(464)	(784)	320	(2,293)	(2,352)	59	
Total Expenditure	(464)	(784)	320	(2,293)	(2,352)	59	
Housing and Land Net Total	(50)	(50)	0	(153)	(151)	(2)	
Wellbeing							
Other Mental Health Income	6	0	6	6	0	6	The in year and full year variance within the Fiscal Incentive programme has occurred due to the timing of activity taking place earlier than budgeted, this is offset by grant income received.
Well Being	0	0	0	25	0	25	
IPS Programme	72	48	24	204	144	60	The in year variance within the Wellbeing budget has occurred due to vacant posts and the timing of activity within the Mental health Commission budget.
Fiscal Incentive Programme	389	273	116	983	820	163	
Total Income	467	321	146	1,218	964	254	
Mental Health Commission	(108)	(155)	47	(484)	(499)	15	
Well Being	(40)	(46)	6	(186)	(161)	(25)	
IPS Programme	(72)	(48)	(24)	(204)	(144)	(60)	
Fiscal Incentive Programme	(395)	(283)	(112)	(1,011)	(848)	(163)	
Total Expenditure	(615)	(532)	(83)	(1,885)	(1,652)	(233)	
Wellbeing Net Total	(148)	(211)	63	(667)	(688)	21	
Public Service Reform & Social Economy							
Mayoral Capacity Funding	0	25	(25)	100	100	0	The PSR position has been updated to reflect new revenue streams which have not as yet been realised in year, along with associated expenditure.
Other PSR Income	0	54	(54)	0	215	(215)	
Total Income	0	79	(79)	100	315	(215)	
Public Sector Reform	(142)	(225)	83	(563)	(778)	215	
Inclusive growth	11	(20)	31	(45)	(60)	15	
WM Fire Service Transition	0	0	0	0	0	0	
Total Expenditure	(131)	(245)	114	(608)	(838)	230	
Public Service Reform & Social Economy Net Total	(131)	(166)	35	(508)	(523)	15	
Skills and Productivity							
Productivity and Skills Commission	5	0	5	75	0	75	There is a minor variation from budget both in the year to date and full year position is largely due to changes in the timing of the delivery of grant programmes.
Employment Support Pilot Skills	267	766	(499)	1,530	2,278	(748)	
Investment Programme (Skills)	82	69	13	223	206	17	
Technical Education	39	33	6	72	100	(28)	
Construction Skills	831	844	(13)	3,575	3,556	19	
Adult Education	218	262	(44)	78,863	78,713	150	
Careers	2	0	2	2	0	2	
Career Learning Pilot	0	0	0	0	0	0	
Digital Skills	47	580	(533)	992	1,741	(749)	
Total Income	1,491	2,554	(1,063)	85,332	86,594	(1,262)	
Productivity and Skills Commission	(220)	(188)	(32)	(649)	(565)	(84)	
Employment Support Pilot Skills	(266)	(766)	500	(1,530)	(2,278)	748	
Investment Programme (Skills)	(62)	(69)	7	(203)	(206)	3	
Technical Education	(39)	(33)	(6)	(72)	(100)	28	
Construction Skills	(829)	(844)	15	(3,575)	(3,556)	(19)	
Adult Education	(218)	(262)	44	(78,863)	(78,713)	(150)	
Careers	(2)	0	(2)	(2)	0	(2)	
Career Learning Pilot	0	0	0	0	0	0	
Digital Skills	(47)	(580)	533	(991)	(1,740)	749	
Total Expenditure	(1,683)	(2,742)	1,059	(85,885)	(87,158)	1,273	
Skills and Productivity Net Total	(192)	(188)	(4)	(553)	(564)	11	
Culture and Digital							
5G Network	(8)	0	(8)	87	0	87	5g and Creative Scale Up projects were unbudgeted but fully funded by grant income. Culture and Tourism is broadly in line with budget.
DDCMS - Creative Scale Up	12	0	12	650	0	650	
Total Income	4	0	4	737	0	737	
5G Network	8	0	8	(87)	0	(87)	
Culture and Tourism Commission	(47)	(57)	10	(110)	(110)	0	
DDCMS - Creative Scale Up	(12)	0	(12)	(650)	0	(650)	
Total Expenditure	(51)	(57)	6	(847)	(110)	(737)	
Culture and Digital Net Total	(47)	(57)	10	(110)	(110)	0	
Operational Income Net Total	(150)	(10)	(140)	(664)	0	(664)	

Appendix 4

West Midlands Combined Authority Mayoral Budget – July 2019

	JULY 2019 YEAR TO DATE			FULL YEAR 2018/19		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
MAYORAL OFFICE						
Other Grants	243	268	(25) 9%	804	804	0 0%
TOTAL INCOME	243	268	(25) 9%	804	804	0 0%
Staff Costs	(224)	(250)	26 10%	(750)	(751)	1 0%
IT	(3)	(3)	0 0%	(10)	(10)	0 0%
Travel & Subsistence	(15)	(14)	(1) 7%	(42)	(41)	(1) 2%
Other	(1)	(1)	0 0%	(2)	(2)	0 0%
TOTAL EXPENDITURE	(243)	(268)	25 9%	(804)	(804)	0 0%
NET	0	0	0 0%	0	0	0 0%

As at the 31st July 2019 the Mayors office budget is broadly in-line with budget.

Appendix 5

West Midlands Combined Authority Transport Delivery Capital Programme – July 2019

Financial Summary Month Ending July	YEAR TO DATE			FULL YEAR			Explanation of variance
	ACTUAL £000	BUDGET £000	VARIANCE £000	BUDGET £000	FORECAST £000	VARIANCE £000	
TRANSPORT PORTFOLIO CAPITAL PROGRAMME							
Investment Programme							Actual v Budget YTD variances
Metro	24,851	32,885	8,034	126,068	108,785	17,283	<p>At the end of July 2019, actual expenditure was £9.0m lower than budget. The main variances are contained within the Metro Programme, and relate to the following:</p> <p>Metro Birmingham Eastside (£1.980m) work not expected to commence until Q2 19/20.</p> <p>Metro Edgbaston Extension (£1.441m) Utility works progression slower than anticipated due to Traffic Management approvals. This however has no impact on the delivery of works to be completed in 19/20.</p> <p>Wolverhampton Interchange Project Station & Car Park (£1.327m) Lower claims from main contractor than expected in first quarter.</p> <p>Metro Centenary Square (£1.191m) owing to a reprofiling of utility works to mid August and a value engineering review of a substation, resulting in lower costs. Target completion date of late November 2019 remains.</p> <p>Metro Wednesbury to Brierley Hill Extension (£1.163m) reflects latest programme for design and advance construction costs caused by later than expected submission of target cost.</p> <p>Annual Budget v Forecast variances</p> <p>At the end of July 2019, the Annual variance was £17.121m below Budget. The main variances are as follows;</p> <p>Metro Wednesbury to Brierley Hill Extension (£10.593m) and Metro Birmingham Eastside (£5.889m) reflecting latest programmes.</p>
Rail	971	728	(243)	6,214	6,347	(133)	
Sprint	344	1,554	1,210	7,172	7,201	(29)	
CWG Programme							Actual v Budget YTD variances
Highway	220	246	26	6,722	6,722	0	<p>At the end of July 2019, actual expenditure was £0.497m lower than budget. The main variances are contained within the SPRINT Programme and are as follows;</p> <p>SPRINT - A34 Walsall to Birmingham (£0.202m) detailed design has commenced slightly later than anticipated but this is expected to accelerate over the coming months.</p> <p>A45 SPRINT (£0.268m) due to ongoing discussions with regard to land acquisition.</p> <p>Annual Budget v Forecast variances</p> <p>At the end of July 2019, the Annual variance was £1.301m above budget. The main variances are as follows;</p> <p>University Station improvements (£0.861m). Higher costs primarily due to complexity of design option and underestimation of original Budget.</p> <p>Perry Barr Rail Station (£0.441m). Higher costs due to revised cost estimate.</p>
Other	45	60	15	98	98	0	
Rail	1,090	1,075	(15)	2,622	3,923	(1,301)	
Sprint	466	937	471	17,275	17,275	0	
Other Major Programmes							Actual v Budget YTD variances
Bus	1,428	1,468	40	5,769	5,769	0	<p>At the end of July 2019, actual expenditure was £0.427m lower than budget. The main variances are as follows;</p> <p>Snow Hill 3rd Access (£0.352m) Survey work and GRIP 4 Design option solution is progressing towards completion by August, with Detailed Design scheduled for October. The Scheme delivery is anticipated to be in Q1 20/21.</p> <p>Annual Budget v Forecast variances</p> <p>At the end of July 2019 the Annual variance was £0.843m below budget. The main variance is as follows;</p> <p>Snow Hill 3rd Access (£0.836m). As identified above.</p>
Highway	51	81	30	4,026	4,026	0	
Other	810	812	2	6,121	6,121	0	
Rail	489	844	355	7,396	6,553	843	
Minor Work Programme							Actual v Budget YTD variances
	695	1,324	629	9,696	9,703	(7)	<p>At the end of July 2019, actual expenditure was £0.629m lower than budget. The main variance is as follows;</p> <p>ADEPT Live Lab (£0.334m). Early analytic pilots across 12 locations have been rescheduled to the end of Q2 19/20.</p> <p>Annual Budget v Forecast</p> <p>There are only minor variances at the end of July 2019.</p>
Grants to Local Authorities	15	26	11	6,036	6,024	12	There are only minor YTD and Annual variances at the end of July 2019.
TOTAL TRANSPORT PROGRAMME	31,475	42,040	10,565	205,215	188,547	16,668	
OTHER PORTFOLIOS CAPITAL PROGRAMME							
Investment Programme (Grants to Local Authorities)							Actual v Budget variances
	5,092	4,953	(139)	53,622	53,622	0	<p>At the end of July 2019, actual expenditure was £0.139m above the budget of £4.953m. The main variances are as follows;</p> <p>UK Central Infrastructure Package (£0.139m). The overspend to budget is due to a minor acceleration of programme.</p> <p>Annual Budget v Forecast</p> <p>There are no variances at the end of July 2019.</p>
Housing							Actual v Budget variances
	5,283	13,116	7,833	47,585	47,585	0	<p>At the end of July 2019, actual expenditure was £7.833mm below the budget of £13.116m. The main variances are as follows;</p> <p>Brownfield Land & Property Development Fund (£7.833m) primarily due to a rescheduling of draw down of Commonwealth Games (£6.0m) and Telford & Wrekin Council (£0.750m) to November and December 2019 respectively.</p> <p>Annual Budget v Forecast</p> <p>There are no variances at the end of July 2019.</p>
TOTAL OTHER PORTFOLIOS CAPITAL	10,375	18,069	7,694	101,207	101,207	0	
GRAND TOTAL	41,850	60,109	18,259	306,422	289,754	16,668	

