



## Audit, Risk & Assurance Committee

**Date:** Tuesday 2 November 2021

**Time:** 10.00 am **Public meeting** Yes

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

### Membership

Mark Smith (Chair)

Councillor Ram Lakha OBE (Vice-Chair)

Councillor Carl Rice

Councillor Alan Butt

Councillor Dave Borley

Councillor Charn Padda

Councillor Gary Flint

Councillor Ken Meeson

Councillor Tom Baker- Price

Councillor John Kraujalis

Councillor Hayden Walmsley

Councillor Chris Schofield

Kate Shaw

Coventry City Council

Birmingham City Council

City of Wolverhampton Council

Dudley Metropolitan Council

Sandwell Metropolitan Borough Council

Walsall Metropolitan Borough Council

Solihull Metropolitan Borough Council

Worcestershire Non- Constituent Authorities

Staffordshire Non-Constituent Authorities

Warwickshire Non- Constituent Authorities

Shropshire Council -Non Constituent Authorities

Greater Birmingham and Solihull Local Enterprise Partnership

Quorum for this meeting shall be nine members. Of those, at least one member must be in attendance from five different constituent councils.

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

**Contact** Wendy Slater, Senior Governance Services Officer  
**Telephone** 0121 214 7016  
**Email** [wendy.slater@wmca.org.uk](mailto:wendy.slater@wmca.org.uk)

# AGENDA

No.	Item	Presenting	Pages	Time
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 is thought to have exceeded £25 (gifts) of £40 (hospitality).		None	
3.	Chair's Remarks (if any)	Chair	None	
<b>Business Items for Noting/Approval</b>				
4.	Minutes - 29 September	Chair	1 - 8	10:05
5.	Matters Arising - WMCA Health & Safety Arrangements	Chair	9 - 10	10:15
6.	Annual Accounts 2020/21 for the West Midlands Combined Authority	Linda Horne	11 - 20	10:20
7.	Forward Plan	Chair	21 - 22	10:35
8.	WMCA Strategic Risk Update	Fiona Bebbington	23 - 40	10:50
9.	Internal Audit Report	Peter Farrow	41 - 58	11:00
10.	Update on contract issues arising from Digital Retraining Audit 2020/21	Lorraine Quibell	Verbal Report	11:15
11.	Draft Internal Audit Charter	Lorraine Quibell	59 - 68	11:20
12.	Treasury Management Mid-Year Report	Linda Horne/Carl Pearson	69 - 78	11:30
13.	Single Assurance Framework (SAF) Assurance Performance Report- April to September 2021	Joti Sharma	79 - 88	11:40
14.	Exclusion of the Public and Press To pass the following resolution: 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 items of business as they involve the likely disclosure of exempt information relating to the	Chair	None	

	financial or business affairs of any particular person (including the authority holding that information)			
15.	Update on Midland Metro track replacement	Satish Mistry/Anne Shaw	Verbal Report	11:50
<b>Date of Next Meeting -18 January 2022</b>				

This page is intentionally left blank



West Midlands  
Combined Authority

## Audit, Risk & Assurance Committee

Wednesday 29 September 2021 at 10.00 am

### Minutes

#### Present

David Lane (Chair)

Councillor Ram Lakha OBE (Vice-Chair) Coventry City Council

Councillor Carl Rice Birmingham City Council

Councillor Alan Butt City of Wolverhampton Council

Councillor Dave Borley Dudley Metropolitan Council

Councillor Charn Padda Sandwell Metropolitan Borough Council

Councillor Ken Meeson Solihull Metropolitan Borough Council

Councillor Hayden Walmsley Warwickshire Non-Constituent

Authorities

#### Item Title No.

#### 1. Inquorate meeting

The meeting was inquorate and therefore the recommendations contained within the minutes would be submitted to the WMCA Board on 19 November 2021 for formal approval and adoption.

#### 2. Apologies for Absence

Apologies for absence were received from Councillor Flint and Kate Shaw.

#### 3. Minutes - 19 April 2021

The minutes of the meeting held on 19 April 2021 were approved as a correct record.

#### 4. Chair's Remarks

The Chair introduced the committee to Mark Smith who would be taking over the role of Independent Chair from 1 October. He reported that Mark had a comprehensive audit background and it was a natural transition for him to take over the role now ARAC was well established.

Mark Smith reported that he was retiring from PricewaterhouseCoopers at the end of the month and was delighted to be taking over the role as Chair. He added that he was proud to be from the West Midlands and was looking forward to contributing in this role.

The Monitoring Officer, Satish Mistry, thanked David Lane for chairing the committee over the last 5 years and agreed it was a natural transition for Mark to be taking over the role.

Councillor Lakha on behalf of the committee conveyed his thanks to David Lane for all the work he had undertaken during his time as Chair and Councillor Butt thanked the Chair for the diligent manner in which he had chaired meetings. The Finance Director, Linda Horne also expressed her appreciation to David Lane on behalf of the WMCA. The Chair responded appropriately.

**5. Appointment of Vice-Chair**

The Chair reported that he had received only one nomination for the role of Vice-Chair, which was from the current Vice- Chair, Councillor Ram Lakha.

The committee supported and agreed the nomination.

Resolved : That Councillor Ram Lakha be re-appointed to the role of Vice-Chair for 2021/22.

**6. Forward Plan**

The committee received a report of agenda items to be submitted to future meetings.

It was agreed that Mark Smith would review the forward plan for the next meeting.

Resolved: That the report be noted.

**7. Covid-19 Update -Employee Health and Wellbeing & New Ways of Working**

The committee considered a report of the Interim Head of HR that provided an update on Covid-19 in relation to supporting employee health and wellbeing and outlined the future approach with regard to flexible working.

The Interim Head of HR, Melanie Ganderton reported that the majority of employees had worked from home during the last 12 months with relatively low levels of sickness absence and productivity was maintained.

The committee also noted the new ways of working, # WOW21 programme whereby the organisation moves to hybrid working post Covid which is a combination of office-based working, partially remote working and fully remote working.

In relation to a comment from the Chair regarding the absence of a mental health update in the report, the Interim Head of HR reported that the organisation had a significant focus on mental health and had introduced a new strategy and resilience tool kit.

The Chair considered that mental health should be included as part of any future health and safety update report to the committee.

Resolved: That Covid-19 update be noted.

## 8. **Health & Safety Annual Update**

The Director of Integrated Network Services, Pete Bond, introduced the report that provided a summary of principal activities relating to the promotion of health and safety outcomes during the past year and outlined the direction for occupational health and safety within the wide-ranging remit of the West Midlands Combined Authority.

The Health and Safety Manager, Ben Gittings outlined the key achievements during the last year and reported that Covid-19 had shaped the annual delivery plan for the organisation. It was noted that a gap analysis would be undertaken to ensure all risks are managed. The Health and Safety Manager also provided an overview of the wellbeing areas that would be focused on during the year.

In relation to an enquiry from Councillor Lakha regarding the financial implications of the additional Covid health and safety initiatives outlined in the report, Ben Gittings reported that these have largely been carried out within existing business resources to support the new ways of working.

The Finance Director, Linda Horne reported that alterations have been made to the building in Summer Lane as result of Covid and the new ways of working and indicated she would share the costs with the committee which have been reported to the WMCA Board via the financial monitoring report.

It was agreed that the financial (capital and revenue) costs of Covid would be reported to a future meeting of the committee.

In relation to an enquiry from Councillor Lakha regarding how the organisation is managing the psychological impacts of the pandemic on staff along with mental health issues, the Director of Integrated Network Services reported that individual risk assessments were undertaken to assess the support and training needed by staff.

The Chair asked that the Health and Safety Manager provide a supplementary paper for the committee that outlines how the organisation is supporting colleagues returning to the workplace in order to understand the arrangements that are in place *[circulated via email on 06/10]*.

The Chair also sought reassurance that following the appointment of an interim Chief Executive for the WMCA and an interim Managing Director for Travel for the West Midlands, there are clear lines of accountability for health and safety within the organisation. The Chair asked to be provided with a health and safety statement that identifies who is accountable for what within the next week.

The Chair congratulated Ben Gittings and the team for the progress made on health and safety during his time as Chair.

Resolved: That the annual update on health and safety be noted.

## **9. Internal Audit Update**

The committee considered a report of the Interim Director of Law and Governance that provided an update on the work completed by Internal Audit so far, this financial year.

Peter Farrow, Internal Audit, introduced the report and advised the committee of the two internal audit reviews completed this month, the Adult Education Budget and the General Data Protection Regulations; both were awarded a satisfactory level of assurance with the final reports issued and appended to the report.

Sandra Kalyan, Internal Audit, outlined the key findings from the Adult Education Budget Review, (the first audit undertaken in this area) and reported that improvements have been addressed in respect of the three amber issues identified. These related to the retention of contracts, financial records and documentary evidence of delegated s151 approval.

The Finance Director, Linda Horne reported that she welcomed the report as this was a new area for the WMCA and outlined the systems of control that have now been put in place.

Interim Legal Services Manager, Jayne Middleton reported on the processes that have been set up with regards to the retention of contracts with an identified lead solicitor.

Sandra Kaylan, Internal Audit, also provided an overview of the General Data Protection Regulations audit review and reported that one amber issue had been identified where improvements could be made which related to the WMCA's cyber essentials accreditation of its IT systems expiring in November 2020 which is not mandatory but would be applied for.

Councillor Rice took the opportunity to enquire as to whether this committee or the WMCA's Overview and Scrutiny Committee would be looking into the matter of the Midland Metro track replacement in Birmingham City Centre. He reported that he has received letters from his constituents asking why the recently laid track was being ripped up and asked whether any lessons would be learnt.

The Finance Director reported that the Mayor is undertaking an investigation as to why the track repairs are being undertaken.

The Chair asked that a report be submitted to the next meeting on the track replacement before determining whether an independent audit or further investigation is required.

Resolved: That the contents of the Internal Audit Update Report be noted.

## **10. Data Protection & Data Security Annual Update**

The committee considered a report of the Data Protection Officer that provided an annual assessment of compliance with the General Data Protection Regulations (GDPR) and the Data Protection Act 2018.

The Data Protection Officer, Gurmit Sangha, reported on key developments, data breaches, areas requiring improvement over the next 12 months and provided an overview of the GDPR internal audit undertaken between April and September 2021.

The Chair reported that the committee would continue to receive an annual report on data protection and data security and the Data Protection Officer can report back if there are any issues that require attention.

Resolved: That the reporting of data protection assurance and compliance with data protection legislation be noted.

**11. WMCA Strategic Risk Management Framework V1.0**

The Chair reported that the committee had considered the new WMCA Strategic Risk Management Framework at its informal meeting on the 28 June 2021 and it was hoped the committee would be able to approve the framework today. However, as this meeting was inquorate the decision would need to be referred to the WMCA Board.

Resolved : It is recommended to the WMCA Board that the new WMCA Strategic Risk Management Framework v1.0 be approved.

**12. Annual Accounts 2020/21 for the West Midlands Combined Authority**

The committee considered a report of the Finance Director that had been prepared for the Audit, Risk and Assurance Committee to approve the annual accounts of the West Midlands Combined Authority for the financial year ended 31 March 2021.

The committee also received the West Midlands Combined Authority Financial Report 2020/21 and Grant Thornton's Audit Findings Report including the Letter of Representation.

The Chair advised the committee that as the meeting was inquorate, the accounts would be submitted to the WMCA Board for approval. He explained the process whereby he and the new ARAC Chair would sign off the accounts.

The Chair reported that the final accounts remained largely unchanged from the draft accounts reviewed by the committee at its informal meeting in June within the exception of minor changes and changes relating to the movement in reserves/ a technical adjustment which had been outlined in a supplementary paper.

Grant Patterson, Grant Thornton, outlined the items not included in the audit findings report and explained that the adjustments made to the reserves did not change or impact the overall resources available which had been identified late in the audit and were included in the supplementary paper. He also reported on a technical adjustment to the Pension Fund that was due to a timing issue and was not an issue of control.

The Finance Director, Linda Horne, thanked the auditors and colleagues

within the WMCA Finance Team for the work undertaken on the accounts, for attaining an unqualified audit given the late issues identified, the scale and complexity of the WMCA's role and recognising that auditors nationally have had issues during the pandemic. The Finance Director added that she would look at how the audit could be better planned next year to avoid any late issues being identified.

Resolved : It be recommended to the WMCA Board that :

1. The Annual Accounts of the WMCA be approved;
2. The Audit Findings Report presented by Grant Thornton and a supplementary paper containing information not included in the accounts be circulated be noted;
3. Grant Thornton propose to issue an unqualified audit opinion for the accounts be noted;
4. The signing of the letter of representation by the Finance Director as set out in Appendix E of the Audit Findings Report be approved ;
5. The Chair of the Audit, Risk and Assurance Committee be authorised to sign-off any further changes required to the statement of accounts for 2020/21 prior to publication and
6. The subject to no further issues being raised by Grant Thornton, that the Mayor and the Finance Director be authorised to sign the accounts on behalf of the WMCA be approved.

**13. Midland Metro Limited Accounts 2020/21**

The committee considered a report of the Finance Director that had been prepared to enable the Audit, Risk and Assurance Committee to approve the annual accounts of Midland Metro Limited for the financial year ended 31 March 2021.

The approval process for the annual accounts of Midland Metro Limited by its auditors, BDO and Grant Thornton was outlined and noted which would also be submitted to the WMCA Board for approval.

Resolved: It be recommended to the WMCA Board that:

1. The annual accounts for Midland Metro Limited for the year ended 31 March 2021 be approved;
2. The independent auditors are intending to issue an unqualified audit opinion for the year ended 31 March 2021 and
3. The Midland Metro Limited's accounts be filed with Companies House within the statutory timetable be noted.

**14. Terms of Reference -Whistleblowing Panel**

The committee considered a report of the Director of Law and Governance

that set out the terms of reference for the recently created Whistleblowing and Fraud Panel that had been developed to assess all whistleblowing and fraud cases presented to the WMCA.

The committee had endorsed the terms of reference at its informal meeting on 28 June 2021.

It be recommended to the WMCA Board that :

The draft terms of reference for the recently created Whistleblowing and Fraud Panel that has been developed to assess all whistleblowing and fraud cases presented to the WMCA be approved.