Appendix 6
WMCA Investment Programme Financial Summary period ending 30th June 2019

	2019 / 2020 YEAR TO DATE			2019 / 2020 FULL YEAR			COST TO COMPLETION					
	ACTUAL	BUDGET	VARIANCE	BUDGET	FORECAST	VARIANCE	PRIOR PERIOD SPEND	2019/20 FORECAST	FUTURE YEARS FORECAST	TOTAL FORECAST OUTTURN	TOTAL BUDGET	VARIANCE
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
COVENTRY UKC PLUS	4,194	5,458	1,264	64,073	63,982	91	23,238	63,982	610,518	697,738	700,787	3,049
SPRINT PROGRAMME	545	2,416	1,872	24,627	24,446	181	4,385	24,446	268,617	297,449	297,449	(0)
RAIL PROGRAMME	725	1,048	323	9,207	6,020	3,187	3,999	6,020	175,706	185,725	185,727	2
METRO	21,908	27,392	5,484	128,275	124,843	3,432	190,447	124,843	1,274,530	1,589,820	1,589,610	(210)
UK CENTRAL INFRASTRUCTURE	1,315	1,041	(274)	14,241	14,316	(75)	9,331	14,316	1,362,972	1,386,618	1,386,756	138
UK CENTRAL HS2 INTERCHANGE	591	718	127	7,932	11,943	(4,011)	12,305	11,943	505,282	529,530	604,416	74,886
CURZON STREET STATION MASTERPLAN	36	36	-	3,904	3,904	-	3,155	3,904	546,789	553,848	553,848	-
NATIONAL COLLEGE FOR HIGH SPEED RAIL	-	-	-	-	-	-	25,553	-	-	25,553	25,553	-
HIGH SPEED SUPPLY CHAIN & BUSINESS SUPPORT	-	-	-	-	-	-	11,270	-	338,730	350,000	350,000	-
HS2 GROWTH STRATEGY TOTAL	29,313	38,109	8,796	252,258	249,454	2,804	283,683	249,454	5,083,144	5,616,281	5,694,146	77,865
COVENTRY CITY CENTRE REGENERATION	437	255	(183)	6,207	6,410	(203)	23,046	6,410	344,472	373,928	373,675	(253)
INNOVATION	3,583	5,982	2,399	23,929	21,805	2,123	2,660	21,805	170,685	195,150	195,000	(151)
LAND RECLAMATION AND REMEDIATION	3,639	5,048	1,409	49,138	39,173	9,965	7,194	39,173	153,633	200,000	200,000	-
COMMONWEALTH GAMES	-	2,500	2,500	10,000	10,000	-	-	10,000	15,000	25,000	25,000	-
EMPLOYMENT EDUCATION & SKILLS	42	529	487	2,116	201	1,914	48	201	19,749	19,998	20,000	2
COLLECTIVE INVESTMENT VEHICLE	2,582	4,998	2,416	52,708	36,853	15,855	39,147	36,853	924,000	1,000,000	1,000,000	0
DEVOLVED TRANSPORT INVESTMENT	-	-	-	-	-	-	-	-	1,299,000	1,299,000	1,299,000	-
EZ EXPANSION EXCLUDING CURZON	-	-	-	-	-	-	-	-	20,000	20,000	20,000	-
OTHER INVESTMENT PROGRAMME SCHEMES	10,284	19,312	9,029	144,098	114,443	29,654	72,096	114,443	2,946,538	3,133,077	3,132,675	(402)
GRAND TOTAL	39,597	57,421	17,824	396,356	363,898	32,458	355,779	363,898	8,029,682	8,749,358	8,826,821	77,463

Appendix 6 (Continued)

WMCA Investment Programme Financial Commentary for the period ending 30th June 2019

The financial results for June 2019 are shown above.

In respect of full project costs to completion, the financial summary has been adjusted to reflect the revised budget based on the 2019/20 programme baseline. The project budget for the Wednesbury to Brierley Hill Metro Extension has been revised, as approved by the WMCA Board on 22 March 2019. The Metro programme is red status because of the current funding gap against the East Birmingham to Solihull project.

The cost to completion against UK Central Interchange remains red status due to the reduced funding gap of circa £131m against the Birmingham International Station redevelopment project. The UK Central HS2 Interchange programme has been rescoped by the programme sponsors.

The Rail programme budget reflects the Package 1 (Willenhall & Darlaston), Package 2 (Moseley, Kings Heath, Hazelwell), Snow Hill Lines and Sutton Coldfield Interchange and City Link schemes only.

For 2019/20, the YTD spend to June is £17.8m behind budget reflecting latest Metro programmes.

The 2019/20 full year forecast underspend of £2.8m for the HS2 Growth Strategy relates includes the significant variances set out below:

- * Rail programme underspend of £3.2m, including Sutton Coldfield Interchange and City Link (£2.9m); and
- * Metro programme underspend of £3.4m, including Birmingham Eastside Extension (£2.8m).

The 2019/20 full year forecast underspends against the Rail and Metro programmes are offset by a forecast £4.0m overspend in respect of the UK Central HS2 Interchange programme.

The other major full year variances to forecast are:

- * An underspend of £10.0m in respect of Land Reclamation and Remediation; and
- * An underspend of £15.9m in respect of the Collective Investment Vehicle.

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Appendix 7

WMCA Investment Programme Commitment Profile as at 31st July 2019

£m	Actual Spend	Approved Commitments	Expected Approvals										TOTAL APPROVALS
			Aug-19	Sep-19	Q3 19/20	Q4 19/20	Subtotal	Q4 19/20	2020/21	2021/22	2022/23	Post 2023	
UKC Interchange	12.0	29.8		19.9	2.1		51.9		267.9	36.9	25.0	16.3	398.0
UKC Infrastructure	8.0	30.8			1.0	6.2	38.0		43.0	35.2	75.5	96.2	287.9
Sprint Programme	1.4	21.0			5.6	27.6	54.2	7.2	67.2	60.6		31.1	220.3
Metro Programme	41.0	136.0					136.0						136.0
Rail Programme	4.6	18.8				2.8	21.6		96.5			25.7	143.8
City Centre First incl. CSMP	-	39.4		4.0			43.4						43.4
Coventry VLR	1.0	12.2			7.8		20.0		35.0				55.0
Coventry North	0.0	0.2				0.4	0.6			21.0			21.6
Coventry South	0.1	7.4			1.5		8.9		24.2	26.8		76.7	136.5
Wednesbury Brierley Hill Metro	-	103.0					103.0						103.0
SUB TOTAL INVESTMENT PROGRAMME	68.1	398.7	-	23.9	18.0	37.0	477.6	7.2	533.7	180.5	100.5	246.0	1,545.4
Coventry Regeneration	7.6	149.9					149.9						149.9
Coventry City of Culture	-	31.6					31.6						31.6
Land Remediation	10.8	103.0					103.0				97.0		200.0
Business Innovation	4.5	12.5					12.5		15.0	15.0	7.5		50.0
Employment Education & Skills	0.1	0.8	0.5				1.3		17.0	1.7			20.0
Commonwealth Games	-	25.0					25.0						25.0
OTHER INVESTMENT PROGRAMME	23.1	322.9	0.5	-	-	-	323.4	-	32.0	16.7	104.4	-	476.5
TOTAL	91.2		Approval commitment profile based on PMO forward planning exercise										
CUMULATIVE APPROVALS		721.6	722.1	746.0	764.0	801.0	801.0	808.2	1,373.9	1,571.1	1,776.0	2,022.0	

Appendix 8

Balance Sheet as at 31st July 2019

WMCA Balance Sheet as at 31 July 2019			
	31 July 2019 £'000	30 June 2019 £'000	Movement £'000
Property, plant and equipment	362,505	357,423	5,082
Investments	23,102	19,791	3,311
Long-term assets	385,607	377,214	8,393
Debtors	39,513	42,211	(2,698)
Short-term deposits	231,525	192,300	39,225
Cash and bank	100	985	(885)
Current assets	271,138	235,496	35,642
Loans - interest due	(2,549)	(2,127)	(422)
Short-term creditors/accruals	(57,149)	(48,788)	(8,361)
Current liabilities	(59,698)	(50,915)	(8,783)
Net current assets	211,440	184,581	26,858
Provisions	(3,715)	(3,734)	19
PWLB	(118,943)	(119,081)	138
Other loans - Barclays	(10,000)	(10,000)	-
Dudley MBC	(7,185)	(7,185)	-
Grants receipts in advance	(219,878)	(178,930)	(40,948)
Long-term liabilities	(359,721)	(318,930)	(40,791)
Net assets	237,326	242,865	(5,539)
General fund balance	2,866	2,437	429
Earmarked reserves	129,946	131,504	(1,558)
Capital grants unapplied reserve	247	247	-
Usable reserves	133,059	134,188	(1,129)
Revaluation reserve	6,736	6,737	(1)
Deferred capital grants account	374,644	369,561	5,083
Capital financing account	(276,746)	(267,254)	(9,492)
Accumulated absences account	(367)	(367)	0
Unusable reserves	104,267	108,677	(4,410)
Total reserves	237,326	242,865	(5,539)

The WMCA Balance Sheet reflects a healthy financial position. Main changes since June reflect TfWM capital spend and work-in-progress funded mainly by grants in advance, resulting in an increase of £5.1m net of depreciation in property, plant and equipment.

The increase in cash and bank and short-term deposits is largely due grant income received for the Housing Fund, resulting in an increase in grants receipts in advance.

The increase in short-term creditors/accruals are largely driven by the accruals for the Land and Property Investment Fund, Metro Edgbaston extension scheme and HS2/UK Central.

The decrease in the unusable reserves reflect the spend in the Capital and Investment Programme funded by reserves.



Audit, Risk & Assurance Committee

Date	24 September 2019
Report title	WMCA Corporate Services Review
Accountable Chief Executive	Deborah Cadman, OBE Chief Executive Email: Deborah.Cadman@wmca.org.uk Tel: (0121) 214 7200
Accountable Employee	Julie Nugent, Director of Productivity and Skills Email: Julie.Nugent@wmca.org.uk Tel: (0121) 214 7942 Sam Webster, Interim Change Lead Email: Samantha.webster@wmca.org.uk Tel: (0121) 214 7697
Report has been considered by	Head of HR&OD – Tracy Walters

Recommendation(s) for action or decision:

The Audit, Risk & Assurance Committee is recommended to:

- (1) Note the contents of the report.

1. Purpose

An update report was presented to ARAC on the 21st June 2019. This report provides an update on progress made since the June report.

2. Background

The Corporate Services Review has been ongoing since January 2019 and has been designed to ensure;

- A more visible Leadership Team and organisational vision
- A more client focused set of Corporate Services
- More integration and agility in our services and teams
- 'One' organisation that aspires to be exemplary

2.1 Progress to date:

- SLT have been fully engaged and played a leadership role throughout the review
- Heads of Service actively involved and invested in striving for excellent service provision.
- Staff led process - staff across the departments have positively engaged with the process through workshops and consultations, supporting the creation of departmental improvement plans

2.2 Decisions Taken:

SLT have taken key decisions to progress the review and move the organisation towards excellence in service area provision. As part of the process, each member of SLT is now the permanent sponsor for an area of corporate services;

- Business Support – Paul Clarke
- HR&OD – Julie Nugent
- ICT – Laura Shoaf
- Assurance, PMO and Projects – Julia Goldsworthy
- Governance/Legal/Procurement – Deborah Cadman
- Assets – Gareth Bradford

2.3 Key Changes so Far:

The Review has initiated the creation of service specific improvement plans focusing on ensuring each area is enabled and supported to move towards excellence. Progress against these plans is underway and will be reviewed in Oct 2019.

An organisation-wide communications plan is in place to ensure continual engagement with the wider business on improvement planning. This includes the development and communication of a new Business Support Offer which aims to improve business-wide efficiency and enable service areas to deliver professionally and effectively.

There are 4 service areas – ICT, PMO and Assurance, and Assets, that are currently subject to a more detailed diagnostic and development process to determine provision moving forward. Progress on these areas is detailed as follows:

2.3.1 Assets

- 3 work-streams are in place to improve the service offer for both facilities and assets management.
- A Joint Assets Board has been established and is now meeting
- A Strategic Asset Plan and Assets Register is being designed
- A Facilities Management Strategy is underway
- Progress on activity will be reviewed in October

2.3.2 ICT

- The Strategic Lead for ICT in WM Fire Service has been seconded to WMCA to provide leadership to the current team during the review and to support future working practices.
- The 8 week Kainos review is now complete.
- SLT are working through recommendations for quick wins and longer term improvements required
- Delivery Plan in place by end of September

2.3.3 PMO and Assurance

- Work is underway with SLT to design and approve a Single Assurance Framework
- The Assurance Framework is aligned to the future modelling of The Strategic Hub
- The functionality of The Strategic Hub has been agreed at SLT with detailed design work underway and due for completion by the end of September.

2.4 Evaluation

There will be a formal review in December 2019 to understand if improvements have been delivered across Corporate Services, and therefore whether the review has had a wider business benefit across the WMCA, enabling services to achieve excellence.

3. Financial Implications

The Corporate Services Review was not driven by a requirement to find financial efficiencies. Recommendations from each service review will be managed within the current financial envelope wherever possible. Until the detailed work is completed on the “deep dive” service areas it is difficult to determine the full financial implications.

4. Legal Implications

None

5. Equalities Implications

Should any change management processes be necessary then an equalities impact assessment would be undertaken.

6. Inclusive Growth Implications

The creation of a Strategic Hub will enable the WMCA to improve its coordinated response to the inclusive Growth agenda.

7. Geographical Area of Report's Implications

N/A

8. Other Implications

N/A

9. Schedule of Background Papers



Audit, Risk & Assurance Committee

Date	24 September 2019
Report title	Capacity and Capability – Risks and Mitigations
Accountable Chief Executive	Deborah Cadman, OBE Chief Executive Email: Deborah.Cadman@wmca.org.uk Tel: (0121) 214 7200
Accountable Employee	Julie Nugent, Director of Skills and Productivity Email: Julie.Nugent@wmca.org.uk Tel: (0121) 214 7942
Report has been considered by	Tim Martin, Head of Governance

Recommendation(s) for action or decision:

Audit, Risk & Assurance Committee is recommended to:

- (1) Note the content of the report.
- (2) Note the actions and considerations taken including systems, planning processes and policies to manage risks in the organisation around capacity and capability.

1. Purpose

- 1.1 The purpose of the report is to provide assurance to ARAC on how the WMCA is meeting the demands on its capacity and capability through a combination of resourcing and planning processes, and a blended approach to learning and development.

2. Capacity

- 2.1 Detailed budgetary and business planning work has taken place across the WMCA from September 2018 to January 2019 involving budget holders, Finance and HR Business Partners.
- 2.2 Alongside this, the Leadership Team have worked together to identify the strategic priorities for their respective areas and for the aspirations of the WMCA as a whole. There has been the opportunity for the Leadership Team to recruit to essential posts to support the agreed programmes and policies of the WMCA which have been agreed by Board and through our Annual Planning process.
- 2.3 The plan of activities which flows from this process reflects WMCA's areas of responsibility and whilst also retaining enough flexibility to respond to potential new funding opportunities and to an uncertain and currently challenging fiscal environment.
- 2.4 In February 2019 the WMCA agreed a staffing budget with a direct cost of £29.2 million, which also includes staff supporting all TfWM activities. However, this figure excludes staff overheads such as overtime, recruitment costs, health and safety.
- 2.5 Workforce planning, monitoring and management is now being undertaken jointly by Finance and HR, and we have a new Strategic Resourcing Management system in place which is reviewed monthly by the Leadership Team to look at our Establishment figures and roles to recruit to.
- 2.6 We have continued to take a flexible and pragmatic approach to our resourcing requirements, using a mixed model to meet our demand through direct advertising, inward secondment arrangements, using temporary staffing for short term engagements and consultants, where posts are highly specialised and in a competitive employment market.
- 2.7 Supporting this, we also use other tools and systems such as the Strategic Risk Register to formally review, monitor and flag any risks against our capability and capacity to meet vacancy fulfilment. The WMCA's leadership also regularly reviews this.
- 2.8 Further, any posts which are in addition to our agreed establishment, require a formal business case with an approval process with sign off from the Director of Finance and the Head of HR.

3. Vacancy Management

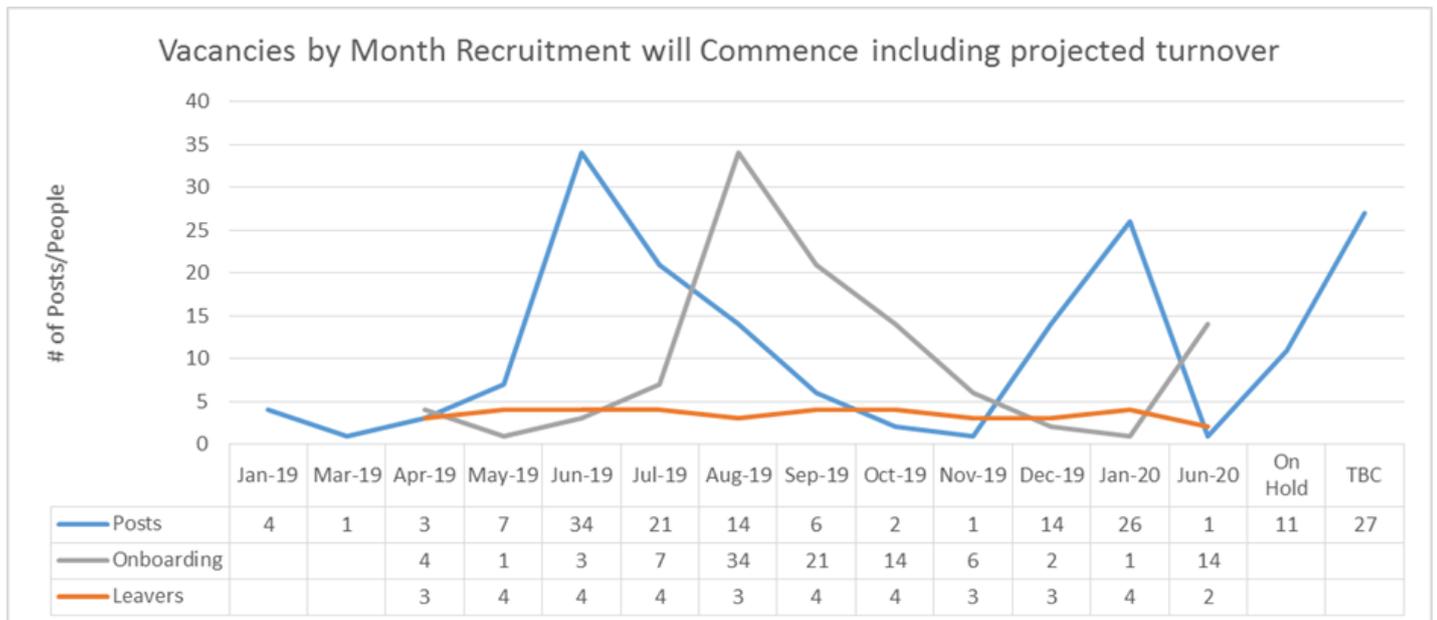
- 3.1 The total number of vacancies to be recruited during the 19/20 period is 125 headcount or 122.5 FTE. However with the turnover rate based on 18/19 this would inflate overall vacancy management to a further circa 38 posts therefore a potential vacancy management of 160.5 posts. As a comparator, during the period 18/19 the WMCA recruited to 150 vacancies.

3.2 Additional resources have been secured to meet the Authority’s demands for recruitment activity and the HR/OD team has grown in size to accommodate this. There is now a dedicated full time resource who specialises in Recruitment in the HR/OD Team and the HR Business Partner team has grown in size too. There are now seven staff in the HR Team supporting managers with their resourcing, aligned to different portfolios as well as other generalist HR enquiries.

3.3 The team provide support to recruiting managers on role profiles, job evaluation, recruitment advertising, and recognise that there are very different roles across different parts of the Authority some of which are deliver roles, some of which are enabling roles, others are influencing roles.

4. Recruitment Priority Planning

4.1 Following the business planning cycle, a number of changes have been made to the way in which our budget is utilised, including top slicing any funding asks which provide for greater organisational capacity, helping to deliver on new and evolving areas of work and priority.