**15. Exclusion of the Public and Press**

Resolved:

In accordance with s100A4 of the Local Government Act 1972, the press and public be excluded from the meeting during the consideration of the following items of business as they involved the likely disclosure of exempt information relating to the business affairs of a particular person (including the authority holding that information).

**16. Investigations and Whistleblowing Update Report**

The committee considered a report of the Interim Director of Law and Governance that provided an update on a recently completed investigation into concerns that have been raised with the Combined Authority including those that have come through the whistleblowing route.

Peter Farrow, Internal Audit outlined the report that related to concerns regarding a potential conflict of interest between a WMCA Officer and an independent training provider with whom the WMCA had contracted through, guiding the latter to win bid funding. It was noted that no evidence of wrongdoing had been found.

The committee noted the need for managers to remind employees of their duty to declare any interests during the course of their work that might be perceived as prejudicial especially when staff have handed in their notice.

The Chair asked that HR report back to the committee on whether any changes should be put in place with regard to employment contracts.

The Chair also asked that the WMCA's Senior Leadership Team be reminded of this investigation, HR ensure managers remind their teams of the need to declare interests during the course of their work and put in place a checklist for employees who have resigned from the organisation and are working their notice period.

Resolved: That the contents of the latest investigations and whistleblowing update report be noted.

**17. Update from Whistleblowing meeting**

The Chair provided feedback from the last whistleblowing meeting. It was noted that the matter referred to the Whistleblowing Panel was not taken forward for the reasons indicated.

Resolved: That the update be noted.

The meeting ended at 12.05 pm.

# West Midlands Combined Authority Health & Safety Reporting and Committee Structure – 1<sup>st</sup> October 2021

- ANNUAL REVIEW - ARAC**
  - Annual clarification of H&S Governance Structure
  - Review of Annual H&S Performance Report
  - Receipt of briefing on significant issues where deemed appropriate

---

- HEALTH & SAFETY STRATEGY**
  - Identifies Priorities, Achievements, Targets, Performance
  - Submitted to WMCA Strategic Leadership Team by Director Responsible for H&S
  - Plan produced in conjunction with H&S Dept. and Health & Safety Strategic Committee
  - Supported by Annual H&S Delivery Plan

---

- QUARTERLY HEALTH & SAFETY UPDATE**
  - Provides a summary of progress against the Action Plan set out in the Health and Safety Strategy
  - Identifies any significant items of note that have occurred in the previous three month period
  - Submitted and presented to Health & Safety Strategic Committee by Health & Safety Manager

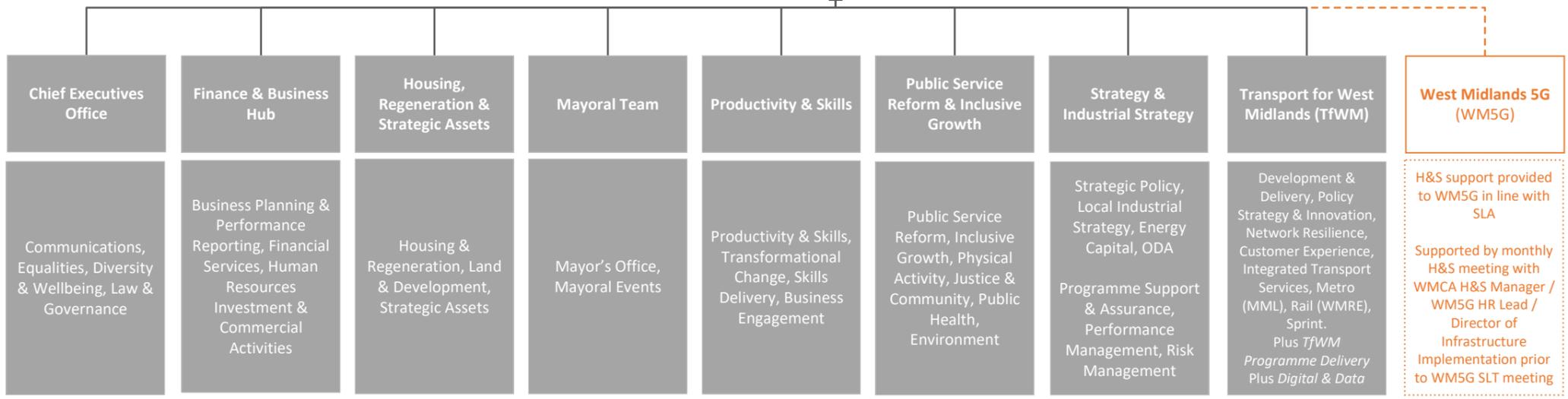
---

- MONTHLY HEALTH & SAFETY REPORT**
  - Provides a regular update of Health and Safety performance and activity
  - Includes both statistics and other performance indicators, with an analysis of significant events
  - Submitted and presented to TfWM Board, Corporate Management Team, Transport Operations Board by Health & Safety Manager
  - Presented to WMCA SLT by Director Responsible for Health and Safety

---

- WM5G MONTHLY HEALTH & SAFETY UPDATE**
  - Provides a regular update of Health and Safety performance and activity to WM5G SLT
  - Update provided by WMCA H&S Manager

Page 9



**WMCA BOARD RESPONSIBILITIES**

- Provide continuation of delegation of H&S Roles and Responsibilities under governance structure as decreed by WMCA Board (March 2017)

**WMCA ARAC RESPONSIBILITIES**

- Monitoring Officer to inform members of any H&S issues requiring the attention of Committee
- Receipt of briefings on significant issues where deemed appropriate
- Route for escalation of issues to WMCA Board

**WMCA SLT RESPONSIBILITIES**

- Appoint Executive Director Responsible for H&S
- Review/Approve H&S policy and strategy
- Review and agree annual H&S targets
- Recommend interventions
- Review/Approve assurance plan
- Identify and assess impact of legislative changes/developments in Best Practice
- Internal review of SMS against ISO 45001:2018 standard
- Route for escalation of issues to WMCA Board

**HSSC RESPONSIBILITIES**

- Support delivery of strategic direction in relation to H&S inc. policy, strategy & management systems
- Review/Approve H&S policy and strategy
- Review and agree annual H&S targets
- Identify and assess impact of legislative changes/developments in Best Practice
- Internal review of SMS against ISO 45001:2018 standard
- Review significant accidents and incidents e.g. RIDDOR reportable
- Recommend interventions
- Route for escalation of issues to WMCA Strategic Leadership Team / Audit, Risk & Assurance Committee
- **Attendees:** Director Responsible for H&S (Chair), Executive Directors, Directors, Head of Governance, Head of HR & OD, H&S Manager
- **Frequency:** Quarterly

**SHEC RESPONSIBILITIES**

- Promote co-operation between management and employees in the development and implementation of H&S
- Consultation and communication on H&S policy, strategy, guidance, etc.
- Consideration of general H&S matters
- Monitoring of operational H&S performance
- Internal review of SMS against ISO 45001:2018 standard
- Review accidents, incidents and near misses
- Route for escalation of issues to H&S Strategic Committee
- **Attendees:** H&S Manager (Chair), Trade Union Representative(s), Employee representatives from across organisation, Ex-officio members (as appropriate)
- **Frequency:** Quarterly

Agenda Item 5

**MONTHLY / QUARTERLY / ANNUAL REPORTS PRODUCED BY THE HEALTH AND SAFETY TEAM UTILISING INFORMATION PROVIDED BY DIRECTORATE/FUNCTION AREAS.  
SOURCES OF INFORMATION INCLUDE, BUT ARE NOT LIMITED TO:**

*Accident, Incident & Near Miss Reports/Investigations, Change Proposals, Industry Lessons / Best Practice, Legislative Requirements, Enforcing Authority Guidance (e.g. LA/HSE/ORR), Internal / External Audit Reports, SHE Committee Updates, General Health, Safety & Welfare Reports*

*TfWM Programme Delivery: Monthly Programme Boards have standing H&S agenda item. Monthly meetings scheduled between H&S Manager / Respective embedded H&S resource*

This page is intentionally left blank



**West Midlands  
Combined Authority**

## Audit, Risk & Assurance Committee

<b>Date</b>	2 November 2021
<b>Report title</b>	Annual Accounts 2020/21 for the West Midlands Combined Authority
<b>Accountable Chief Executive</b>	Laura Shoaf, Interim Chief Executive Email: <a href="mailto:Laura.Shoaf@wmca.org.uk">Laura.Shoaf@wmca.org.uk</a> Tel: (0121) 214 7200
<b>Accountable Employee</b>	Linda Horne, Finance Director Email: <a href="mailto:Linda.Horne@wmca.org.uk">Linda.Horne@wmca.org.uk</a> Tel: (0121) 214 7508
<b>Report has been considered by</b>	N/A

### Recommendation(s) for action or decision:

#### Audit, Risk & Assurance Committee is recommended to:

- (1) Approve West Midlands Combined Authority's annual accounts for 2020/21.
- (2) Note the updated Audit Findings Report presented by Grant Thornton.
- (3) Note that Grant Thornton propose to issue an unqualified audit opinion for the accounts.
- (4) Approve the signing of the letter of representation by the Finance Director as set out in Appendix E of the Audit Findings Report.
- (5) Approve that the Chair of Audit, Risk and Assurance Committee be authorised to sign off any further changes required to the Statement or accounts for 2020/21 prior to publication.
- (6) Subject to no further issues being raised by Grant Thornton, approve that the Mayor and the Finance Director be authorised to sign the accounts on behalf of WMCA.

## **1.0 Purpose**

- 1.1 This report has been prepared to seek formal approval of West Midlands Combined Authority's accounts for the financial year ended 31 March 2021 and to provide an update on the auditor appointment process.

## **2.0 Background**

- 2.1 West Midlands Combined Authority's (WMCA) and Midland Metro Limited's accounts for 2020/21 were approved by members at the Committee's meeting on 29 September 2021, however, as members are aware, the meeting was inquorate. Members are now required to formally approve the 2020/21 accounts, subject to the final changes proposed by Grant Thornton, as 'those charged with governance' to enable the accounts to be published in accordance with the Accounts and Audit Regulations 2015 (as amended).

## **3.0 Accounts Approval**

- 3.1 The audit process for 2020/21 has now concluded and Grant Thornton presented their findings to members of the Committee at their meeting on 29 September 2021 along with their proposal to issue an unqualified audit opinion on the accounts.
- 3.2 An updated Audit Findings Report incorporating late changes discussed verbally at the Committee's meeting on 29 September 2021 is attached at Appendix 1 for completeness.
- 3.3 As the last meeting of the Committee was inquorate, members are now asked to formally approve the 2020/21 accounts in accordance with the Accounts and Audit Regulations 2015 (as amended). Should the meeting again be inquorate, WMCA Board will be required to approve the accounts at their meeting on 19 November 2021.
- 3.4 A supplementary paper setting out the impact of the audit change to the treatment of earmarked reserves in the Movement in Reserves Statement is attached at Appendix 2. This paper sets out the changes that have been made to the financial report that was shared at the last meeting of the Committee.
- 3.5 The Narrative Report, Annual Governance Statement and consideration of events after the Balance Sheet date will need to cover the period up to the date of publication and will therefore need to be kept under review until the accounts are formally published.

## **4.0 Auditor Appointment**

- 4.1 Public Sector Audit Appointments (PSAA) is specified as an appointing person under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015. For audits of accounts from 2018/19 onwards, PSAA appointed an auditor, in this case Grant Thornton, to relevant principal local authorities that have opted into its national scheme. Appointments are made for the duration of a five-year appointing period. The current appointing period covers the audits of accounts for 2018/19 to 2022/23. The second appointing period will commence on 1 April 2023 and the procurement of audit services for the second appointing period is currently envisaged to be completed around August 2022.

4.2 Members will recall WMCA's Engagement Lead on behalf of Grant Thornton is Grant Patterson, who has now completed five years in the role and a new Engagement Lead will be appointed shortly in accordance with PSAA requirements. Key Audit Partners at an audited body should act for an initial period of five years and the individual concerned should then have no further direct relationship with or involvement in work relating to the body until a further period of five years has elapsed.

## **5.0 Financial Implications**

5.1 The financial implications are covered within the body of this report and the attached annual accounts reflect the results for the year ended 31 March 2021.

## **6.0 Legal Implications**

6.1 Production of these accounts is a statutory requirement.

## **7.0 Equalities Implications**

7.1 Alternative formats for these accounts are available upon request.

## **8.0 Inclusive Growth Implications**

8.1 Not applicable.

## **9.0 Geographical Area of Report's Implications**

9.1 Not applicable.

## **10.0 Other Implications**

10.1 Not applicable.

## **11.0 Schedule of background papers**

11.1 Not applicable

This page is intentionally left blank

## **SUPPLEMENTARY INFORMATION – CHANGES TO THE FINANCIAL STATEMENTS FOR UNAPPLIED REVENUE GRANTS**

The following areas are impacted for the changes to the unapplied revenue grants in 2019/20 and 2020/21:

1. Authority and Group Comprehensive Income and Expenditure Statement
2. Authority and Group Movement in Reserves
3. Associated notes to the accounts – notes 5, 7 and 8

The surplus or deficit for the year in the Comprehensive Income and Expenditure Statement and the balance at 31 March 2021 carried forward in the Movement in Reserves remain unchanged.

The amended Comprehensive Income and Expenditure Statement and Movement in Reserves for the Authority and Group are presented on subsequent pages with changes highlighted in yellow.