4.2 A draft recruitment plan to inform where activity is planned has been developed and will be continually reviewed each month. This is presented in the table above and will be used to determine how resources are initially prioritised and deployed to ensure delivery of the business plan, outcomes and budget to target.

4.3 The blue graph line in the table identifies the month that recruitment will commence but not necessarily complete. The orange graph line indicates projected turnover based on the previous 12 months showing where additional recruitment will also be required. The grey graph line predicts where following recruitment of new employees to vacancies, interviewing and on-boarding activity will be focussed which is a HR managed process.

4.4 There is a risk in not managing vacancies actively, resulting in our inability to attract and successfully on-board talent. There also a risk around our ability to secure future funding if key roles are not resourced in time.

- 4.5 The workforce planning process is being used to mitigate against the potential risks, and has recently been audited and a copy of the Audit Report is being presented to ARAC at this meeting.
- 4.6 We have taken a flexible approach to resourcing and where it's appropriate we have used secondment arrangements, fixed term contracts, consultants or commissioned activity to help meet our resourcing needs.
- 4.7 Finance and HR Business Partner discussions around the workforce planning process take place regularly to help identify and manage spikes in recruitment activity. These discussions have concentrated on identifying those resource requirements which are most critical, for example where capacity and capability issues are already known.
- 4.8 This information is fed into the monthly HR dashboard metrics submitted to the Leadership Team and this ensures there is a cyclical process of managing vacancy risk through commentary, update and action.
- 4.9 The dashboard providing metrics on establishment as well as the vacancy rate, and as importantly on sickness absence. Considerable efforts have been made to bring down sickness absence since last summer. In August 2018 we launched a programme to promote attendance at work, reduce sickness absence and thereby increase productivity.
- 4.10 In July 2018 sickness absence was 7.2 per person per year but by July 2019 this had reduced to 5.2 days per person per year, a saving of £131,799 and 994 lost days or the equivalent of 4 full-time employees over a year.
- 4.11 HR has also diverted some of its internal resource away from sitting in on every recruitment panel to providing support to managers to take more responsibility for their own recruitment by coaching them on recruitment and selection, providing formal training where necessary and making them more aware of the need to manage vacancies actively.
- 4.12 The organisation is also formally monitoring Capability and Capacity through the Corporate Risk Register and part of monthly discussions on progress, action and update.
- 4.13 Now that there is a full complement of senior staff in the leadership team and a better grasp of the workforce planning process, the organisation is in much better position to resource its priorities.

5. Capability

- 5.1 The WMCA now also has a Learning and Development Strategy which was approved by the Leadership Team and takes a blended approach to learning and development.
- 5.2 As part of that new strategy the organisation has developed a range of bite size learning open to any staff who want to find out more about a range of subjects. There are three to four bite sized sessions each month which have proved very popular with staff.
- 5.3 We have also introduced a range short courses called Management Fundamentals, designed to increase management capability and help line managers in their day to day work, the programme is very popular with new or less experienced managers.

- 5.4 We have launched a coaching and mentoring programme, open to any member of staff it's designed to match an employee with a trained mentor or coach from another organisation within the West Midlands Employers group. This has also proved popular with staff across all levels who value the opportunity to develop their skills through this intervention.
- 5.5 We have further reinforced and extended the range of mandatory training which now includes Health and Safety, GDPR, Cyber Security, Equalities and Diversity, DSE Assessments, and we have improved the Induction process to help on board new staff more quickly.
- 5.6 All new staff have the chance to meet the CEO and we have introduced corporate induction online whilst staff undertake their team induction locally. We aim to build capability as soon as new staff arrive and use the performance management framework to encourage staff and their managers to discuss and agree their development needs.
- 5.7 We undertake regular training needs analysis both with individuals and within teams and across the organisation as a whole as part of the annual performance cycle where HR meets with every manager in the WMCA to capture their development requirements before setting the learning and development for that financial year.
- 5.8 The organisation is committed to enabling staff to continue to develop professionally and we meet the costs of all professional subscriptions. Staff can also access all Chamber of Commerce events free of charge within the region as we hold corporate membership and we work with our recognised trade union to promote Unison training events internally.
- 5.9 Staff also have an opportunity to learn through our all staff conference and through a number of internal roadshows which we hold throughout the year where senior leaders come together to discuss a topic which is current and of national interest such as Brexit and discuss the impact it has on our region and the people we serve.
- 5.10 And as part of our ongoing commitment to increasing the capability of our management and leadership cadre, we organise meetings of a Leadership Forum where we are growing our leadership cohort and we have committed funds too to enriching the capability of our Strategic Leadership Team through coaching and a formal development programme.

6. Other Conditions

- 6.1 The impact of not having an adaptable and flexible resourcing model, workforce planning or a strategy for learning and development in place would have a significant impact on the WMCA's overall ability to deliver, our ability to secure future funding and on the reputation long term the Authority. In recognition of this we have also put into place a number of other organisational development interventions which have also supported capacity and capability.
- 6.2 Turnover is historically low (around 11%) and many staff have long service with the Combined Authority and know our business and their jobs well. We also have a highly engaged workforce, and have for eight years running appeared in The Times newspaper's top 100 Not for Profit Employers list.

- 6.3 So we are fortunate to have a stable, highly motivated workforce where there is considerable goodwill and where staff respond well to demands placed upon them. Part of this is no doubt because we ensure that we are clear with staff about what we expect of them when they join the organisation and this is reinforced in our employee performance framework, but it's also because we invest in supporting staff at work.
- 6.4 For example we have a well-developed programme of Health and Wellbeing initiatives which staff make full use of ranging from a Menopause Café (recently covered by BBC Breakfast) to Mental Health First Aiders in the workplace. This investment in supporting staff at work has been critical to reducing absence, promoting a sense of wellbeing, minimising turnover and attracting new talent to the Combined Authority.
- 6.5 We have also undertaken a review of all our corporate services, and whilst we have still to complete the final Gateway Review on this, most of our key support services now have improvement plans in place which are being closely monitored. Improvement plans have focussed on increasing both the capacity and capability within teams by reorganising work through a programme of prioritisation, and upskilling existing staff to meet the increasing demands placed on back office functions. The Gateway Review reports in December 2019.

7. Summary

- 7.1 In summary, our resourcing is now firmly aligned to our corporate priorities and these are set out in our Annual Plan. Our resourcing plans are detailed and are reviewed regularly to ensure that they are properly funded and where we have identified additional asks that these are top sliced from budgets to ensure we can continue to deliver on new and evolving pieces of work.
- 7.2 Our plans recognise that we need different types of roles in different parts of the Authority and we have ensured that adequate resource has been aligned to the new portfolios. HR/OD has been restructured and received additional resource to support recruitment plans. Finally we are also building capability within our existing staff teams through targeted learning and development following a detailed training needs analysis.

8. Financial implications

- 8.1 There are no specific financial implications arising from this report. All the initiatives described are already budgeted for.

9. Legal implications

- 9.1 There are no specific legal implications arising from this report.

10. Equalities implications

- 10.1 There are no equalities implications arising from this report.

11. Other implications

- 11.1 None.



Audit, Risk & Assurance Committee

Date	24 th September 2019
Report title	WMCA Strategic Risk Register
Accountable Chief Executive	Deborah Cadman, OBE Chief Executive Email: Deborah.Cadman@wmca.org.uk Tel: (0121) 214 7200
Accountable Employee	Julia Goldsworthy, Director of Strategy Email: Julia.Goldsworthy@wmca.org.uk Tel: (0121) 214 7941
Report has been considered by	Senior Leadership Team

Recommendation(s) for action or decision:

Audit, Risk & Assurance Committee is recommended to:

- (1) Consider and note the strategic risks contained within the WMCA Strategic risk register.

1. Purpose

This report provides an update on the current status of the strategic risk register as presented as Appendix 1 to support Audit, Risk and Assurance committee (ARAC) in its function to monitor the operation of risk management at West Midlands Combined Authority.

2. Background

A quarterly review of the register has been undertaken by Senior Leadership Team (SLT) to ensure the register continues to reflect the key risks affecting WMCA at the present time including the validation of risk descriptions against the current business activity and risk scores assigned to each risk.

Due to the current uncertainties developing from Brexit and the national political situation, risk discussion has focussed on the impact resulting from external factors and the immediate effect this could have on the delivery of WMCA objectives.

As a result, the status of the risk relating to External Factors (reference S11) has been raised and where relevant, residual external risks have also been captured in relation to individual risks.

Following the declaration of a regional carbon emergency by WMCA Board at its July meeting, the risk of achieving the desired carbon reduction by 2041 has been captured on the register as listed under reference S14 of the register, attached as appendix 1.

A number of programme specific delivery risks are contained within the register however it is considered these do not on their own provide oversight of WMCA's ability to deliver its Devolution obligations in full. A new risk has therefore been introduced (ref. S15) to reflect the economic, political and financial risks associated with delivery of Devolution.

Activities have been identified to enable the continued management of key risks during this period of uncertainty, including the assessment of WMCA's confidence in its ability to deliver risk mitigations at this time. Further information will be provided during the committee meeting.

3. Financial Implications

N/A

4. Legal Implications

N/A

5. Equalities Implications

N/A

6. Inclusive Growth Implications

N/A

7. Geographical Area of Report's Implications

N/A

8. Other Implications

N/A

9. Schedule of Background Papers

Appendix 1 - Strategic Risk register

WMCA Strategic Risk Register - September 2019

Risk ID	Risk Owner	Category	Status & Previously reported score	Risk Description	Controls and measures already in place	Current risk score			Further actions required to mitigate risk
						Likelihood	Impact	Current Score	
S01	Director of Finance	Financial	OPEN 5/5 	<p>Financial Assumptions for Investment Programme</p> <p>There is a risk that assumptions of the Devolution deal, that have been made against expected economic growth, local precepts, business rate retention and interest rate levels, do not prove to be achievable.</p> <p>If these assumptions are not regularly monitored and reviewed to ensure assumptions and budgets remain valid, then should these prove to be incorrect, insufficient funds will be available to meet the Investment Programme funding requirements, the model will not meet financial expectations, a number of delivery schemes will not be achievable, or members of the Combined Authority will be liable for outstanding financial commitments.</p>	<p>Close working with Government to understand the ongoing financial position and its effects on the region.</p> <p>Consulting with Government on Business Rates Growth solutions.</p> <p>Cost review exercise reported to Investment Board in April 2019.</p> <p>Asks factored into 2019 Spending Review Submission.</p> <p>Assessing opportunities to turn grants to loans and / or maximise 3rd party contributions and land value capture.</p> <p>Budget update to be provided to Leaders in September 2019.</p>	5	5	25	<p>Update on Investment Programme to be provided Autumn 2019.</p> <p>Continuation of working with Government and constituent authorities regarding the assumptions relating to business rates.</p> <p>Alternative funding and financing streams are being explored with HMT.</p> <p>Future (post 2020) precept options to be explored.</p> <p>A review of investment programme governance and appraisal processes has been commissioned to ensure effective arrangements are in place to support the delivery of the Investment Programme.</p> <p>External economic uncertainty leaves high residual risks despite further mitigating actions.</p>
S11	Senior Leadership Team	Economic	OPEN 3/5 	<p>External Factors</p> <p>There is risk that external challenges or changes in policy from global, EU or government / political or financial change are not factored into WMCA plans, which could make delivery ambitions more difficult to achieve.</p> <p>Policies of the Government that affect the West Midlands may be affected by an uncertain political environment that may impact on existing WMCA plans and policies.</p> <p>There is a lot of external economic uncertainty - with the risk that instability in the external economic environment could adversely impact WMCA including Brexit and/or recession.</p> <p>There is now an increased risk that a no-deal Brexit will take place. The impact of Brexit without clarity on the final outcome and timing is still hard to predict despite planning and contingency work.</p>	<p>All parties remaining cognisant of external factors including the short, medium and long term effects of the exit from the EU. WMCA supports wider regional EU exit planning activities, and leads the Economic Contingency Group in the region.</p> <p>Close monitoring of economic indicators will help with early identification of an economic downturn. Established monthly monitoring process (in collaboration with CityREDI the University of Birmingham) as a recommendation of the Brexit Economic Contingency group, summarising economic conditions. Regular statistical releases are circulated to inform decision making and are kept under annual review through the publication of the yearly "State of the Region" report. Awareness is maintained of existing and new legal and environmental regulations to ensure compliance at all times.</p> <p>Innovative programme delivery mechanisms are under active exploration, working towards joint venture modelling (similar to the Metro Alliance) working collectively with the private sector on sharing of risk and costs with partners.</p>	5	5	25	<p>Working closely with MHCLG, HM Treasury and the Department for Business, Energy and Industry Strategy (BEIS) to ensure the CA has access to the latest intelligence and government priorities.</p> <p>Brexit implications continue to be closely monitored and the organisation remains cognisant of its developments and the emerging risks.</p> <p>Discussions are continuing with Whitehall to understand new Government priorities and to ensure the Region's views are taken into account.</p>
S04	Senior Leadership Team	Political	OPEN 4/4 	<p>Stakeholder & Political Relations</p> <p>There is a risk that as WMCA continues to expand and absorb new remits and accountabilities that WMCA's stakeholder & political relations become more pressured. Positive stakeholder and political relations are needed to deliver the ambitions of the organisation.</p> <p>The devolution of new powers and budgets from government to the Combined Authority under a reformed governance model will increase pressures on financial, operational, governance and scrutiny functions. There may be challenges in maintaining the relationships across the Region which helped to deliver the WMCA.</p> <p>Additional political pressure is also likely, particularly in the run up to the mayoral elections.</p>	<p>Ongoing close working with LEPs, constituent and non-constituent members with regular communications in place to ensure all parties are fully engaged.</p> <p>Collaborative working to be maintained and extended where opportunities allow.</p> <p>The expectations of all members is to be clearly understood and shared with ongoing engagement with all partners and businesses at all stages of the Portfolio delivery.</p> <p>WMCA are developing more regular stakeholder and political engagement to discuss both inflight and emerging opportunities for the wider benefit of the region. This has been supported by detailed stakeholder mapping and engagement activities being undertaken including protocols being established with local authorities.</p>	4	4	16	<p>Regular communication exists and is maintained at various levels.</p> <p>Wide representation at Governance Boards are to be maintained.</p> <p>New opportunities being identified by Leadership Team to maintain and improve relations.</p> <p>Induction process for newly elected political members of WMCA to take place.</p> <p>External political uncertainties are likely to contribute to residual risks despite mitigating actions.</p>

WMCA Strategic Risk Register - September 2019

Risk ID	Risk Owner	Category	Status & Previously reported score	Risk Description	Controls and measures already in place	Likelihood	Impact	Current Score	Further actions required to mitigate risk
S03	Senior Information Risk owner (MD, TfWM) / Head of Governance	Operations Core Functions	OPEN 4/4 	<p>Data Protection & Information Security</p> <p>The risk that data protection requirements and/or ICT system security are not maintained, causing the loss or misuse of personal data and ICT systems including opportunities for cyber crime and will result in legal challenges and an inability to maintain operations.</p> <p>Cyber terrorism is an increasing threat and public sector bodies are regular targets. National advice sets the risk at substantial. Failure to maintain adequate response has the potential for severe reputational, operational and regulatory impact on WMCA. Financial penalties for breach of Data Protection obligations are now significantly increased.</p>	<p>The WMCA has an Information Assurance Framework in place supported by a suite of Information Security/Management and Data Protection policies. The IA Frameworks, ratified at Senior Leadership level, sets out the organisation commitment and response to the mitigation of identified information threats and risks.</p> <p>In accordance with the IA framework, the WMCA is committed to counter the cyber threat and appropriately protect its business and Data Protection relevant information assets. To enable this, the organisation has adopted and continues to monitor adherence to all standards, warnings, advice, guidance and best practice as indicated by the CPNI, NCSC and other external experts.</p> <p>The Information Assurance framework provides an internal information governance hierarchy for risk owners, whose function it is to consider and manage information risk at strategic and operational levels.</p> <p>Mandatory requirement in place for all staff to complete Information Security training, including GDPR, with regular staff awareness and monitoring in place.</p>	4	4	16	<p>Increasing organisational maturity surrounding the employment of baseline HMG standards of physical and Environmental, Policy and Procedural, and Personnel security, including staff training and awareness of Information Security and Data Protection.</p> <p>Comprehensive review of ICT strategy and service delivery in progress.</p> <p>Regular scenario and resilience based exercises in place to support response preparedness.</p>
S02	Senior Leadership Team	Operations Core Functions	OPEN 3/3 	<p>Capacity and Capability</p> <p>There is a risk that capacity and skills amongst managers and officers are insufficient, or conflicts with other priorities, which will impact on the ability to deliver the WMCA's strategic deliverables and will impinge on the organisation's ability to secure future funding opportunities.</p> <p>There is currently a great deal of change in WMCA with new projects and initiatives. This is placing additional pressure on existing staff while vacancies remain unfilled, potentially impacting on staff morale and stress levels.</p>	<p>Recruitment and retention of high quality resources is a focus of WMCA Board and resource structures are regularly monitored at departmental, Leadership and board level. With a growing remit of new and additional priorities, the pressures on staff requirements needs close monitoring and planning to deliver these new ambitions.</p> <p>Governance structure and monitoring provides for early warning of possible pressures and required interventions to be sourced.</p> <p>Regular communications in place with all staff to maintain engagement across all levels of the organisation. Staff personal objectives and development plans are also aligned to organisational business plan requirements.</p> <p>The budget process is aligned to the Business Plan, incorporating resource and capacity requirements to the budget to ensure delivery of known commitments.</p> <p>Utilisation of consultants to manage delivery where specialist skills cannot be recruited to a permanent post.</p>	4	4	16	<p>Senior Leadership Team is reviewing the structure of Corporate Services capability continues to meet the future aspirations of the organisation.</p>
S15	Senior Leadership Team	Economic Political Financial	New	<p>Overall Delivery of Devolution Objectives</p> <p>As a result of political and economic uncertainty, there is a risk that the overall objectives underpinning the establishment of WMCA to deliver Devolution are compromised. This is both a delivery risk but also a reputational and functional risk.</p> <p>Ability to deliver on programmes that are not secured in full may be affected by funding pressures, political uncertainty and changing priorities of central government.</p>	<p>We continue to maintain close relationships with central government at both political and civil service levels.</p> <p>We make strong arguments for funding on all appropriate occasions. We are involved in regional and national review and planning exercises e.g. Brexit contingency planning, Okervee review (HS2)</p> <p>Devolution objectives are monitored and managed by Officers, thematic Boards and also WMCA Board.</p> <p>WMCA has active Overview & Scrutiny and Audit committees, monitoring progress and delivery of Devolution.</p> <p>The Annual Plan is produced based on Devolution priorities.</p>	4	4	16	<p>High residual external risks given current political and economic uncertainty</p>