## AUTHORITY COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2019/2020								2020/2021		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Notes	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			
178,759	(27,418)	151,341	Transport services	7	194,761	(26,966)	167,795			
90,605	(97,131)	(6,526)	Combined Authority other services	8	155,983	(144,599)	11,384			
68,581	-	68,581	Investment Programme	9	96,444	-	96,444			
752	(804)	(52)	Mayor's office	10	796	(807)	(11)			
<b>338,697</b>	<b>(125,353)</b>	<b>213,344</b>	<b>Cost of services</b>		<b>447,984</b>	<b>(172,372)</b>	<b>275,612</b>			
325	-	325	Other operating expenditure	11	(1,584)	-	(1,584)			
10,705	(2,262)	8,443	Financing and investment income and expenditure	12	6,550	(1,975)	4,575			
35,274	(287,558)	(252,284)	Taxation and non-specific grant income and expenditure	13	77,139	(358,431)	(281,292)			
<b>385,001</b>	<b>(415,173)</b>	<b>(30,172)</b>	<b>(Surplus) or deficit on provision of services</b>		<b>530,089</b>	<b>(532,778)</b>	<b>(2,689)</b>			
		(20,168)	Remeasurement of the net defined benefit liability	30			20,118			
		<b>(20,168)</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>20,118</b>			
		<b>(50,340)</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>17,429</b>			
		(19,761)	Adjustments between funding and accounting basis under regulations*	5			(34,496)			
		20,168	Transfer to Pensions Reserve	30			(20,118)			
			Transfers to/from Earmarked Reserves							
		6,465	- General fund	27			14,382			
		16,173	- Unapplied revenue grants*	27			9,307			
		27,277	- Investment programme funding	27			13,450			
		<b>(18)</b>	<b>(Surplus) or deficit for the year under funding basis</b>				<b>(46)</b>			

## GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2019/2020			2020/2021			
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
			Notes			
189,724	(38,369)	151,355		206,111	(38,353)	167,758
97,402	(103,927)	(6,525)		164,815	(152,532)	12,283
66,876	-	66,876		96,173	-	96,173
752	(804)	(52)		796	(807)	(11)
<b>354,754</b>	<b>(143,100)</b>	<b>211,654</b>		<b>467,895</b>	<b>(191,692)</b>	<b>276,203</b>
325	-	325	11	(1,584)	-	(1,584)
9,075	(2,277)	6,798	12	6,988	(1,938)	5,050
35,274	(287,558)	(252,284)		76,879	(358,431)	(281,552)
<b>399,428</b>	<b>(432,935)</b>	<b>(33,507)</b>		<b>550,178</b>	<b>(552,061)</b>	<b>(1,883)</b>
		-				-
		<b>(33,507)</b>				<b>(1,883)</b>
		(20,168)	30			20,118
		<b>(20,168)</b>				<b>20,118</b>
		<b>(53,675)</b>				<b>18,235</b>
		(19,761)	5			(34,496)
		20,168	30			(20,118)
		8,095	27			13,944
		16,173	27			9,307
		28,982	27			13,082
		<b>(18)</b>				<b>(46)</b>

## AUTHORITY MOVEMENT IN RESERVES

	Usable reserves					Unusable reserves						Total reserves
	General Fund Balance	Earmarked Reserves	Total General Fund Balance	Capital Receipts Reserve	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Financial Instruments Adjustment Account	Pensions Reserve	Accumulated Absences Account	Total Unusable Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Balance at 31 March 2019</b>	2,284	96,642	98,926	247	99,173	6,742	96,349	-	(53,070)	(367)	49,654	148,827
<b>Movements in reserves during 2019/20</b>												
Total comprehensive income and expenditure	30,172	-	30,172	-	30,172	-	-	-	20,168	-	20,168	50,340
Adjustments between accounting basis and funding basis under regulations (note 5b)	19,761	-	19,761	-	19,761	(211)	(12,421)	-	(7,000)	(129)	(19,761)	-
<b>Increase or (decrease) in 2019/20 before transfer to earmarked reserves</b>	49,933	-	49,933	-	49,933	(211)	(12,421)	-	13,168	(129)	407	50,340
Transfers to/(from) earmarked reserves	(49,915)	49,915	-	-	-	-	-	-	-	-	-	-
<b>Balance at 31 March 2020 carried forward</b>	2,302	146,557	148,859	247	149,106	6,531	83,928	-	(39,902)	(496)	50,061	199,167
<b>Movements in reserves during 2020/21</b>												
Total comprehensive income and expenditure	2,689	-	2,689	-	2,689	-	-	-	(20,118)	-	(20,118)	(17,429)
Adjustments between accounting basis and funding basis under regulations (note 5b)	34,496	-	34,496	1,594	36,090	(212)	(26,706)	(2,388)	(6,250)	(534)	(36,090)	-
<b>Increase or (decrease) in 2020/21 before transfer to earmarked reserves</b>	37,185	-	37,185	1,594	38,779	(212)	(26,706)	(2,388)	(26,368)	(534)	(56,208)	(17,429)
Transfers to/(from) earmarked reserves	(37,139)	37,139	-	-	-	-	-	-	-	-	-	-
<b>Balance at 31 March 2021 carried forward</b>	2,348	183,696	186,044	1,841	187,885	6,319	57,222	(2,388)	(66,270)	(1,030)	(6,147)	181,738

## GROUP MOVEMENT IN RESERVES

	Usable reserves					Unusable reserves						Total Unusable Reserves	Total reserves
	General Fund Balance	Earmarked Reserves	Total General Fund Balance	Capital Receipts Reserve	Reserves of the Subsidiary	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Financial Instruments Adjustment Account	Pensions Reserve	Accumulated Absences Account		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
<b>Balance at 31 March 2019</b>	<b>2,284</b>	<b>96,642</b>	<b>98,926</b>	<b>247</b>	<b>-</b>	<b>99,173</b>	<b>6,742</b>	<b>96,349</b>	<b>-</b>	<b>(53,070)</b>	<b>(367)</b>	<b>49,654</b>	<b>148,827</b>
<b>Movements in reserves during 2019/20</b>													
Total comprehensive income and expenditure	33,507	-	33,507	-	-	33,507	-	-	-	20,168	-	20,168	53,675
Adjustments between accounting basis and funding basis under regulations (note 5b)	19,761	-	19,761	-	-	19,761	(211)	(12,421)	-	(7,000)	(129)	(19,761)	-
<b>Increase or (decrease) in 2019/20 before transfer to earmarked reserves</b>	<b>53,268</b>	<b>-</b>	<b>53,268</b>	<b>-</b>	<b>-</b>	<b>53,268</b>	<b>(211)</b>	<b>(12,421)</b>	<b>-</b>	<b>13,168</b>	<b>(129)</b>	<b>407</b>	<b>53,675</b>
Transfers to/(from) earmarked reserves	(53,250)	53,250	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at 31 March 2020 carried forward</b>	<b>2,302</b>	<b>149,892</b>	<b>152,194</b>	<b>247</b>	<b>-</b>	<b>152,441</b>	<b>6,531</b>	<b>83,928</b>	<b>-</b>	<b>(39,902)</b>	<b>(496)</b>	<b>50,061</b>	<b>202,502</b>
<b>Movements in reserves during 2020/21</b>													
Total comprehensive income and expenditure	1,883	-	1,883	-	-	1,883	-	-	-	(20,118)	-	(20,118)	(18,235)
Adjustments between accounting basis and funding basis under regulations (note 5b)	34,496	-	34,496	1,594	-	36,090	(212)	(26,706)	(2,388)	(6,250)	(534)	(36,090)	-
<b>Increase or (decrease) in 2020/21 before transfer to earmarked reserves</b>	<b>36,379</b>	<b>-</b>	<b>36,379</b>	<b>1,594</b>	<b>-</b>	<b>37,973</b>	<b>(212)</b>	<b>(26,706)</b>	<b>(2,388)</b>	<b>(26,368)</b>	<b>(534)</b>	<b>(56,208)</b>	<b>(18,235)</b>
Transfers to/(from) earmarked reserves	(36,333)	36,333	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at 31 March 2021 carried forward</b>	<b>2,348</b>	<b>186,225</b>	<b>188,573</b>	<b>1,841</b>	<b>-</b>	<b>190,414</b>	<b>6,319</b>	<b>57,222</b>	<b>(2,388)</b>	<b>(66,270)</b>	<b>(1,030)</b>	<b>(6,147)</b>	<b>184,267</b>

This page is intentionally left blank

**AUDIT, RISK AND ASSURANCE COMMITTEE**

<b>COMMITTEE MEETING</b>		<b>REPORT AND AUTHOR</b>	<b>AGENDA SETTING MEETING</b>	
<i>Date of Meeting</i>	<i>Date Final Reports to be submitted to Governance Services</i>		<i>Date of Meeting</i>	<i>Reports to Chair for review</i>
18 January 2022	7 January	<ul style="list-style-type: none"> <li>• Draft 2022/23 Internal Audit Plan (Sandra Kalyan)</li> <li>• External Audit Plan (Grant Thornton)</li> <li>• Strategic Risk Register (Victoria Harman)</li> <li>• Update on resources for Annual Plan Business Plan Delivery (Linda Horne)</li> <li>• 2022/23 Treasury Management Policy, Strategy, and Practices (Mark Finnegan)</li> <li>• Covid-19 costs (Linda Horne)</li> </ul>	TBA (w/c 13 Dec)	w/c 20 Dec
12 April 2022	1 April	<ul style="list-style-type: none"> <li>• Internal Audit Report (Sandra Kalyan)</li> <li>• Final 2022/23 Internal Audit Plan (Sandra Kalyan)</li> <li>• Q3 Assurance and appraisal report (Joti Sharma)</li> <li>• Update on Equalities Scheme (Anna Sirmoglou)</li> </ul>	w/c 14 March	w/c 21 March

**AUDIT, RISK AND ASSURANCE COMMITTEE**

<b>COMMITTEE MEETING</b>		<b>REPORT AND AUTHOR</b>	<b>AGENDA SETTING MEETING</b>	
<i>Date of Meeting</i>	<i>Date Final Reports to be submitted to Governance Services</i>		<i>Date of Meeting</i>	<i>Reports to Chair for review</i>
<i>Note- new municipal year</i> 28 June 2022	17 June	<ul style="list-style-type: none"> <li>• Internal Audit Report (Sandra Kalyan)</li> <li>• Q4 Assurance and appraisal report (Joti Sharma)</li> </ul>	w/c 23 May	w/c 6 June



## Audit, Risk & Assurance Committee

<b>Date</b>	2 November 2021
<b>Report title</b>	WMCA Strategic Risk Update
<b>Accountable Chief Executive</b>	Laura Shoaf, Interim Chief Executive Email: <a href="mailto:laura.shoaf@wmca.org.uk">laura.shoaf@wmca.org.uk</a> Tel: (0121) 214 7444
<b>Accountable Employee</b>	Linda Horne (Finance Director & Section 151 officer) Email: <a href="mailto:Linda.Horne@wmca.org.uk">Linda.Horne@wmca.org.uk</a> Tel: (0121) 214 7508
<b>Report has been considered by</b>	Linda Horne (Finance Director & Section 151 officer)

**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 (appendix 1).
- (2) Note the additional consideration of Covid19 risks shown in the updated Register.
- (3) Note the risks highlighted in 2.4 which have been subject to significant changes since the register was last presented to the committee in June 2021.

**1. Purpose**

1.1 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

2.1 The WMCA Strategic Risk Register (SRR) supports the identification and management of Strategic Risks faced by the organisation in achieving its organisational or strategic objectives. The SRR captures only the high level strategic risks facing the WMCA which are of such significance they require SLT oversight and assurance. Strategic Leadership Team (SLT) maintains ownership and responsibility for management of the risks housed within the SRR. The SLT monitors WMCA's risk environment on a regular basis to ensure key risks are captured on the Strategic Risk register and effective mitigation measures are in place to actively reduce or eliminate the resulting effects. The register has been reviewed by SLT at their 1<sup>st</sup> September 2021 Meeting and is next due for presentation on 10<sup>th</sup> November 2021.

2.2 The Strategic Risk Register has been updated to align to the new Strategic Risk Management Framework published on 1<sup>st</sup> July 2021, the alignment was completed by September 2021 (this framework can be viewed in its entirety at [SRMF V1.0](#)). There is a Risk Management audit issue (2.2) and action (A005) that was contingent on the completion of this alignment by September 2021. Thus, the presentation of the Strategic Risk Register to both SLT & ARAC will be aligned to the new framework, setting the tone for the rest of the organisation to follow (the updates/changes for this review cycle are shown in red text within the register for to aid identification by ARAC).

The new framework carries a number of additional requirements in the completion of the SRR to fulfil the alignment including; the addition of a target resolution date and the need for the risk to be scored at both the Inherent or uncontrolled level and at the residual level (the risk level after controls or mitigants have been introduced). This allows for prioritisation of risk response, particularly in the case of emerging risks.

The new framework includes a revised scoring system, this should be taken into consideration when reviewing the risk trend based upon the previous risk score. This is particularly important as some residual risk scores have changed purely as a result of the new scoring model being applied rather than as a result of changes in the risk profile. The risks that this applies to are detailed below in the report (see section 2.4). The SRR has been subject to two review cycles since its last presentation at ARAC and the updates are captured in amber for the current review cycle and red for the prior review cycle.

2.3 The updated SRR continues to reflect the current risk environment including the effect and response to strategic risks resulting from the Covid 19 pandemic. The Covid 19 element of each risk is captured with the letter B as its suffix in the Risk ID column of the risk register. N.B. as the Covid elements are subset of the main risks, they are not scored from a residual perspective in their own right.

The management of the risks identified is essential, the SRR currently houses **21 strategic level risks**. Due to the significance of these risks they are closely monitored by SLT. The register continues to record 9 risks with a materiality level of high. This includes:

- Financial Assumptions of the Investment Programme (SRR-R001, Previously S01)
- External Factors (SRR-R002, Previously S11) which are recorded with the highest residual scoring of 25; and a newly escalated risk from the Finance and Business Hub
- Financial resilience of WMCA to absorb fiscal shocks (SRR-R021).

It also records a further 10 risks with a moderate materiality level (amber). The remaining 2 risks are rated as low (green) (see appendix 2 page 3 for risk heat map).

## 2.4 The Committee's attention is drawn to the following:

Aside from the additional fields within the risk register, there have also been several significant amendments to the register since it was last reviewed by ARAC as a collective and as such ARAC's attention is drawn to the following (see appendix 2 page 6):

- SRR-R009 (Previously S12) – The overall residual risk score has decreased from 4x 5 (20) to 2 x 5 (10), based on a reduced likelihood of the risk materialising due introduction of enhanced mitigants.
- SRR-R018 – The residual risk score has decreased from 8 (2x4) to 6 (2x3) based on a reduction in the impact score following embedding of existing mitigants.
- SRR-R021 (**New Strategic Risk**) – This risk owned by Finance has both an inherent and residual materiality of 4 x 5 (20). This risk centres around Reduced levels of financial reserves / resources which are available to deal with fiscal shocks. A mitigation strategy is in place to manage this risk.

The following score changes are as a result of the introduction of a new scoring system rather than as a result of genuine materiality/ risk profile changes, as referred to above (see page 5 appendix 2):

- Risk ID SRR-R012 (Previously S13) – The overall residual risk score has reduced from 3 x 4 (12) to 3 x 3 (9) – Remains moderate
- SRR-R013 (Previously S08) - The overall residual risk score has reduced from 3 x 4 (12) to 4 x 2 (8) – Remains moderate
- SRR-R017 (Previously S07F) – The overall residual risk score has reduced from 2 x 4 (8) to 1 x 4 (4) – Reduces from moderate to low
- SRR-R019 (Previously S20) - The overall residual risk score has increased from 2 x 4 (8) to 2 x 5 (10) – Remains moderate
- SRR-R020 (Previously S07C) – The overall residual risk score has reduced from 2 x 3 (6) to 2 x 2 (4) – Reduces from moderate to low

## 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

**10. Schedule of Background Papers**

Appendix 1 - Strategic Risk Register

Appendix 2 - High-level Strategic Risk Update – November 2021

Risk ID	Risk Owner	Risk Category	Inherent risk score			Risk Description			Residual / Current Risk Score					Further actions required to mitigate risk	Target Resolution Date	Trend	Previous Review Score	Next Review Date	Additional Risk Impacts				
			Likelihood/Probability	Impact	Score	Risk Title	Risk Cause	Risk Description of Uncertain Event	Risk Impact Effect	Controls and measures already in place	Most Significant Risk Impact	Likelihood/Probability	Impact							Current Score	Target Risk Score	Review Date	Risk Response
SR-0001 Previously 501	Director of Finance	Financial	5	5	25	Financial Assumptions for Investment Programme	Due to the challenge in securing income streams caused by political and economic uncertainty	There is a potential risk, given the uncertainty of funding that WMCA may not be able to realise the supplementary (or alternative, equivalent) income streams envisaged in the 2016 Devolution deal, leading to the possibility that the programme may not be delivered as originally intended.  There is a secondary risk around the 'interest rate risk' and the degree to which any upwards movement in the rate WMCA borrow at erodes the purchasing power of the grants / funding it has secured to date.	Leading to failure to deliver the Investment Programme as originally intended resulting in potential negative impacts including: reputational damage, impact on political relationships, service, programme delivery, Client Customer Partner Opportunities for growth compromised, Withdrawal of Constituent member, Government claw back of funds if project end dates do not align with funding deadlines, Reputational Damage, Negative media interest  Long term / continued existence of the organisation  Inability to set legal budget  Stakeholder relationships compromised / withdrawn  Reduced ability to borrow	WMCA Board have capped the investment within an affordable limit which also includes a hedge against future interest rate rises as agreed with the WMCA FD network.  Use of professional financial modellers and external treasury management experts to continually review the internal / external forces on the Investment Programme model which are then regularly reviewed by senior Finance team members.  Close working with Government to understand the ongoing financial position and help unlock additional income streams.  Assessing opportunities to turn grants to loans and / or maximise 3rd party contributions and lend value capture.  Identify opportunities to fund Investment Programme schemes through other means (i.e. Levelling Up Fund).	Reputational	5	5	25	20	Sep/Oct 2021	Reduce/Treat	Continuation of working with Government and constituent authorities regarding the assumptions relating to business rates.  Alternative funding and financing streams are being explored with HMT.  Future (post current Mayor's Term) precept options to be explored.	01/12/2024	↔	25	Nov/Dec 2021	Political Stakeholder Delivery Operations
SR-0001B Previously 501	Director of Finance	Financial	5	5	25	Covid 19 effects and response to risk - Financial Assumptions for Investment Programme	Due to the additional uncertainties caused by Covid 19	It is impossible to predict on the outcome of financial assumptions but, the current situation means it is highly unlikely the previous economic expectations will be met.  In considering the draft budget report, WMCA Board (January 2020) noted the risks likely to occur in the 2021/22 financial year.	Leading to failure to deliver the Investment Programme as originally intended resulting in potential negative impacts including: reputational damage, service, programme delivery, strategic, Delivery, Stakeholder impacts.	WMCA continue to work with Central Government on financial issues arising from this situation, ensuring the voice of WMCA is heard by Government as part of discussions around financial and economic support for the region. We have built on existing good relationships with central Government to successfully bid for new streams of money e.g. Get Britain Building Fund. Opportunities arising from the recent Spending Review announcements are continuing to be assessed.	Reputational			0	See SR-0001	Sep/Oct 2021	Reduce/Treat	We continue to lobby Govt for funding and to explore other opportunities e.g. the Levelling Up Fund announced in November's Spending Review.	01/12/2024	↔		Nov/Dec 2021	Political Stakeholder Delivery Operations
SR-0002 Previously 511	Director of Strategy / Senior Leadership Team	Economic	5	5	25	External Factors	Due to external uncertainties such as changes in policy from global EU or government exacerbated by challenges created by Covid 19 and Brexit	There is a risk that external challenges or changes in policy from global, EU or government / political or financial change may not be adequately factored into WMCA plans, which could make delivery ambitions more difficult to achieve.  The challenge of Covid19 has brought significant change to most areas of the WMCA operations over a concentrated timespan. Future predictions over the course of the pandemic and its effects are hard to make.  There is a danger that continuing risks of Brexit are sidelined or overlooked and insufficient planning is undertaken. Risks to the regional economy remain significant over the immediate and medium term. Economic effects of the pandemic in the WM Region is predicted to be affected more severely compared to other regions.  There is still a requirement to monitor the situation on a continued basis due to the significant levels of uncertainty in the external environment due to Covid and following Brexit.	Potentially leading to failure to achieve delivery ambitions  Operational impacts  short, medium or long term impacts on the economy.  Potentially resulting reputational damage.	Economic Impact Group has been established on a multi agency basis across the public and private sector to track and plan for the impact of Covid on the economy and bring forward proposals to mitigate the effects. It is also playing a role in considering Brexit impacts and responses in the region. Economic Recovery activity is overseen and directed by both the SED Board and the Steering Group, with regular reporting to CA Board and in Feb 21 the WMCA Board endorsed a strategic challenge to shape the region's response and recovery planning. This is being simplified with the Economic Growth Board.  Established fortnightly monitoring process (in collaboration with WM-REDI the University of Birmingham), summarising economic conditions, in addition to monthly reporting to SED Board. 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.	Economic	5	5	25	TBC	Sep/Oct 2021	Reduce/Treat	Where vulnerabilities are exposed, undertake specific work with partners to explore solutions (e.g. supported Cabinet Office project about impact of introduction of border import controls / the Chambers/LEPs led work about issues to trade disruption)	Ongoing	↔	25	Nov/Dec 2021	Operational Financial
SR-0002B Previously 511	Director of Strategy / Senior Leadership Team	Economic	5	5	25	Covid 19 effects and response to risk - Commerciality	Due to external uncertainties caused by Covid 19	There is significant potential risk that other policy developments must be stalled due to the Covid response. Particular risks associated with EU exit negotiations will have serious implications if not addressed in a timely manner.	Potentially resulting in the attention of Government and partners being on addressing urgent Covid needs and not the core focus of economic growth and sustainable transport which are the core roles of the Combined Authority.  Structural economic change may change the nature, cause and solutions to regional social and economic challenges, meaning that our solutions and programmes need to be reviewed.	Regular meetings are being held with SLT members to monitor the situation and Directors are fully engaged in regional and national discussions on the continuing response to Covid 19. The government's domestic policy development is now beginning to scale up in anticipation of a Spending Review and Levelling Up White Paper in the Autumn.	Economic			0	TBC	Sep/Oct 2021	Reduce/Treat	Continued development and delivery of appropriate responses as the situation develops as advised by Government, including the development of a strategy to support the recovery of the economy within the region, supporting HM Treasury's wider "Plan for Growth"	Ongoing	↔		Nov/Dec 2021	Operations Financial
SR-0003 Previously 503	Senior Information Risk owner (MIS, TRIMM) / Head of Governance	Operations	5	5	25	Data Protection & Protective Security	There is a potential that data protection requirements and/or appropriate protective security of WMCA assets, information/systems, premises and people, may not be adequately maintained.	1. Cyber Crime which includes social engineering (phishing, vishing and smishing), malware attacks, direct 'hacking', theft of data, and/or denial of service of IT systems and services, is an increasing threat and public sector bodies are regular targets. 2. Human error or the failure of an individual/team to follow data protection legislative requirements, resulting in the loss of data and/or access to data by unauthorised persons. 3. Outsourced services - A data breach event occurring at a partner organisation with whom we have contracted to process data on our behalf.	Potential impact can include:  Harm, damage, loss or misuse of corporate assets resulting in the inability to deliver ICT services to the current requirements, and therefore maintain WMCA operations.  A data loss event that results in unauthorised access to data being processed by WMCA.  Harm, damage and loss to individuals whose personal data WMCA are responsible for handling.  Regulatory and/or legal action against WMCA.  Financial and reputational damage.	The WMCA has an Information Assurance (IA) Framework in place supported by a suite of Protective Security and Data Protection policies. The IA Framework, ratified at Senior Leadership level, sets out the organisation's commitment and response to the mitigation of identified threats and risks to its protective security.  In accordance with the IA framework, the WMCA is committed to counter threats and appropriately protect its business and people. 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 relevant National Technical Authorities (National Cyber Security Centre and the Centre for the Protection of National Infrastructure) and other external experts.  The Information Assurance framework provides an internal information governance hierarchy for risk owners, whose function it is to consider and manage Protective Security and Data Protection risk at strategic and operational levels.  Mandatory requirement in place for all staff to complete Information Security training, including GDPR, with regular staff awareness and monitoring in place.	Financial	4	4	16	9 to 12	Sep/Oct 2021	Reduce/Treat	Organisational acceptance of a baseline measure on physical and Environmental, Policy and Procedural, and Personnel security.  Organisational implementation of a baseline measure.  Review of the alignment of the ICT strategy and operations with data protection requirements.  Review of continuity requirements in the event of risk materialising.  Regular scenario and resilience-based exercises in place to support response preparedness.  We continue to monitor the process of obtaining the Declaration of Adequacy at EU/UK level to enable data transfers to take place post Brexit.	Ongoing	↔	16	Nov/Dec 2021	Reputation/ Operations/ Stakeholder/Staff
SR-0004 Previously 504	CEO / Senior Leadership Team	Political	5	4	20	Stakeholder & Political Relations	Changing national politics have the potential to significantly impact the devolution agenda, funding and powers of WMCA	The potential devolution of new powers and budgets from government to the Combined Authority under the Government's "levelling up" proposals, and continued uncertainty on when and how this will be achieved 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.  Political relations and expectations will need to be managed.	Potentially leading to Delivery Gaps  Budget pressures  Financial Operational Governance	Ongoing close working with LEPs, constituent and non-constituent members with regular communications in place to ensure all parties are fully engaged.  Collaborative working to be maintained and extended where opportunities allow, supporting the joint submission made on the Devolution White Paper in August.  Arrangements are being put in place to ensure all stakeholders are kept informed & involved with any Devolution discussions, through the establishment of a Devolution Strategy group.  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.  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.  Arrangements that support engagement between Mayor and Portfolio Lead Members are being refreshed to create more time for policy development discussion.	Financial	4	4	16	TBC	Sep/Oct 2021	Reduce/Treat	Regular communication exists and is maintained at various levels.  Wide representation at Governance Boards are to be maintained.  New opportunities being identified by Leadership Team to maintain and improve relations.  Induction process for newly elected political members of WMCA in place.  External political uncertainties are likely to contribute to residual risks despite mitigating actions.  A review of engagement and involvement in decision-making and policy development	01/08/2022	↔	16	Nov/Dec 2021	Operational Governance Budget/Funding Political
SR-0005 Previously 502	Interim Head of HR / Senior Leadership Team	Operations	5	4	20	Capacity and Capability	Due to the possibility of challenges in staffing structures and resourcing and skill gaps.	There is a risk that the capacity and skills amongst managers and officers may not be sufficient or fully aligned to meet the continuing focus for delivery of new and challenging initiatives within WMCA, particularly there are current known capacity issues in the Procurement due to resourcing gaps.  Increased demands and pressures on staff could also impact upon wellbeing and attendance / absence levels	Resulting in difficulties in the WMCA's ability to achieve delivery of the organisations priority activities including a comprehensive organisation wide transformation programme, within the constraints of the funding pressures set for the organisation. Potentially leading to failure to deliver organisational objectives in line with required deadlines and plans.  Organisational inability to respond to changing priorities and new initiatives.	Regular reviews of organisational priorities are undertaken by SLT, aligned to the medium term financial plan to provide assurance delivery of all commitments can be fulfilled.  Governance structure and monitoring provides early warning of possible pressures and if required, alternative interventions to be sourced.  Managers are supported in their ability to manage outputs, including a focus on the monitoring of productivity and performance.  Regular communications in place with all staff to maintain engagement across all levels of the organisation.  Through the OD work we have done on Business Transformation we have reviewed structures and key resources and capabilities we need and have made significant improvements and recommendations for all enabling services team  We have recruited a senior and experienced Recruitment partner and will be also recruiting an Act Recruitment Partner shortly  An approach to talent and succession is being progressed including a skills audit to support a more planned approach and a permanent head of procurement has now been recruited and is in place, with recruitment for the wider team underway.	Operations	4	4	16	12	Sep/Oct 2021	Reduce/Treat	Development and delivery of the organisation wide Transformation Programme Reset: Rebuild has been established to support the review of systems, processes, structure and culture and will prepare the organisation in its ability to deliver in a continuing changing environment.  Recruiting an Assistant Recruitment Partner shortly, who will support the Senior Recruitment Partner. Reviewing approaches to Talent Acquisition to ensure that the right skills can be recruited and retained.  An approach to talent and succession is being progressed including a skills audit to support a more planned approach.  In addition internal promotion and succession/resource requirements is on the CMT agenda for discussion during May 2021. Talent management to be reviewed with SLT during September 2021 following CMT input.  Development and insight in Productivity & Skills and underway in Public Service Reform and Comms is also underway.  Recruitment is planned to enable robust workforce planning and management.	Apr-22	↔	16	Nov/Dec 2021	Delivery Staff
SR-0005B Previously 502	Interim Head of HR / Senior Leadership Team	Operations	5	4	20	Covid 19 effects and response to risk - Capacity and Capability	Due to ongoing Covid 19 Pandemic there is an increased level of challenge uncertainty surrounding the WMCA's ability to maintain adequate Capacity and Capability.	Covid 19 effects and response to risk  The organisation has moved to a predominantly home working environment. There is a risk that operational efficiency and staff morale and wellbeing could be affected in the long term. The recent update of HMG requirement to continue to work from home, coupled with the possibility of further lockdowns is likely to exacerbate this risk. Normal control measures could also be strained during this time due to unusual working conditions.	Leading to normal control measures potentially being strained during this time due to unusual working conditions.	Detailed plans in place to support the continuation of home working for the foreseeable future with limited office space under Covid safe conditions being provided for critical roles only.  Initial results of an All Staff survey on WMCA's management of its Covid response has demonstrated the majority of staff have welcomed working from home and productivity has increased. The results have been reviewed in detail to inform the approach to Agile working plans for future and policy development with regard to future working arrangements. A Lessons Learnt exercise has been completed to assess WMCA's response and inform plans for the preparedness of future emergencies. This has been presented a paper to Health & Safety Strategic Committee (HSSC), Corporate Management Team (CMT) & Joint Assets Board (JAB) on 6th October with our detailed findings.  The planned Audit to review our HR response to Covid19 has been initiated, the audit is being undertaken by colleagues from Wolverhampton with findings anticipated for publication in early 2021.  A suite of wellbeing initiatives have been implemented to support the continued health of all staff.  Measures have been put in place to ensure regular staff briefings are completed, including written updates, FAQs and video links with the Chief Executive and the Mayor.  Recruitment and onboarding on new staff is successfully managed remotely. We have a plan in place which is on target for permanent hybrid working and full access to Summer Lane from October with teams beginning to return from 13th September.	Operations			0	See SR-0005	Sep/Oct 2021	Reduce/Treat	Monitoring of overall levels of productivity and well being will continue, following HMG latest advice on home working. In addition to the initial survey regarding WMCA's Covid response, the Staff Survey conducted in November/December 2020 ascertained that staff were generally coping well, although 27% expressed Covid Fatigue. The roll of our new Wellbeing Strategy has been welcomed by staff, and there has been no variance in either sickness absence rates to in the update of our EAP provider Care First, again suggesting that on the whole staff are coping well. The internal audit reported a Substantial level of Assurance in how we have responded to the Covid outbreak.	See SR-0005	↔		Nov/Dec 2021	Delivery Staff
SR-0005 Previously 515	Director of Strategy / Senior Leadership Team	Economic	5	5	25	Overall Delivery of Devolution Objectives	As a result of political and economic uncertainty and changing political priorities of central government.	There is a potential 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.  Ability to deliver on programmes that are not focused in full and potentially new future activity may be affected by funding pressures, political uncertainty and changing priorities of central government.	Potentially leading to the failure of WMCA to deliver Devolution in whole or in part resulting in the possibility of detrimental impact to the local economy and reputational damage.	We continue to maintain close relationships with central government at both political and civil service levels to enable us to both inform and respond to the emerging policy response to the "levelling up" agenda.  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.  Organisational objectives are monitored and managed by Officers, thematic boards and also WMCA Board.  WMCA has active Overview & Scrutiny and Audit committees, monitoring progress and delivery of Devolution.  The Annual Plan and Corporate Strategy is produced based on shared regional priorities and in consideration of any additional powers and resources needed where necessary.	Strategic	4	4	16	TBC	Sep/Oct 2021	Reduce/Treat	High residual external risks given current political and economic uncertainty and current government positioning on the devolution agenda.	Ongoing	↔	16	Nov/Dec 2021	Economic Political Delivery