WMCA Strategic Risk Register - September 2019

Risk ID	Risk Owner	Category	Status & Previously reported score	Risk Description	Controls and measures already in place	Likelihood	Impact	Current Score	Further actions required to mitigate risk
S14	Senior Leadership Team	Political & Programme Delivery	New	<p>Delivering the 2041 Carbon Budget reduction</p> <p>There is a risk the WMCA will not meet its carbon budget reduction target of 126 million tonnes (MtCO2) for the period 2020 - 2100, or reach its interim targets and net-zero carbon by 2041 due to the estimated emission reductions being inaccurate or an inability of the region to transition away from old industries and behaviours.</p> <p>WMCA's ability to shape and govern the economy of the future will be challenged if these targets are not met and will result in increased costs for the authority as it attempts to accelerate delivery of set targets in a truncated timeframe.</p>	<p>Monitoring is provided annually by Sustainability West Midlands. The latest figures, based on 2017 data demonstrates current targets have been achieved with a 21.8% reduction recorded since 2010.</p> <p>Commitment has been made to support businesses including our regional response to the clean growth opportunities set out in the Local Industrial Strategy and through close working with LEPs.</p> <p>Supporting progress with sustainability partners in aligning the five-year budget cycles required under the UK Climate Change Act.</p> <p>TfWM continues work to effect a modal shift to clean and efficient public transport and active travel addresses medium term carbon reduction goals as well as shorter term concerns over clean air and congestion.</p>	3	5	15	<p>A detailed Action Plan is in development for presentation and approval by WMCA Board in Autumn 2019. This will provide detail on the policies and investments required to adhere to the carbon reduction timetable.</p> <p>Proposals for additional funding for the Carbon Reduction Plan will be submitted to the Government ahead of the November 2019 Budget or Comprehensive Spending Review</p>
S12	Senior Leadership Team	Programme Delivery & Devolution Commitments	OPEN 3/5 ↔	<p>Project/Programme Appraisal & Assurance</p> <p>The risk that new project and programme proposals are not effectively appraised or assured. This could lead to poor investment decisions and failure to realise anticipated benefits or value for money, hence it will have an adverse financial and reputational impact.</p>	<p>A WMCA Assurance framework is in place and currently under review to provide guidance and further enhance the supporting processes.</p> <p>Internal Audit providing up to date assessment of current performance</p> <p>The Investment Director is establishing a commercial approach to funding opportunities.</p>	3	5	15	<p>A plan to develop and implement an enhanced Governance and Assurance Framework was endorsed by the Investment Board on 10th December 2018. Reflecting updated MHCLG guidance, the CA is developing a Single Assurance Framework.</p>
S07d	Director of Public Service Reform	Programme Delivery & Devolution Commitments	Open 3/4 ↔	<p>Delivery - West Midlands 5G</p> <p>5G is a complex, multi-stakeholder project which is part of the national TestBeds and Trials programme within DCMS. There is managed risk inbuilt within the programme as to the market response, the technical requirements of a hitherto largely untested (at scale) technology, and the extent to which we as a region can build the mix of supply and demand that will be needed to realise maximum economic and social value for the region.</p>	<p>WMCA and DCMS are developing robust assurance frameworks for the programme. Finances throughout the project will be drawn down subject to robust business case criteria within both DCMS (via an over-arching grant agreement) and within WMCA (via investment programme mechanisms). The governance structure further reinforces this - via an arms length, wholly owned subsidiary company of WMCA, overseen by an independent chair held ultimately to account by a joint-venture board - each with senior representation from WMCA, DCMS and other stakeholders.</p>	3	4	12	<p>We will continue to ensure that finance, governance and assurance processes reflect the commitments as to ensuring maximum regional benefit made to WMCA Board. Nonetheless, the region is participating in a 'testbed and trial' project which due to its innovative nature carries an inherent element of risk (and commensurate reward)</p> <p>We will continue to monitor the programme according to market realities and the profile of funding available - and adapt accordingly within the governance framework created for this purpose</p>
S07f	Director of Housing and Regeneration	Programme Delivery & Devolution Commitments	Open 3/4 ↔	<p>Delivery - Housing</p> <p>The Combined Authority's Housing & Regeneration priorities and objectives are contingent on the deployment of funding secured through Devolution and subsequent agreements with HMG. The updating, where necessary, of local plans for constituent and non-constituent members is a core element of Government support for the Housing Deal agreed in 2018. There is a risk that a lack of progress with local plans, which the Combined Authority does not control, could affect securing continuing funding, support and confidence from Whitehall to achieve the Combined Authority's outcomes. In addition, there are potential consequences for maintaining relationships with local authorities, delivery of objectives and reputational and political damage.</p>	<p>WMCA is in ongoing dialogue with officials in MHCLG, Treasury and No 10 to maintain relationships and confirm progress towards the Housing Deal goals. This includes updates on Local Plan progress and delivery of housing in the region.</p> <p>The Housing and Land Board consists of elected Members from all local authorities in the WMCA geography, alongside representation from LEPs, Homes England and the housing industry. Housing & Regeneration team members at all levels are in regular contact with colleagues at local authorities and all reports are considered by an officers steering group. This collective approach is in place to ensure all parties are fully engaged in the strategic approach of the WMCA.</p>	3	4	12	<p>Regular dialogue with civil servants to establish WM progress and delivery</p> <p>Development of stakeholder engagement tools</p> <p>Close working relationships with Members and Officers at local authorities</p> <p>Meetings of officer Steering Group to include workshops and task and finish sessions.</p> <p>Communications plan for Housing & Regeneration to ensure consistent messaging and that LAs and other partners are included and engaged in relevant work.</p> <p>Housing & Regeneration business plan to set out consistent approach to targets, measures and reporting</p>

WMCA Strategic Risk Register - September 2019

Risk ID	Risk Owner	Category	Status & Previously reported score	Risk Description	Controls and measures already in place	Likelihood	Impact	Current Score	Further actions required to mitigate risk
S05	Head of Governance	Operations Core Functions	OPEN 4/4 ↓	<p>Governance Arrangements</p> <p>The risk that a lack of, or non-adherence to, formal governance arrangements will result in a risk of ineffective or unsuccessful delivery of WMCA objectives and possible legal challenge, impacting on the WMCA's ability to meet its obligations and future aspirations.</p> <p>As the WMCA is going through a period of growth with absorption of new and emerging priorities there is a risk that existing governance arrangements do not support the delivery of the organisation's objectives. With new devolved budgets, different government departments have specified different assurance requirements which are adding to pressures to develop bespoke governance arrangements.</p>	<p>Comprehensive governance arrangements are in place and contained in the WMCA constitution, approved by the Board.</p> <p>The Head of Governance and Monitoring officer has direct access to the Leadership Team and WMCA Board, and responsibility for oversight of all assurance activities, including Internal Audit.</p> <p>WMCA assurance framework in place and currently under review. Governance requirements for Adult Education Budget, Housing and 5G have, or are being established to ensure the adoption of streamlined approaches where required.</p> <p>Governance activities are managed centrally to ensure robust arrangements are in place and conform to all legal requirements.</p> <p>Statutory Officers Group has been established to moderate and review compliance of governance arrangements. Membership includes the CEO, Section 151 officer, and the Monitoring Officer.</p>	3	4	12	<p>Ongoing programme of risk based Internal audits undertaken to provide an independent review that governance arrangements and internal policies are adhered to and remain effective.</p> <p>Corporate Assurance Team and Governance continue to liaise with new functions to establish appropriate assurance and governance arrangements.</p> <p>A governance review including a full review of the Constitution is currently underway.</p>
S09	Senior Leadership Team	Operations Core Functions	OPEN 3/4 ↔	<p>Capacity of Leadership Team</p> <p>The risk that the capacity of the Leadership team is not sufficient to enable business decisions to be made in a timely manner, for instance due to difficulties in recruitment or excessive workloads.</p>	<p>Leadership team is fully established with key individuals who have an expertise in their specific field and have established relations with key stakeholders to support the continued delivery of the WMCA agenda.</p> <p>Continued oversight of all functions is maintained by the CEO with weekly individual and Leadership Team review meetings to enable early intervention.</p> <p>A Corporate Management Team of Heads of Service has been established to provide additional leadership capacity and support to the Strategic Leadership Team by providing regular oversight of organisational policy, development and performance.</p> <p>An integrated Performance Management Framework has been established to provide SLT with early trigger warnings affecting delivery.</p>	3	4	12	<p>Close working arrangements in place with member authorities in order for all parties to provide mutual support as required.</p>
S13	Head of Governance / Managing Director TfWM	Operations Core Functions	OPEN 3/4 ↔	<p>WMCA Resilience</p> <p>The risk that WMCA cannot respond in an effective and timely manner to events that disrupt operations and activities, which could lead to financial loss (or failure to realise expected benefits or funding) reputational damage, legal or regulatory breach.</p>	<p>A business continuity framework and programme exists and continues to be advanced to ensure that WMCA can respond to any business disruption in a timely manner.</p> <p>An incident management team and out of hours On Call arrangements are in place with alternative workspace identified at alternative WMCA locations.</p> <p>Independent review by Internal Audit provided 'substantial' rating for corporate business continuity arrangements.</p>	3	4	12	<p>Raising business continuity awareness and embedding the programme within the business.</p> <p>A separate ICT disaster recovery plan to be reviewed to ensure consistency between ICT and operational requirements are met.</p> <p>An Access Control Policy and Procedure has been approved by CMT with implementation due on 16th September.</p>
S08	Senior Leadership Team	Programme Delivery & Devolution Commitments	OPEN 3/4 ↔	<p>Reputation</p> <p>The risk that the reputation of the WMCA will be compromised if the organisation does not present itself as, or deliver an effective and efficient organisation resulting in negative media coverage and an inability to deliver expectations.</p> <p>Where the WMCA has significant monetary investment and proposals run by partners, for example the Commonwealth Games, the operation of Arms Length Companies or high profile sporting or cultural events in the region; the WMCA needs to manage the additional indirect reputational risks that are posed by association with these projects/proposals.</p> <p>There is reputational risk involved in that there is a wider perception that the WMCA is accountable for more than it is, i.e. Delivery of the Commonwealth Games.</p>	<p>The Communications department is engaged in all business activity, providing regular liaison with the Mayor's office to ensure a pro-active and consistent messaging is delivered by all, at all times.</p> <p>Communications Director and all WMCA spokespersons provided with media training.</p> <p>Regional Communications Group established ensuring access to media facilities for all WMCA members and stakeholders.</p> <p>Progress of financial contributions monitored to enable coverage of all WMCA successes or early intervention of possible challenges.</p> <p>Close engagement with wider organisations with ongoing management and forward planning of all Communication activities.</p>	3	4	12	<p>Ensure that major Regional initiatives e.g. Commonwealth Games have clear and transparent governance arrangements in place.</p> <p>External political and economic uncertainties will contribute to residual risk.</p>