SRR-0008-Previously 515	Director of Strategy / Senior Leadership Team	Economic	5	5	25	Covid 19 effects and response to risk - Overall Delivery of Devolution Objectives	Covid 19 may exacerbate political and economic uncertainties further.	There is a risk WMCA cannot respond in an effective or timely manner to respond to the national and regional effects of the Covid 19 pandemic. This will potentially result in significant challenges to the deliverability of the devolution programme within expected timescales.	Leading to the possibility of failing to deliver the devolution programme as expected within the agreed timescales leading to detrimental impact on the national economy, programme delivery and an inability to maintain robust governance arrangements and the capacity and wellbeing of it's staff.	Strategic team established by SLT to consider and manage the organisational response to the outbreak of Covid 19. Assessment of critical business activities, ensuring the prioritisation and continuation of the organisation's critical path. Revision of rules or suspension of statutory and constitutional obligations following government advice and instruction, including the suspension of the 2020 mayoral election and public meetings. Engagement with local and regional resilience forums and Civil Contingency groups to provide a consistent and consolidated response to the external effects of the pandemic response. Working with economic and other local strategic groups to mitigate the economic effects, disseminating their views to Government for onward consideration. In addition to supporting community and economic recovery planning, WMCA Officers are playing a full part in regional arrangements on all relevant topic areas where we have influence. Majority of staff continue to work remotely with adaptations having been made to Summer Lane Offices to ensure it meets HMG's Covid 19 security guidelines for the use of critical roles only.	Strategic	0	TBC	Sep/Oct 2021	Reduce/Treat	Situation updates appraised daily with active engagement to ensure the safety and wellbeing of staff is a priority, ensuring work demands and practices do not create additional risk, following Government and Public Health England guidelines. Longer term strategy for staff arrangements including the use of 16 Summer Lane is being developed for consideration in the autumn.	Ongoing	↔	Nov/Dec 2021	Economic Political Delivery Staff			
SRR-0007-Previously 519	Managing Director, TWMM / Senior Leadership Team	Economic	4	4	16	Longer term economic impact of Covid-19 on bus service provision.	Due to the impact of Covid-19 on bus patronage and revenue and the potential impact this will have on the commercial viability of bus services in the West Midlands. Due to Covid-19 and reduced patronage levels, uncertainty over longer term government funding support beyond 2020/21.	The budget for the provision of subsidised bus services within the current policy framework (access standards) is forecast to be under significant pressure for 21/22 FY. Commercial bus operators are currently being supported through the Covid-19 Bus Services Support Grant from the DfT. This is time limited funding enabling operators to maintain their pre-Covid service levels despite the loss of revenue from reduced patronage. It is unlikely, on the majority of routes, that patronage will recover to pre-Covid levels and may therefore affect the commercial viability of some services.	It is forecast that patronage will recover to around 85 to 90% of previous, which would create a £60m funding shortfall to retain the current network. This would likely lead to pressure on TWMM to step in and financially support services which, if deemed appropriate, would lead to increased budgetary pressures. The alternative would be reduced service provision across the region.	Working with bus operators to better understand the likely implications of any reduction or withdrawal of government funding support and assessing this at different levels of patronage. We are proactively engaging with Central Government and the DfT around devolution of funding to that we can better work with operators through the West Midlands Bus Alliance to manage any required changes on the network. Consider review of funding model and access standards in the event of funding not being provided to support uplift and commercial operators making significant changes.	Economic	4	4	16	9	Sep/Oct 2021	Reduce/Treat	We will continue to work closely with bus operators, Government and UTG and ensure that any commercial changes are also considered alongside the tendered network to ensure we make efficient use of all available funding sources. The level of risk to regional bus services will need additional funding to the values between £5m and £35m in 2021/22 (tendered risk) and £35m to £60m (commercial operator risk) and could result in a review of regional access standards. Preparations are being made to assess a process required to amend access standards in the event of emergency. We will continue to engage with the Central Government and the DfT and lobby for effective funding for bus services during the recovery period to avoid significant impacts to commercial and tendered bus services in the region. In November Government indicated their support for devolving funding for 21/22 but are yet to agree the amount and the terms under which it will be devolved, but indications are positive currently.	30/04/2021	↔	16	Nov/Dec 2021	Financial
SRR-0008-Previously 506	Director of Finance	Financial	4	5	20	Commercially	Due challenging economic conditions and potential changing customer behaviour.	There is a potential 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: a) commercial models not being able to deliver expected benefits and commercial revenue targets and/or b) the structure exposes the Combined Authority to greater financial risk if the delivery model is unsuccessful.	Resulting in the potential of reputational impact, delivery risk and financial risk.	Formal governance structures in place between WMCA and commercial bodies. CA directors appointed to companies providing regular interface between parties. Compliance of all financial accounting arrangements. Assurance & Governance checklist in place to review and confirm satisfactory arrangements are in place for all 'Arms Length' companies. The Investment Director provides a commercial perspective on funding opportunities that are presented to WMCA.	Financial	3	5	15	10	Sep/Oct 2021	Reduce/Treat	Adopting commercial models will allow the WMCA to become less dependent on government as it can diversify funding income.	01/08/2021	↔	15	Nov/Dec 2021	Reputational Delivery Benefits/Realisation & Perform. Management
SRR-0008-Previously 506	Director of Finance	Financial	4	5	20	Covid 19 effects and response to risk - Commercially	Challenging economic conditions and changing Customer behaviour is potentially exacerbated by Covid 19	Covid 19 effects and risk response There is a risk the current economic situation will have a greater impact on the commercial arrangements currently in place or being established.	Resulting in the potential of reputational impact, delivery risk and financial risk.	The statutory officers of WMCA are involved in the review of all commercial decisions and contracts/legal agreements to ensure that Covid risks/viability and costs have been assessed and where possible, controlled at the present time.	Financial			see SRR-0008 Sep/Oct 2021	Reduce/Treat	We continue to lobby government to support commercial operations impacted by the pandemic.	01/08/2021	↔	Nov/Dec 2021	Reputational Delivery Benefits/Realisation & Perform. Management			
SRR-0009-Previously 512	Investment & Commercial Activities Director	Programme Delivery	5	5	25	Project / Programme Appraisal & Assurance - Ensuring Compliance to National Devolution Commitments	Due to • Higher than originally anticipated volumes of business cases and change requests due to the Pandemic • The introduction of enhanced control requirements increasing resource requirements • Uncertainties with capacity in the short term in the team following Business Transformation	Business Transformation has resulted in changes in support structures for SAF implementation. In the short term this may have an impact on the capacity to implement and embed the SAF across all WMCA project portfolios. This risk may be exacerbated by new funding streams in response to the Covid pandemic.	Resulting in the potential of investment decisions being made regarding projects and programme without adequate appraisal having taken place before hand. This could possibly 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. This could also have the possible impact of non compliance with Government requirements. This may also impact on the ability of the WMCA to secure future funding.	An enhanced organisational Single Assurance Framework has been developed and approved by WMCA Board in July 2020. A phased implementation plan was endorsed by SLT in September 2020 for transition of projects to the new assurance framework. This started with the Investment Programme and has now expanded to include a number of portfolios. • Reintegration of SAF Implementation group with revised membership. • A revised and enhanced tool kit has been developed to support implementation of the SAF. • Assurance and Appraisal processes have been implemented in line with SAF requirements. • Additional guidance is available for guidance on the WMCA's intranet pages. • Activity volumes are being carefully monitored. • 7 additional posts have been approved and Recruitment and Selection is underway to fill these posts, to date 6 of the 7 posts have been filled. The Investment Director is establishing a commercial approach to funding opportunities. In addition an integrated Risk, Assurance and Internal Audit network has been established to share information and intelligence.	Financial	2	5	10	10	Sep/Oct 2021	Reduce/Treat	To mitigate risk there are further elements of the SAF that need to be implemented and embedded. 1. The SAF implementation has now been approved as a project and will be supported by a dedicated full time resource to manage the implementation, this resource is in the onboarding phase. The remit of the role will include defining an implementation plan for the SAF. 2. Implementing enhanced Assurance and Appraisal reporting to SLT (October 2021) and ARAC (November 2021). 3. Onboarding and induction of new team members. 4. Statutory Officer engagement and robust Statutory Officer approval process to be implemented. 5. Following the review of internal governance arrangements, embedding of future governance arrangements will commence.	31/12/2021	▼	20	Nov/Dec 2021	Regulatory Reputation
SRR-0010-Previously 505	Head of Governance	Operations	4	5	20	Governance Arrangements	Failure to adopt or challenges in adopting and embedding adequate formal governance arrangements	May lead to the risk of failures in effective decision making arrangements. Ineffective or unsuccessful delivery of WMCA objectives and possible legal challenge, impacting on the WMCA's ability to meet its obligations and future aspirations. 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.	Leading to potential of: inadequate governance Negative Financial Impact Legal/Regulatory impact Delivery failures	Comprehensive governance arrangements are in place and contained in the WMCA constitution, approved by the Board. A governance review is currently being undertaken to ensure current governance arrangements are satisfactory. The Director of Law & Governance and Monitoring Officer is a member of the Strategic Leadership Team and attends all meetings of the WMCA Board, and responsibility for oversight of all assurance activities, including Internal Audit. A WMCA single assurance framework has been agreed. Governance requirements for Adult Education Budget, Housing and SG have been established to ensure the adoption of streamlined approaches where required. Governance activities are managed centrally to ensure robust arrangements are in place and conform to all legal requirements. Statutory Officers Group meets to moderate and review compliance of governance arrangements. Membership includes the CEO, section 151 officer (Director of Finance) and the Monitoring Officer (Director of Law & Governance).	Governance	3	4	12	TBC	Sep/Oct 2021	Reduce/Treat	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. Corporate Assurance Team and Governance continue to liaise with new functions to establish appropriate assurance and governance arrangements. A Review of Governance has commenced, with initial findings to be reported in November 2021.	Ongoing	↔	12	Nov/Dec 2021	Financial Operations Delivery Legal /Regulatory
SRR-0010-Previously 505	Head of Governance	Operations	4	5	20	Covid 19 effects and response to risk - Governance Arrangements	Covid 19 may exacerbate potential challenges with governance arrangements further	Whilst Government guidance on social distancing has been relaxed/subsided, WMCA continue to adopt a socially distanced hybrid approach to meetings. Allowing only essential Committee/Board members for formal decision-making (for quorum) to be present within the physical meeting room. With other attendees attending the meeting remotely. Such meetings are still held in a transparent way and are live streamed for public engagement. There remains the potential that travel into the region may be restricted if Covid rates within the region increase substantially.	Leading to potential of: inadequate governance Negative Financial Impact Legal/Regulatory impact Delivery failures	WMCA are currently adopting a hybrid approach to meetings. Allowing only essential Committee/Board members for formal decision-making (for quorum) to be present within the physical meeting room. With other attendees attending the meeting remotely to ensure a safe meeting environment prevails. Hybrid meetings are being managed on a case by case basis to ensure that they continue to be socially distanced yet quorate. We continue to review the operation of hybrid meetings to ensure they are working appropriately. With this consideration in place the plan is to continue to accommodate Board meetings at Summer Lane up to a maximum of 16 if social distancing remains in place) or off site where Board meetings have a higher membership.	Governance				TBC	Sep/Oct 2021	Reduce/Treat	We will continue to monitor national guidance on this from Govt and the LGA and work with the Met Authorities to maintain a consistent approach where possible. The Regulations on remote meetings expired on 7th May. Although the High Court challenge of professional bodies representing local government legal and professional officers seeking to continue with remote meeting was unsuccessful, it is likely that the government will review the position of the legislation in the next year. Until such time as the legislation is revised meeting attendance will continue to be managed on a case by case basis with the support of the Assets Team.	Ongoing	↔	Nov/Dec 2021	Financial Operations Delivery Legal /Regulatory	
SRR-0011-Previously 509	Director of Productivity and Skills/ Interim Head of HR	Operations	4	4	16	Capacity of Leadership Team	Due to potentially challenges in recruitment coupled with excessive workloads which may be exacerbated by the on going Pandemic	There is a potential risk that the capacity of the Leadership team may not be sufficient to enable business decisions to be made in a timely manner. This risk may be exacerbated by the departure of two of the three Statutory Officers for the CA if those vacant positions are not filled in a timely manner. Please refer to risk ref SRR-0005a for information on Covid 19 effects and response.	Resulting in difficulties in the WMCA's ability to achieve delivery of the organisations priority activities. Leading to potential delays in delivery.	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. Continued oversight of all functions is maintained by the CEO with weekly individual and Leadership Team review meetings to enable early intervention. 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. An Integrated Performance Management Framework has been established to provide SLT with early trigger warnings affecting delivery. A programme of Business Transformation is underway to improve the efficiency and effectiveness of the CA. An interim Director of Law and Governance took up post during the 1st week of May 2021 and has completed a full handover with the existing Director - Law and Governance. An interim CEO has been appointed and took up post on 14th June 2021, a recruitment plan in place with anticipated permanent posts appointed for November '21. Interim arrangements are also now in place to cover her role as MD For Transport for West Midlands following an appointment in July. Interim arrangements for both of the above roles will remain in place until the permanent candidates take up their role, this provides a level of continuity, additionally in the case of Director of Law and Governance there has been a commitment to support a handover period.	Operations	3	4	12	6	Sep/Oct 2021	Reduce/Treat	Close working arrangements in place with member authorities in order for all parties to provide mutual support as required. Following appointment of an Interim Director of Law and Governance who took up post during the first week of May, plans are now underway for recruitment of a permanent replacement for the role later in the year. There is an ongoing review of governance also to enable decision making and cross authority process works to best efficiency. There is an increased focus on resourcing in the following areas: HR, Commercial & Investment and Strategy. Workforce and succession plan will be in place for end of September and will focus on specialist skills and recruitment plans, this risk can now be managed.	Feb-22	↔	12	Nov/Dec 2021	Delivery Staff
SRR-0012-Previously 513	Director of Housing and Regeneration / Managing Director TWMM	Operations	4	4	16	WMCA Resilience	There is a possibility that irregular events and circumstances affecting WMCA services, buildings and facilities may disrupt operations and activities. Unexpected events or operating conditions.	Meaning that WMCA may not be able to respond in an effective and timely manner to events that have the potential to disrupt operations and activities, causing service outages. This potentially that WMCA cannot respond in an effective and timely manner to events that disrupt transport network operations and activities.	Which may lead to the potential of negative impacts on operational delivery and communication throughout the organisation. Impact on service delivery which may lead to financial loss (or failure to realise expected benefits or funding) reputational damage, service outages, legal or regulatory breach	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. Hybrid working arrangements and increased resilience from communications methods put in place as a result of remote working have provided mitigation of some of these effects. An incident management team and out of hours On Call arrangements are in place with alternative workspace identified at alternative WMCA locations. Independent review by Internal Audit provided 'substantial' rating for corporate business continuity arrangements. Raising business continuity awareness and embedding the programme within the business. Consistent messaging and comms throughout organisation. Establishment of multi agency partnerships with monthly progress updates and review of risk exposure. Major event emergency planning and associated governance structure to review on an ongoing basis.	Operations	3	3	9	6	Sep/Oct 2021	Reduce/Treat	Raising business continuity awareness and embedding the programme within the business, a 'task and finish' group has been established which is being led by the FM team to review and refresh our business continuity key documents. A new 'all staff updates' messaging service has been established in teams and a new business continuity teams site is being established with ICT. All incidents are now reported to CMT as part of the 'organisational health' dashboard and share with 'Security Steering Group'. FM are now working closely with Network Resilience to share best practice on TWMM plans. ICT to review disaster recovery plan to ensure consistency between ICT and operational requirements are met and to update following Covid-19 and in light of the new remote working policies and procedures. WMCA FM Team are working on an updated Business Continuity Plan and ICT are now working with FM as part of the 'task and finish' group for this to look at the IT DR plan in conjunction with business requirements Phase 2 of the Business Continuity Strategy is the review and refresh of the 16 Summer Lane emergency plan (over Q3 2021) Phase 3 of the plan is the development of a wider corporate and organisational resilience plan (Q4 2021)	Ongoing Q4 2021/22	↔	9	Nov/Dec 2021	Service Delivery Reputational Damage Legal/Reg Breach