WMCA Strategic Risk Register - September 2019

Risk ID	Risk Owner	Category	Status & Previously reported score	Risk Description	Controls and measures already in place	Likelihood	Impact	Current Score	Further actions required to mitigate risk
S06	Director of Finance	Financial	OPEN 2/4 ↔	<p>Commerciality</p> <p>The risk that, having chosen to use commercial company delivery models in some areas, challenging economic conditions and/or material loss of revenue from investments may result in:</p> <p>a) commercial models not being able to deliver expected benefits and commercial revenue targets and/or</p> <p>b) the structure exposes the Combined Authority to greater financial risk if the delivery model is unsuccessful.</p>	<p>Formal governance structures in place between WMCA and commercial bodies.</p> <p>CA directors appointed to companies providing regular interface between parties.</p> <p>Compliance of all financial accounting arrangements.</p> <p>Assurance & Governance checklist in place to review and confirm satisfactory arrangements are in place for all 'Arms Length companies'</p> <p>The Investment Director provides a commercial perspective on funding opportunities that are presented to WMCA.</p>	2	4	8	Adopting commercial models will allow the WMCA to become less dependent on government as it can diversify funding income.
S07e	Managing Director, TfWM	Programme Delivery & Devolution Commitments	OPEN 2/4 ↔	<p>Delivery - Commonwealth Games Transport plan (WMCA led programme only)</p> <p>We have received confirmation of the budget draw down process for funding expended by WMCA in preparation for the Games in relation to transport, and to recover costs for the development of the operational transport plan. Work will continue to determine the budget for transport within the overall budget envelope for the games to ensure we are able to provide the level of transportation services required for the region to successfully deliver the 2022 Commonwealth Games.</p>	<p>TfWM is Chairing a multi-agency Joint Transport Group (JTG) which includes relevant Government departments, Local Authorities and the Organising Committee.</p> <p>WMCA CEO and TfWM MD are members of the Chief Executive Officers Group (CEOG) for the Games. All current spend is approved in advance by the JTG and the CEOG.</p> <p>TfWM, through JTG, led a review of transport budgets in Summer 2018 and is due to review again in early 2019. All budget and planning assumptions are being recorded and tracked to ensure no budget surprises. TfWM has established a Transport Programme Office for the Games and staff are participating in the Cross Partner Programme Group led by the Organising Committee and DCMS.</p>	2	4	8	We will continue to work in partnership with Government, the Organising Committee, Birmingham City Council and other authorities to ensure a successful games for the region
S10	Managing Director, TfWM	Operations Core Functions	OPEN 2/4 ↔	<p>Health & Safety</p> <p>There is a risk that Health & Safety procedures to ensure safe working conditions for staff, visitors and users of all WMCA facilities are absent or inadequate. Failure to provide a safe environment for all users will result in potential legal challenges and reputational damage due to unsafe, or unreliable infrastructure particularly on the transport network.</p> <p>The WMCA is now accountable for the delivery of Metro Operations & a number of project construction sites with the growing number of infrastructure projects in delivery.</p>	<p>Health & safety duties are delivered to ISO18001 standard with ongoing compliance externally assessed 6 monthly.</p> <p>Quarterly inspections of all assets undertaken to ensure H&S compliance is maintained including review of accident reports.</p> <p>Monthly H&S position statement provided to satisfy Boards of the Organisation's Corporate responsibilities.</p> <p>Health & safety obligations are considered in the development of all projects and programmes. Strategic and operational Safety, Health, and Environment (SHE) committees established providing operational and Director engagement.</p>	2	4	8	<p>Ongoing engagement with all WMCA departments to ensure adherence of H&S policies by all.</p> <p>Immediate engagement with emergency services and /or HSE to provide proactive management of H&S incidents.</p> <p>Further plans will need to be developed to ensure all H&S requirements are developed for the continuing growth of the WMCA portfolio.</p>
S07c	Director of Productivity and Skills	Programme Delivery & Devolution Commitments	OPEN 3/4 ↓	<p>Delivery - Adult Education Budget</p> <p>Devolution of AEB represents a significant opportunity to demonstrate the impact of local control of skills funding on communities, through the ability to shift £126m p.a. of skills funding to better meet the needs of residents and businesses in line with the priorities as set out within the Regional Skills Plan. There is a risk that this opportunity will not be taken if not managed appropriately.</p>	<p>Priorities for AEB agreed as set out within the Regional Skills Plan with further local tailoring agreed with local authorities. The initial procurement process has been concluded with just over £25m awarded. Where gaps in provision against priorities have been identified further conversations are being undertaken to identify how they can be addressed - either through grant funded providers within their allocation or through additional procurement.</p> <p>Approximately £100m will continue to be Grant funded to local authorities and local colleges and delivery agreements are in place to demonstrate how funding will be used to meet regional and local priorities.</p> <p>A clear timetable has been set out to outline the requirement of corporate service teams to support the management, monitoring and deployment of AEB funding in addition to resources within the Productivity & Skills team.</p>	2	3	6	We will continue to ensure that finance, governance and assurance processes support the commitment to ensure that AEB delivers regional priorities. Review of capacity to be undertaken on a termly basis to ensure that sufficient resources are in place to successfully manage AEB.

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**West Midlands
Combined Authority**

Audit, Risk & Assurance Committee

Date	24 September 2019
Report title	Data Protection and Data Processing
Accountable Chief Executive	Deborah Cadman, OBE Chief Executive Email: Deborah.Cadman@wmca.org.uk Tel: (0121) 214 7200
Accountable Employee	Gurmit Sangha, Data Protection & Information Sharing Officer Email: Gurmit.Sangha@wmca.org.uk Tel: (0121) 214 7301
Report has been considered by	n/a

Recommendation(s) for action or decision:

The Audit, Risk & Assurance Committee is recommended

- (1) To note the information set out in this report which sets out the response of the WMCA to the necessary measures complying with the requirements of secure personal data storage and processing.

1.0 Purpose

This report sets out the categories of personal data processed by the West Midlands Combined Authority (WMCA), and provides a broad overview of the data protection assurance controls in place. It also provides an outline of the regulatory action an organisation may be subject to in the event of a breach.

2.0 Background

WMCA is registered with the Information Commissioner's Office (ICO) as a Data Controller. A Data controller is legally responsible for ensuring personal data is only processed in accordance with the principals of the Data Protection Act 2018. The sixth data protection principle states that data must be kept "*secure against unauthorised or unlawful processing and against accidental loss, destruction or damage.*"

Processing of personal data includes everything that an organisation may do with it, such as, collecting, storing, sharing, viewing, using, through to eventually destroying/deleting it.

3.0 Legal Implications

The implication of breaching the Data Protection Act is regulatory action from the Information Regulator, and litigation from data subjects who feel their rights under the Act have been infringed.

The Information Commissioners Office (ICO) is the UK independent regulatory office dealing with data protection and privacy issues. They undertake enforcement action through investigative action, Decision Notices, The Information Tribunal, and The Courts. Any member of the public can bring a claim to the ICO, and organisations have a legal responsibility to report data breaches to the ICO.

Additionally a data breach is likely to open claims of breaching the Human Rights Act 1998, for example to right to "private life".

4.0 Financial Implications

4.1 Powers of the Information Commissioners Office (ICO).

An organisation found to have contravened data protection legislation may be subject to an enforcement notice from the ICO requiring steps to be taken and/or a fine up to €20 million or 4% of an organisations global annual turnover. Additionally fines of €10 million or 2% of the turnover can be issued for failing to notify the ICO about a data breach.

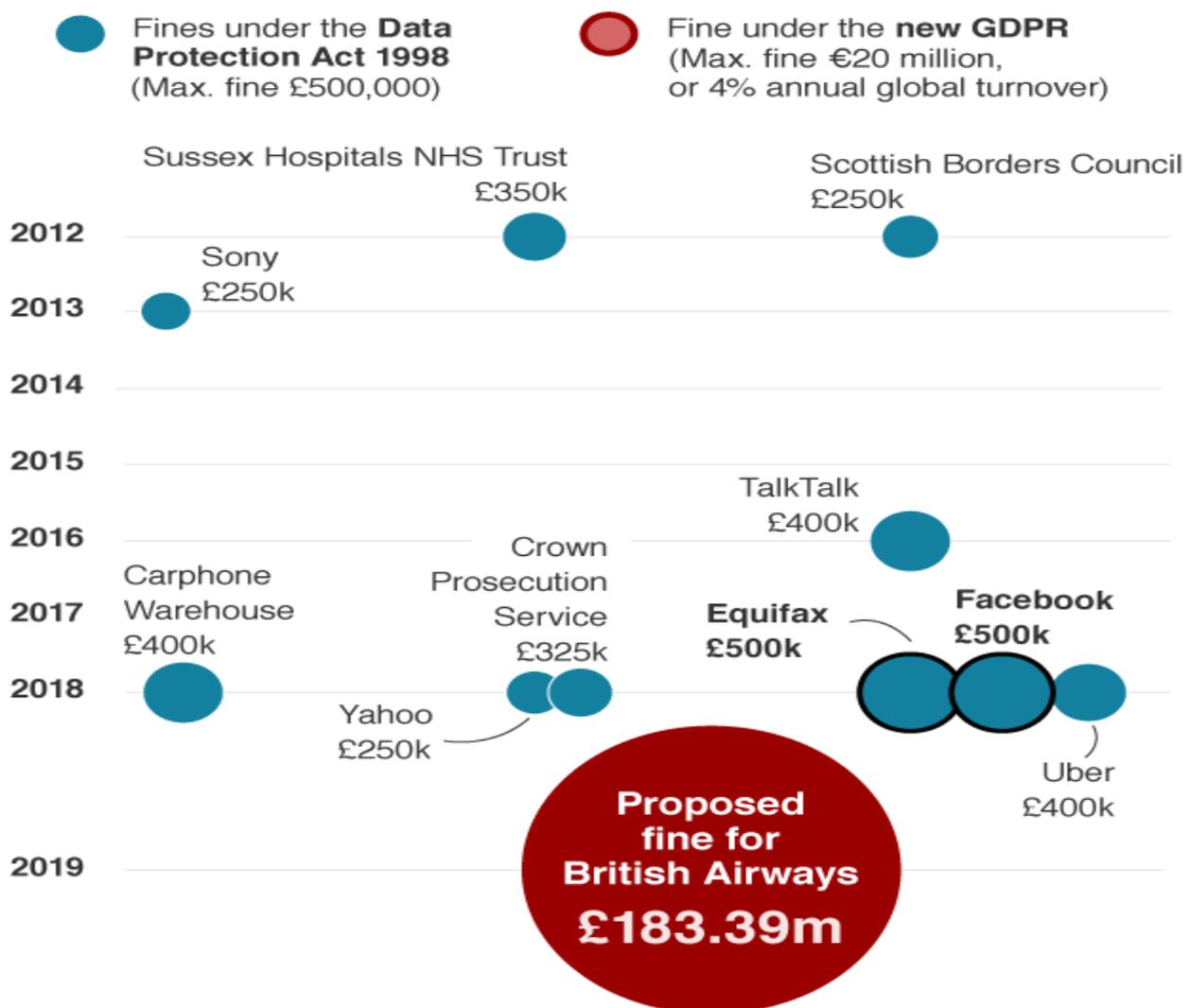
Fines tend to be issued where there has been a data security breach resulting in personal data being copied, shared, transmitted, viewed, stolen or used by an individual unauthorised to do so. Examples of recent incidents resulting in fines include:

- Life at Parliament View Ltd £80,000 fine for leaving 18,610 customers' personal data exposed for almost two years.
- Hall and Hanley Ltd £120,000 fine for sending of 3,560,211 direct marketing messages to subscribers without consent.
- Bounty UK £400,000 fine for sharing personal data unlawfully with third parties including marketing agencies, and a credit reference agency.
- Uber £400,000 fine for failing to protect customers' personal information during a cyber-attack.