SR8-R013 Previously 508	Head of Communications / Senior Leadership Team	Programme Delivery	4	5	20	Reputation	<p>Failure to adopt effective and efficient processes including clear and effective communications strategy</p> <p>Where the WMCA has significant monetary investment and proposals run by partners, for example the Commonwealth Games, or parts of the transport network, 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>External political and economic uncertainties may potentially contribute to residual risk.</p>	<p>Leading to the potential of negative media coverage and poor stakeholder perception. Resulting in the possibility of reputational damage to the WMCA.</p> <p>Delivery gaps</p>	<p>An organisational communications strategy is due to be approved by SLT and will be regularly reviewed. The communications strategy outlines principles, objectives, channels and delivery etc of robust communications. The communications department is engaged in all business activity (including key groups such as CWS &amp; Directorate groups), providing regular liaison with the Mayor's office to ensure pro-active and consistent messaging is delivered by all, at all times.</p> <p>Head of Communications and all WMCA spokespersons provided with media training.</p> <p>Regional Communications Group established ensuring the sharing of best practice and to facilitate strong relationships with key partners.</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> <p>24/7 Media Office is available.</p>	Reputational	4	2	8	8	Sept/Oct 2021	Reduce/Treat	<p>Communications strategy is reviewed regularly to ensure it is consistent with the organisation's corporate objectives.</p> <p>Ensure that major regional initiatives e.g. Commonwealth Games have clear and transparent governance arrangements in place.</p> <p>SLT are taking on responsibility for ensuring positive relationships with key partners.</p> <p>Building better relationships with journalists and a continuous programme of staff training to ensure they are delivering best practice.</p>	N/A	↔	8	Nov/Dec 2021	Political Stakeholder
SR8-R014 Previously 507E	Managing Director, TWMM	Programme Delivery	4	4	16	Delivery Commonwealth Games Regional and Spectator Transport Operations (TWMM)	<p>Failure of the WMCA to secure adequate financial resources.</p>	<p>The BAU Public Transport Network and it's recovery period as a result of COVID-19 (medium/long term) may not be sufficient to support proposed Public Transport strengthening plans. Potentially resulting in delivery challenges and reputational damage to the CA.</p>	<p>TWMM chairs the multi-agency joint Transport Group (JTG) which includes relevant central Government departments (DfM, DfT), Local Authorities and the CA. WMCA CEO and TWMM MD are members of the Chief Executive Officers Group (CEO) for the Games. Budget for Transport Operations was agreed with HMG as part of its Major Project Review Group and TWMM continues to work in partnership with B2022 to develop and deliver a successful transport operation across the region for Spectator for Games time. An integrated Transport Programme, cost plan and financial management processes have been developed that supports the formal funding agreement and progresses the delivery of operations that fall under TWMM's remit for Games. COVID-19 impacts have been assessed and QRAs are being validated to ensure relevant contingency can be drawn down if required.</p>	Reputational	3	4	12	8	Sept/Oct 2021	Reduce/Treat	<p>We are continuing to work in partnership with Government, the Organising Committee, Birmingham City Council, other authorities and operators to ensure a successful Games for the region. The impact of COVID-19 on this programme of work has been reviewed and is reflected in the risk scoring. We are assessing and mitigating these impacts/risks through the programme and cross-partner as part of the Games Governance. The recovery of the PT Network and it's resilience for games time operations is being considered alongside development of Games time service levels to ensure mitigations planning as we progress towards delivery in 2022.</p>	30/06/2021	↔	12	Nov/Dec 2021	Delivery/Programme
SR8-R015 Previously 514	Director of Inclusive Growth and Public Service Reform/CEO	Programme Delivery	5	5	25	Delivering the 2041 Carbon Budget reduction	<p>Due to a variety of challenging and uncertain structural and operational factors - including the pace of transition within key industries and sectors, and the scale of government investment and legislation.</p>	<p>There are profound implications for the region as part of a headline global risk of severe warning which evidence suggests will be costly in human and economic terms. The potential impacts are:</p> <ul style="list-style-type: none"> <li>contributing to climate change with potential for extreme weather events;</li> <li>contributing to effect adversely the health of the population by increasing symptoms of respiratory (e.g. asthma) and cardiovascular disease (e.g. lung cancer, strokes, heart disease) in some cases leading to death. Air pollution can also impact on NHS resources e.g. increase hospital admissions.</li> <li>contributing to lower productivity in the region due to work absence for health reasons</li> <li>exacerbating health inequalities as certain groups in society are more susceptible to high levels of air pollution e.g. elderly, children, those with disabilities, lower income groups who tend to live in urban areas near roads</li> <li>Potential disruption to supply chains.</li> </ul> <p>This is a collective regional commitment (relevant across the three LEP areas) is underpinned by a number of pre-conditions and determinants that are outside of WMCA's direct control.</p>	<p>A climate change strategy has been developed and priorities identified through a paper presented to the CA Board in June 2020 (WM2041: a programme for implementing an environmental recovery). Actions from this paper are now being taken forward and a Five Year Plan was presented to the CA Board and agreed in March, outlining the actions that will be required from 2021-2026 to stay on course for net zero by 2041. As part of the approval of the Five Year Plan, budget was provided to create 5 new roles for the Environment Team and five new roles for Energy Capital. This will significantly enhance our ability to deliver against the programme's targets.</p> <p>Supporting progress with sustainability partners in aligning the five-year budget cycles required under the UK Climate Change Act.</p> <p>TWMM 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. The new Movement for Growth strategy will have carbon as a key consideration in future transport measures. The Environment Team is also working with other parts of the CA (including Housing and Land and Productivity and Skills) to ensure that net zero is embedded across the CA's work.</p>	Economic	2	5	10	10	Sept/Oct 2021	Reduce/Treat	<p>The next steps for the delivery of the climate change work will be to develop a Five Year Action Plan (there will be 4 of these in total, up to 2041). This will set out clearly the policies and investments required to adhere to the carbon reduction timetable. This was presented to the CA Board in March (and approved), along with the actions that need to be taken to start delivery of the plan. Next steps are to implement this plan.</p> <p>We continue to press the Government for additional funding for the work on energy and environment in connection with any review of public spending.</p> <p>Additional resourcing of both the work and the team will be important for delivery as we go forward, although there should be recognition of the additional 10 roles that have been recruited to that will enable an accelerated delivery of the work in the Five Year Plan than would otherwise be the case. The Five Year Plan has identified an initial figure of £4.7bn of investment required to 2026. This is not all financing that will be required by the public sector.</p>	2026	↔	10	Nov/Dec 2021	Environment at People
SR8-R016 Previously 507D	Investment & Commercial Activities Director	Programme Delivery	4	4	16	Delivery - West Midlands SG	<p>Due to uncertainties around the continued funding for WMSG and its complexities as a multi-stakeholder project which is part of the national TestBeds and Trials programme within DCMS.</p>	<p>There is managed potential 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 risk of supply and demand that will be needed to realise maximum economic and social value for the region.</p> <p>Additionally as WMSG has currently no secured guaranteed funding in place beyond March 2022, there is a possibility that continued delivery can not be guaranteed beyond March 2022 if alternative funding is not secured.</p>	<p>Potential resulting in the delivery failures and the need to wind down WMSG if alternate funding is not secured impacting on Staff, Skill levels within the CA. Operational impacts beyond the SG Team caused by the skill gaps created if there are staff losses.</p> <p>With a low potential of reputational impact. There is a significant potential Financial Loss for two reasons: 1. If no further funding is received to continue the work of WMSG, then the start up costs have not been spread over many years. 2. Any future digital initiative that could have utilised the WMSG skill and knowledge base would need to incur new start up costs.</p>	Delivery	2	4	8	6	Sept/Oct 2021	Reduce/Treat	<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> <p>WMSG is funded until March 2022. A plan is being put in place to address potential staff retention issues as it is important to retain focus on delivering results in the 2022/23 year.</p> <p>Partial funding has been identified and we continue to explore funding sources to retain functionality post March 2022</p>	30/10/2021	↔	8	Nov/Dec 2021	Operations Reputation
SR8-R017 Previously 507F	Director of Housing and Regeneration	Programme Delivery	4	4	16	Delivery Milestones - Housing and Regeneration	<p>Funding secured from HMG for housing and land delivery programmes is subject to robust monitoring and governance. Failure to comply with HMG and WMCA governance</p>	<p>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 and the Housing and Land Board are regularly updated on progress. This is a risk the Combined Authority does not control, with a consequence for securing continuing funding, support and confidence from Whitehall to achieve the Combined Authority's outcomes.</p> <p>In addition, there are potential consequences for developer investment, alongside 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 and other requirements of recent funding awards such as Brownfield Housing Fund and the National Brownfield Fund recently secured. This includes updates on Local Plan progress and delivery of housing and wider inclusive growth ambitions in the region. The Single Commissioning Framework approved by the WMCA to guide deployment of devolved housing and land funds and its associated gateway process is used by WMCA to ensure value for money, risk management, effective due diligence and robust reporting to HMG. It ensures WMCA is intervening where there is demonstrable market failure to secure additional and wider inclusive growth objectives. Additional checks and balances have been included in the governance process during the pandemic period and following recent internal audits and testing by external consultants to ensure the appropriate risk analysis and assurances are in place. Securing additional funding via the Brownfield Housing Fund (£8bn over 5 years announced in July 2020) and National Brownfield Fund (£24bn) provides further security of delivery.</p> <p>The WMCA, its local authority partners and business sector representatives are currently co-developing a number of business cases to HMG to secure further funding and support, as commissioned by the Housing and Land Delivery Board. This builds on the approved Covid-19 recovery plan which assessed and analysed the challenges and opportunities brought about by Covid-19 and a series of interventions, including asks of HMG to mitigate risk and maximise public value.</p> <p>Regular dialogue with civil servants to establish WM progress, provide assurance of delivery and secure further opportunities for funding programmes.</p> <p>Development of stakeholder engagement tools and engagement plan for Whitehall</p> <p>Close working relationships with Members and Officers at local authorities especially on priority projects and sites</p> <p>Communications plan for Housing &amp; Regeneration to ensure consistent messaging and that LAs and other partners are included and engaged in relevant work.</p> <p>Recent measures adopted include:</p> <ul style="list-style-type: none"> <li>Introduction of Site Pack for LA &amp; Developer awareness, promotion and consistent messaging.</li> <li>Updated SCF Brochure for new development partner awareness/marketing.</li> <li>Single document of priority housing and regeneration projects for each council</li> <li>Roll out of Delivery &amp; Spend programmes for continued monitoring across all successful applications</li> <li>Roll out of individual Risk Registers on all projects, providing early engagement and efficient mitigation measures with all relevant stakeholder from conception to completion.</li> <li>Increased team capacity and experience, including additional external specialist support, to deliver timely, effective and continued monitoring of the SCF process and delivery of successful applications.</li> <li>Improved due diligence processes and procedures during the SCF application process</li> <li>New business process reported in real time</li> <li>Funding Schedule monitoring group</li> </ul>	Delivery	1	4	4	4	Sept/Oct 2021	Reduce/Treat	<p>Continued dialogue with civil servants to establish WM progress, provide assurance of delivery and secure further opportunities for funding programmes</p> <p>Development of a regional investment prospectus with local authorities, West Midlands Growth Company and LEPs to maximise private sector investment into key projects and programmes</p> <p>Development of stakeholder engagement tools and engagement plan for Whitehall and private sector investors and developers</p> <p>Continue 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 &amp; Regeneration to be further developed to ensure consistent messaging and that LAs and other partners are included and engaged in relevant work.</p>	Ongoing	↔	4	Nov/Dec 2021	Benefits Realisation Environment at Programme Delivery Stakeholder Skills Reputational
SR8-R018 Previously 510	Managing Director, TWMM & Director of ITS	Operations	2	4	8	Health & Safety	<p>Failure of the WMCA to adopt and embed adequate Health &amp; Safety arrangements</p>	<p>Health &amp; safety duties are delivered to ISO45001 standard with ongoing compliance externally assessed 6 monthly.</p> <p>Audit &amp; inspection of all assets undertaken against set schedule to ensure H&amp;S compliance is maintained.</p> <p>Failure to provide a safe environment for 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 &amp; a number of project construction sites with the growing number of infrastructure projects in delivery.</p>	<p>Health &amp; safety obligations are considered in the development of all projects and programmes.</p> <p>Strategic and operational Safety, Health, and Environment (SHE) committees established providing operational and Director engagement.</p>	Health & Safety	2	3	6	4	Sept/Oct 2021	Reduce/Treat	<p>Ongoing engagement with all WMCA departments to ensure adherence of H&amp;S policies by all. Development of policies, procedures and guidance as necessary to ensure suitable and sufficient H&amp;S implemented for all areas of the WMCA portfolio.</p> <p>Immediate engagement with emergency services and/or HSE to provide pro-active management of H&amp;S incidents.</p> <p>Expansion of scope of ISO45001 accreditation to incorporate all WMCA activities.</p> <p>Covid 19 response: Covid-19 Risk Assessments have been produced for all operational environments, with particular attention paid to Transport Operations as the network re-mobilises. Operational Guidelines have been produced for Transport Operations setting out operational norms. Further enhancements to DSE processes introduced to assist staff with Remote Working including the supply of ergonomic equipment if required. Latest HM Government guidance has been reviewed and feedback provided on its application within the organisation. Guidance has been produced setting out the management framework and procedure for "Covid-19 Secure" safe workplaces. H&amp;S impacts to de-mobilisation and re-mobilisation of projects due to Covid-19 continue to be considered, working closely with stakeholders to ensure ongoing compliance with Covid-19 requirements. Ongoing work with 16 Summer Lane Working Group in relation to the recovery of 16 Summer Lane including production of Covid-19 Secure Risk Assessment.</p>	Ongoing	↔	8	Nov/Dec 2021	Reputational legal People Staff
SR8-R019 Previously 520	Investment & Commercial Activities Director / Senior Leadership Team	Programme Delivery	4	5	20	Investment Programme Delivery - Reputational Impact	<p>Due to uncertainties created by the use of Delivery Partners/Delivery Bodies to deliver Projects/Programmes wholly or partially funded by WMCA Investment Programme. This risk may also be exacerbated if robust monitoring is not in place.</p>	<p>There is a risk that the Delivery Partners/Delivery Bodies may fail to deliver the full agreed scope of the Project/Programme, due to circumstances beyond their control. And this may not be identified early on and appropriately mitigated if monitoring mechanisms are not robust.</p>	<p>Monitoring Arrangements in place with Delivery Partners to ensure timely monitoring and reporting.</p> <p>WMCA assurance framework is in place and resources being bolstered.</p> <p>Progress of financial contributions monitored to enable coverage of all WMCA successes or early intervention of possible challenges. Recruitment of a dedicated Investment Programme Monitoring and evaluation team is underway with completion planned in Autumn 2021.</p> <p>Funding agreements now in place with most Delivery Partners.</p> <p>A Senior Portfolio Manager has joined the CA during September and will enhance the ability of the CA to monitor the delivery by Delivery Partners/Delivery Bodies.</p>	Programme Delivery	2	5	10	6	Sept/Oct 2021	Reduce/Treat	<p>Improved standards of project initiation, development, delivery and monitoring/oversight through the Single Assurance Framework (SAF) which is being rolled out through a phased implementation plan.</p> <p>A new Monitoring Officer is due to join the CA by December 2021 and this will further enhance/support the ability of the CA to monitor the delivery by Delivery Partners/ Delivery Bodies.</p>	31/12/2021	↔	10	Nov/Dec 2021	Reputation
SR8-R020 Previously 507C	Director of Productivity and Skills	Programme Delivery	3	4	12	Reputation risk - Adult Education Budget	<p>There is a risk of reputational damage if there is not enough evidence to show that the WMCA AEB funding has been used effectively to support residents into meaningful jobs.</p>	<p>Devolution of AEB represents a significant opportunity to demonstrate the impact of local control of skills funding on communities and jobs, through the ability to align £130m p.a. of skills funding to better meet the needs of residents and businesses.</p> <p>There is a risk that providers may at times not be able to respond to changing demands to deliver what is needed, meaning that residents will not have the offer they need.</p> <p>There is a risk that poor tracking and data collection will limit our ability to demonstrate the impact of funding being reconsidered altogether or control of funding/delivery transferred.</p>	<p>Delivery could be impacted if providers are either unable to respond to the changing skills landscape or unwilling to implement training aligned to our priorities.</p> <p>Possible reputational damage amongst government departments and officials, and local providers, if there is a failure to have adequate impact through delivery across the region. This could ultimately impact future devolved funding into the region.</p> <p>Failure to discharge our legal obligations to ensure statutory entitlement provision is available to WM residents.</p> <p>Although very unlikely to ever occur, failure to deliver adequate impact &amp; results could lead to devolution of funding being reconsidered altogether or control of funding/delivery transferred.</p>	Delivery	2	2	4	4	Sept/Oct 2021	Reduce/Treat	<p>Priorities for AEB agreed as set out within the Regional Skills Plan with further local tailoring agreed with local authorities. There has now been two full years of delivery, although disrupted by Covid, this has shown that the CA is able to manage the procurement, contracting and performance management approaches required to deliver.</p> <p>Where gaps in provision against priorities have been identified revised agreements with grant funded and contracted providers are taking place to identify how they can be addressed – through flexibilities and a tighter focus on certain priorities.</p> <p>Approximately £100m will continue to be Grant funded to local authorities and local colleges and delivery agreements are in place to ensure how funding will be used to meet regional and local priorities. The remainder of provision has been secured through competitive tenders and awarded to a range of private and voluntary organisations.</p> <p>The Productivity and Skills team have reviewed service levels and requirements with corporate service teams to ensure that the appropriate resource is scheduled to support the business needs.</p> <p>AEB Audit draft report shows three amber recommendations for respectively the Finance, Legal and Strategic Risk corporate services. On two of these recommendations, action points are already in progress to be implemented. Additional green recommendations on the AEB operational risk approach and Payment Sign-off meetings.</p>	Ongoing	▼	6	Nov/Dec 2021	Regulatory/legal Governance Funding Reputational Financial

SRR-R0208 Previously S07C	Director of Productivity and Skills	Programme Delivery	3	4	12	<b>Covid 19 effects and response to risk</b> - Reputational risk - Adult Education Budget	Covid 19 may exacerbate delivery challenges of the AEB	There is a limited risk that AEB delivery targets will not be achievable due to the necessary closure of training providers following a possible next lockdown and also the reluctance of some adults to attend college thereby limiting the ability of the fund to support recovery. However most providers have been able to shift to other models of delivery during the various lockdowns, meaning that even though further lockdowns appear unlikely, providers have learned lessons and will be able to continue service delivery. There may be further implications for AEB delivery through providers with any new measures implemented such as compulsory vaccinations for students which may impact their ability to access services funded through the AEB.	Possible Reputational damage if there is any further impact from Covid on providers and their ability to deliver, either face to face or virtual learning, leading to a potential failure to deliver provision requirements and have the impact across the region we aspire to aligned to our objectives. There may be an impact on residents and their ability to access AEB funded courses if there are conditions attached such as compulsory vaccination with a knock on in terms of delivery through AEB funded providers.	Provision has been reconfigured in a number of cases to provide a response to the current situation enabling providers to deliver a different set of provision. Close monitoring is taking place as we see how the new arrangements, social distancing and peoples views will affect participation. Support for providers – flexibilities in delivery and continued grant payments to colleges and LAAs Ensuring current learners continue to be engaged and supported to learn Planning for a summer term offer that will enable people to start learning when lock down eases. Delivery plans for September 2021 onwards are being agreed now to give certainty of funding levels allowing providers to plan.	<b>Delivery</b>			0	see SRR-R0208	Sep/Oct 2021	Reduce/Treat	Continued engagement with training providers to support their response and to recovery. Implementation of planning for a summer term offer and support of a strong offer throughout the year for 21/22 including flexible delivery models and multiple enrolment options.	Ongoing			Nov/Dec 2021	Regulatory/legislation/Governance Funding Reputational Financial
SRR-R021	Director of Finance	Financial	4	5	20	<b>Financial resilience of WMCA to absorb fiscal shocks</b>	Reduced levels of reserves / resources which are available to deal with fiscal shocks.	The revenue budget in recent years has been supported by reserves and other one off resources. The nature of this funding limits the degree to which WMCA is able to quickly direct funding towards specific priorities (or changing priorities) and also reduces the extent to which WMCA has the financial capacity to effectively deal with fiscal shocks, examples being the recent pandemic and related / unrelated escalations in revenue and capital initiatives.	Potential to force the requirement to divert funding from other regional priorities.	In the case of the pandemic, WMCA have effectively lobbied Government for additional funding for key priorities. Those opportunities to fund excess cost are now being withdrawn by Government. Other options to absorb fiscal shocks may involve the reprioritisation of activity, including the use of earmarked reserves to support the organisation, which will impact on the delivery of regional priorities.	<b>Financial</b>	4	5	20	10	Sep/Oct 2021	Reduce/Treat	Continuing to lobby Government on a long term financial settlement	31/12/2022	New	New	Nov/Dec 2021	Reputational Delivery



West Midlands  
Combined Authority

# ARAC High-level Strategic Risk Update – November 2021

Victoria Harman – Strategic Risk Manager  
Finance & Business Hub

Page 3	WMCA Strategic Risk Heat Map
Page 4	WMCA Strategic Risk Trend (graph)
Page 5	WMCA Strategic Risk Trend (detail)
Page 6	Key Changes Due to New Scoring Framework
Page 7	Key Material Changes Since June 2021 Review
Page 8	Strategic Risk Management Framework Rollout Progress
Page 9	Strategic Risk Management Framework Rollout Next Steps

# WMCA Strategic Risk Heat Map

Current Threats						
Likelihood	5	Very high	0	1	2	3
	4	High	0	1	0	5
	3	Medium	0	0	1	3
	2	Low	0	1	1	1
	1	Very low	0	0	0	1
			1	2	3	4
			Minimal	Minor	Significant	Major
			Impact			
			5			