- Equifax Ltd £500,000 fine for failing to take appropriate steps" to protect personal data, for example keeping it too long, which resulted in a data breach following a cyber-attack.
- Facebook Ireland Ltd £500,000 fine for processing personal data of users unfairly, notably allowing App developers access to personal information without sufficiently clear and informed consent or controls.
- London Borough of Newham £145,000 fine for inappropriate sharing of information without appropriate technical and organisational controls.
- British Airways £183 million (proposed intention of ICO) fine following hackers accessing BA systems containing customer names, email addresses, payment card information, credit card numbers, expiry dates, credit card security codes.

Biggest fines for data breaches

Fines over £250,000



Source: ICO - Information Commissioner's Office

BBC

4.2 Litigation costs

Increasing we are seeing litigation being brought by data subjects whose data has been breached. Both the Data Protection Act and the Human Rights Act permit an individual to bring a case seeking compensation if they can demonstrate the breach resulted in damage and/or distress. For example in the case of *TLT v Secretary of State for the Home Department* the High Court awarded between £2,500 and £12,500 to six asylum seekers when their personal data was inadvertently published on the Home office website.

In the majority of the above cases the data compromised amounted to customer names, contact details, a history of the services data subjects had obtained from the organisation, and transaction (banking) information.

The origins of the breaches can be summarised as a result of malicious attacks designed to cause disruption, malicious attacks seeking ransom for return of data, or employee carelessness in handling data. In each case the lack of a security control or inadequate controls resulted in improper handling of data internally, or an external operator gaining unlawful access.

5.0 Other implications

In addition to legal and financial implications a data protection breach is likely to bring negative press coverage, with the ICO publishing the fact it is undertaking any investigations, and the ultimate decision it makes on a case.

There is also likely to be a loss in confidence in any services an organisations is delivering and damage to reputation.

6.0 Personal data processed by WMCA

WMCA processes a wide range of personal data across a number of diverse areas of operation. Some key examples include.

Business area	Type of information processed	Reason for processing data
Transport for West Midlands	<ul style="list-style-type: none"> • names • address • DOB • National Insurance Number • telephone number • email address • Identification photographs • Information to support concessionary pass applications • Other supporting documentation and information • General enquiries • Banking – debit and credit card payments 	<ul style="list-style-type: none"> • For the delivery of transport services and consideration of applications for: <ul style="list-style-type: none"> ○ Swift travel card ○ Older persons pass ○ Blind and disabled pass ○ Work wise pass ○ 16 – 18 pass ○ Student pass ○ Pass Protect ○ Direct debit services ○ Bank mandates • Customer enquiries • Customer satisfaction surveys • Credit card payments
Productivity and skills	<ul style="list-style-type: none"> • name • address • DOB • Education/training supporting documentation and information 	<ul style="list-style-type: none"> • For delivery of Adult Education Budget (AEB) agenda • Monitoring of adult education providers • Delivery of Connecting Communities pilot programme • Delivery of Mayors mentors programme
Public service reform	<ul style="list-style-type: none"> • name • address • DOB • Work related health and wellbeing information • demographic data (age, sex, occupation etc.). 	<ul style="list-style-type: none"> • For delivery of Thrive Into Work programme • For delivery of Thrive at Work programme • Deliver work of Mental Health Commission (This is Me)

Mayoral programmes	<ul style="list-style-type: none"> • Homelessness task force – names, DOB, etc. Information connected to individuals homelessness situation. • Mayors mentors – names, DOB, contact details, information on mentoring provided to young persons. 	<ul style="list-style-type: none"> • To deliver mayoral programmes
Business area	Type of information processed	Reason for processing data
HR/Finance	<ul style="list-style-type: none"> • Employee information – contact details, DOB, etc • National Insurance Numbers • Banking – salary payment • Personal devolvement • Occupational health information 	<ul style="list-style-type: none"> • To process staff employment • Handle performance
Websites	<ul style="list-style-type: none"> • Cookies – user tracking, and monitoring 	<ul style="list-style-type: none"> • To deliver Website services • To deliver mobile app services
CCTV	<ul style="list-style-type: none"> • CCTV recordings covering bus stations, train stations, metro stops and town centres • Vehicle tracking CCTV across road network 	<ul style="list-style-type: none"> • To deliver Safer Travel • For crime prevention
Equality data	<ul style="list-style-type: none"> • Special category equality data collected across all services provided 	<ul style="list-style-type: none"> • To meet the Equality Act Public Sector Duty

Processing of data is carried out by WMCA staff, and by external partners (Data Processors). External partners are under contract with clear data protection controls, and responsibilities set out. WMCA will also share information under data sharing agreements with partner organisations.

7.0 Controls to ensure compliance with legal and regulatory requirements

WMCA has implemented and maintains a security program that leverages the ISO/IEC 27000-series of control standards as its baseline. The following specialist roles are in place to deliver data security:

1. Data Protection Officer
2. Cyber Security Specialist
3. Principal ICT Specialist - Cyber Security.

The wider ICT Team assist with providing technical security for the ICT infrastructure. The Assets Team assist with providing physical security across 16 Summer Lane.

Data security is overseen by WMCA Security Steering Group which meets quarterly, and reports to WMCA Strategic Leadership Team. The Senior Information Risk Owner (SIRO) is the Senior Leadership Team member that leads on information assurance, and has overall accountability for the management of information assets held by WMCA.

The following is an overview of the data protection controls which WMCA has put in place:

7.1 Organisational controls

- Suite of 16 information assurance, and information security management policies
- Data protection and cyber security induction for all staff joining WMCA
- Ongoing mandatory annual eLearning programme for all WMCA staff
- Reviews and audits of policies, procedures and practices
- Data Protection Officer and Cyber Security Specialist available to all staff/teams for advice and assistance

- Information security incident reporting procedure in place
- Information security risk management procedure in place
- Information Asset Registers are being established and will be subject to annual review
- Information Risk Register (IRR) in place and reviewed quarterly by Security Steering Group.

7.2 Data processing minimisation

- The amount and type of data is assessed and reviewed regularly to ensure it is no more than required

7.3 Use of specialist data processors

- Specialised partners are used when processing certain types of data, which if compromised may cause distress, harm or loss. For example when processing of credit/debit card payments, the transaction is handled separate to WMCA infrastructure by a Payment Service Provider (PSP).

7.4 Development of new processes which will involve processing personal data

Any new application, IT system, process or procedure which will involve the processing of personal data is subject to a Data Privacy Impact Assessment (DPIA) and input from the Data Protection Officer and Cyber Security Specialist. DPIA's help organisations identify and minimise risks that result from data processing.

7.5 Access Control of Processing Areas (Physical)

Web applications, communications infrastructure, and database servers are located in secure data centres. WMCA has implemented measures in order to prevent unauthorised access to the data processing equipment by:

- Establishing security areas
- Protection and restriction of access paths
- Securing the data processing equipment and personal computers
- Establishing access authorisations for employees and third parties
- Restricting physical access to the servers.

7.6 Access Control to Data Processing Systems

WMCA has implemented measures to prevent its data processing systems from being used by unauthorised persons by:

- Establishing the identification of the terminal and/or the terminal user to the WMCA systems
- Bespoke access levels for each user in accordance with their role
- Access must be approved by an appropriate manager and the "owner" for the particular system or internal application
- Automatic lock out of the user ID when several erroneous passwords are entered
- Utilizing firewall, router and VPN-based access controls to protect the private service networks and back-end-servers
- Continuous monitoring infrastructure security
- Regularly examining security risks by internal employees and third party auditors (external penetration testing)

- Passwords must adhere to the WMCA password policy, which includes minimum length requirements, enforcing complexity and set periodic resets.
- Intrusion detection systems in place.

7.7 Access Control to Use Specific Areas of Data Processing Systems

Persons entitled to use a data processing system are only able to access Personal Data within the scope and to the extent covered by their respective access permission (authorisation) and that Personal Data cannot be read, copied, modified or removed without authorisation. This is accomplished by:

- Employee policies and training in respect of each employee's access rights to the Personal Data
- Users have unique log in credentials -- role based access control systems are used to restrict access to particular functions
- Monitoring activities that add, delete or modify the Personal Data
- Release of Personal Data to only authorised persons.

7.8 Availability Control

WMCA has implemented measures to ensure that Personal Data is protected from accidental destruction or loss. They include:

- Secure backup of all systems
- Active and redundant server infrastructure is set up with disaster recovery sites. This is currently under review to ensure fitness for purpose.
- Annual testing of disaster recovery data centers
- Service level agreements from internet service providers to ensure a high level of uptime.

7.9 Transmission Control

WMCA has implemented measures to prevent Personal Data from being read, copied, altered or deleted by unauthorized parties during the transmission thereof or during the transport of the data media. This includes:

- Use of adequate firewall and encryption technologies to protect the gateways and pipelines through which the data travels;
- Sensitive Personal Data encrypted during transmission using strong encryption algorithms and keys
- Certain types of customer Sensitive Personal Data and other confidential customer data (e.g. payment card numbers) are encrypted at rest within the system
- Protecting web-based access to account management interfaces by employees through encrypted Transport Layer Security (TLS).
- End-to-end encryption of screen sharing for remote access, support, or real time communication;
- Constant monitoring of threat levels and suspicious activity.

7.10 Input Control

WMCA has implemented measures to ensure that it is possible to check and establish whether and by whom Personal Data have been input into data processing systems or removed. This includes:

- Authentication of the authorized personnel
- Protective measures for Personal Data input into memory, as well as for the reading, alteration and deletion of stored Personal Data, including by documenting or logging material changes to account data or account settings
- Segregation and protection of all stored Personal Data via database schemas, logical access controls, and/or encryption
- Utilisation of user identification credentials
- Physical security of data processing facilities
- Session time out.

7.11 Monitoring and analysing risks, auditing of controls

- Data protection activity, risk levels, and threat detection is subject to monitoring internally by the Data Protection Officer, Cyber Security Specialist, and WMCA Security Steering Group, who all have responsibility to ensure secure processing of data across WMCA. Areas of security and control levels are analysed by the group on a rolling annual basis. Gaps or threats are required to be addressed and/or recommendations made to WMCA Senior Information Risk Owner (SIRO).
- The IT infrastructure is subject to external penetration testing to identify security gaps and risk levels. New IT applications will also be subject to penetration testing before they go live.
- The IT infrastructure is subject to constant reporting and analysis.
- Policies and procedures are subject to annual review

The information assurance programme will continue to operate across all areas where information is processed and will continue to evolve to meet exiting and new challenges.