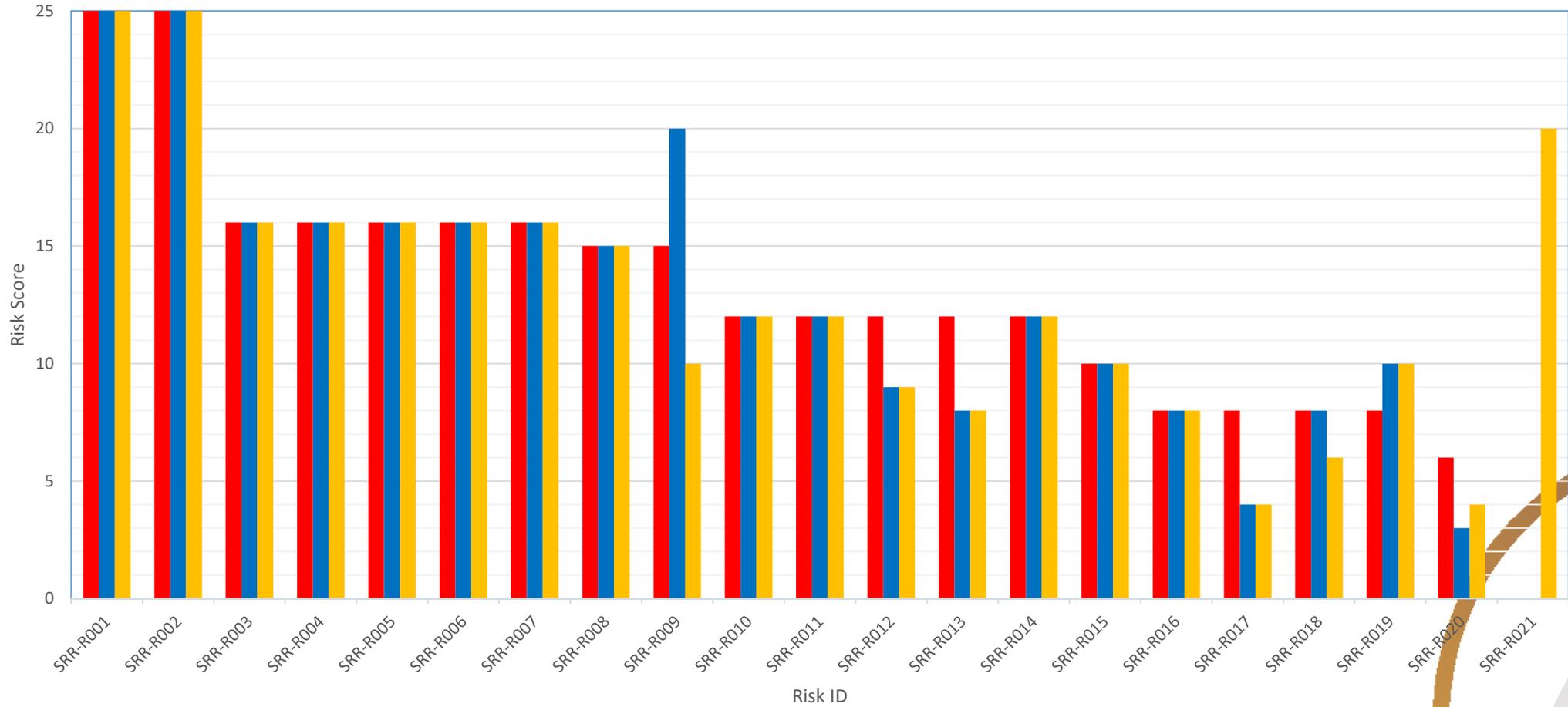
Threat Rating	Score Range	Count
Limited	1-5	2
Medium	6-12	9
Very High	15-25	10
<b>Total</b>		<b>21</b>

There are 9 Very High Rated Risks :

Risk ID	Risk Name	Residual Risk Score
SRR-R001	Financial Assumptions for Investment Programme	25
SRR-R002	External Factors	25
SRR-R003	Data Protection & Protective Security	16
SRR-R004	Stakeholder & Political Relations	16
SRR-R005	Capacity and Capability	16
SRR-R006	Overall Delivery of Devolution Objectives	16
SRR-R007	Longer term economic impact of Covid-19 on bus service provision.	16
SRR-R008	Commerciality	15
SRR-R021	Financial resilience of WMCA to absorb fiscal shocks	20

# WMCA Strategic Risk Trend

Risk Trend



# Risk Trend Detail

## 9 Very High rated residual risks (scoring 15-25)

- 8 of which have remained static in the last 3 review cycles.
- Risk mitigation strategies for all risks with a Very High residual rating have been carefully reviewed by individual risk owners during October and will be reviewed by SLT collectively during November for adequacy.
- Risks are monitored on a bi monthly basis by individual risk owners and SLT.

## 1 Previously Very High rated residual risk has reduced to Medium

- **SRR-R009 (Previously S12)** -Project / Programme Appraisal & Assurance - Ensuring Compliance to National Devolution Commitments. Following the introduction of enhanced mitigants the likelihood of this risk has reduced.

## 10 Medium rated residual risks (scoring 6-12)

- 4 of which have reduced in materiality during the last 3 review cycles. All risks have mitigation plans in place and are reviewed by individual risk owners and SLT on a minimum of bi monthly basis.

# Score Changes Due to New Scoring Framework

Changes in Residual Risk score due to updated scoring system within the new framework

RISK Name	Previous score			Current Score			Score Trend	Current Risk Rating
	Likelihood	Impact	Overall Score	Likelihood	Impact	Overall Score		
<b>SRR-R012</b> - WMCA Resilience	3	4	<b>12</b>	3	3	<b>9</b>	↓	Medium
<b>SRR-R013</b> Programme Delivery	3	4	<b>12</b>	4	2	<b>8</b>	↓	Medium
<b>SRR-R017</b> Delivery Milestones - Housing and Regeneration	2	4	<b>8</b>	1	4	<b>4</b>	↓	Low
<b>SRR-R019-</b> Investment Programme Delivery - Reputational Impact	2	4	<b>8</b>	2	5	<b>10</b>	↑	Medium
<b>SRR-R020</b> - Reputation risk - Adult Education Budget	2	3	<b>6</b>	2	2	<b>4</b>	↓	Low

Page 36

# Key Material Changes Since June 2021 Review

RISK ID & Name	Change	Details	Score Trend
<b>SRR-R009 (Previously S12)</b> - Project / Programme Appraisal & Assurance - Ensuring Compliance to National Devolution Commitments	Score change from 20 (4x5) to 10 (2x5).	Due to introduction of enhanced mitigations the likelihood of the risk materialising has reduced.	↓
<b>SRR-R018 (Previously S10)</b> - Health & Safety	from 8 (2x4) to 6 (2x3)	Impact reduction based on existing mitigants being embedded.	↓
<b>SRR-R021</b> - Financial resilience of WMCA to absorb fiscal shocks	New Strategic Risk Added	Financial resilience of WMCA to absorb fiscal shocks. A mitigation plan is in place to address this risk.	N/A New Risk

# SRMF Rollout Progress

## Framework Development Approval Steps - Regular Progress Reporting to be Provided to ARAC

- SLT Approval obtained (meeting date 28<sup>th</sup> April 2021) – **Completed**
- Develop risk tools training & Awareness materials May –June2021 – **Completed**

## Baseline & Risk Maturity Review / Raising organisational awareness

- Launch Communications – Commencing July 2021 to include:
  - Managers Briefings - **Completed**
  - Spotlight - **Completed**
- Launch of Framework & Roll out of Training From **July-October 2021 – Complete**
  - Learning Pool training - **Complete**

## Embedding

Align Strategic Risk Register (SRR) with new risk management framework begins July 2021 - **Complete**

- Aligned SRR to SLT for review August/September 2021 – **SLT 1<sup>st</sup> September Complete**
- Aligned SRR to ARAC – Scheduled for 2<sup>nd</sup> November, report & SRR submitted - **Complete**

## Provision of supporting tools, facilitating standardisation

- Basic Risk Register Template available from 1<sup>st</sup> July 2021 - **Completed**
- Risk Escalation Process & Template available from 1<sup>st</sup> July 2021 – **Completed**

# SRMF Rollout Next Steps

## Framework Development Approval Steps - Regular Progress Reporting to be Provided to ARAC

- ARAC Review & Approval (meeting date 28<sup>th</sup> June 2021) – Approval will be via WMCA Board noting 29<sup>th</sup> September minutes from ARAC – Scheduled for November 2021

## Baseline & Risk Maturity Review / Raising organisational awareness

- Base Lining / Gap analyses (Risk Maturity review) remediation plans to be in place by Jan 2022 – Risk Maturity Assessment Drafted to be circulated in November 2021
- ARAC Training – Due for completion by end December 2021

## Embedding

- Training facilitates Organisation wide compliance with the SRMF - expected by 1<sup>st</sup> February 2022
- Followed by embedding period completed by End of May 2022

## Conformance Testing Following Embedding

- Organisation conformance testing to be completed by 31<sup>st</sup> July 2022 in line with Audit Issue 2.4

This page is intentionally left blank



## **Audit, Risk and Assurance Committee Meeting**

<b>Date</b>	2 November 2021
<b>Report title</b>	Internal Audit Update – November 2021
<b>Accountable Chief Executive</b>	Laura Shoaf, Interim Chief Executive
<b>Accountable Employee</b>	Satish Mistry, Interim Director, Law and Governance
<b>Report has been considered by</b>	N/A

**Recommendation(s) for action or decision:**

**The Combined Authority Audit, Risk and Assurance Committee is recommended to:**

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**

- 9.1 None



# **West Midlands Combined Authority**

Internal Audit Update Report – November 2021  
2021-2022

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 2021 - 2022 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:

No Assurance	Limited	Satisfactory	Substantial
Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

## 2 Summary of progress:

The following internal audit reviews have been completed or are currently underway.

Auditable area	AAN Rating	Status and level of assurance	ARAC Meeting (indicative)
<b>2020-2021 Internal Audit Reviews previously reported (will feed into the 2021-2022 opinion)</b>			
Commonwealth Games Transport Plan – TfWM Governance and Management Arrangements	High	Final Issued - Substantial	June 2021
Risk Management	High	Final Issued - Satisfactory	June 2021
Digital Retraining Fund	High	Final Issued - Satisfactory	June 2021
Adult Education Budget	High	Final Issued - Satisfactory	September 2021

Auditable area	AAN Rating	Status and level of assurance	ARAC Meeting (indicative)
<b>2021-2022 Internal Audit Reviews previously reported</b>			
General Data Protection Regulations	High	Final Issued – Satisfactory	September 2021
<b>2021-2022 Internal Audit Reviews completed</b>			
Corporate Complaints Process (appended)	High	Final Issued – Satisfactory	November 2021
Freedom of Information	High	Final Issued - Substantial	November 2021
<b>2021-2022 Internal Audit Reviews in progress</b>			
TfWM COVID 19 Response – Management and Decision-Making Arrangements	High	Drafting report	January 2022
Single Commissioning Framework - Land Fund	High	Drafting report	January 2022
WMCA Key Financial Systems	High	Fieldwork in progress	January 2022
Dudley Interchange	Medium	Fieldwork in progress	January 2022
Longbridge Park and Ride Income Management and Charging Arrangements	Medium	Planning commenced (December 2021)	April 2022
ICT Strategy	High	Planned commenced (December 2021)	April 2022

## Summary

### Freedom of Information

Our review focused on the arrangements in operation for administration of Freedom of Information Act (FOI) and Environmental Information requests. The audit was based on assessment of current arrangements against the Information Commission Office (ICO) FOI self-appraisal checklist. The FOI Act 2000 provides public access to any recorded information held by public authorities in England, Wales and Northern Ireland.

We found no major issues, making green rated recommendations as enhancements to existing arrangements covering documentation of process guidance for internal employees, updating of information on WMCA website and including additional details within FOI request records. All recommendations were agreed for implementation by 30 November 2021.

3 *Forward plan for 2021-2022 scheduled audits*

Auditable area	AAN Rating	Quarter	ARAC Meeting (indicative)
Bid Management Framework	High	Awaiting WMCA response regarding rescheduling	
Local Industrial and Economic Strategy	High	Awaiting WMCA decision regarding deferral	
Affordable Housing Delivery Vehicle	High	Awaiting WMCA response regarding rescheduling	
WM2041 Delivery Programme (Environmental Recovery)	High	Deferred by WMCA – January 2021	April 2022
Inclusive Growth Investment Toolkit	High	4	April 2022
Investment Programme Monitoring and Evaluation Arrangements	High	4	June 2022
Adult Education Budget	High	4	June 2022

4 *Follow-up of previous recommendations*

Through an ongoing cycle of reviews, 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.

As part of a new working arrangement, the WMCA Internal Audit Liaison Officer will be undertaking the initial preparatory work for each follow-up review, obtaining progress updates, and supporting evidence as and when agreed implementation dates arrive. This is in support also of the WMCA management monitoring arrangements of progress with implementation.

Internal Audit upon referral from the Internal Audit Liaison Officer, will then independently review the progress and supporting evidence, and report accordingly on the progress made with implementation of recommendations. Ultimately, Internal Audit will retain the responsibility for determining if sufficient action has been taken.

Follow up action of the following reviews forms part of this ongoing cycle:

Auditable area	Overall Opinion	Agreed Actions			Number Implemented
		Red	Amber	Green	
<b>Completed (Internal Audit)</b>					
Devolution Deal Objectives and Financial Assumptions, including Business Planning (summary below)	Final issued - Satisfactory	-	2	-	Action still in progress
<b>In progress (Internal Audit)</b>					
Sprint Programme Management Arrangements	Substantial	-	-	4	Scheduled November 2021

Auditable area	Overall Opinion	Agreed Actions			Number
<b>In progress (Internal Audit Liaison Officer)</b>					
Third Generation Tram Procurement Project Management	Satisfactory	-	2	3	-
Midland Metro Limited Operational Transfer	Satisfactory		2	-	-
West Midlands Rail Limited - WMCA Governance and Management Arrangements	Satisfactory		3	-	-
<b>Forward plan</b>					
Programme and Project Management Framework	Satisfactory	-	3	-	-
WMCA Accessible Transport Services	N/A	-	4	2	-
Environmental Management System	Satisfactory	-	1	1	-
Human Resources Pre-employment checks	N/A	-	2	-	-
Procurement (Covid-19 Response)	Substantial	-	-	1	-
Harvesttime Project Management Arrangements	Substantial	-	-	5	-
Risk Management	Satisfactory	-	1	3	-
Digital Retraining Fund	Satisfactory	-	3	1	-
Commonwealth Games Transport Plan - TfWM Governance and Management Arrangements	Substantial	-	-	3	-
<b>Deferred</b>					
WMCA Governance Arrangements	Substantial	-	-	6	-
Employee Performance Management	Satisfactory	-	1	1	-



# West Midlands Combined Authority

## Final Internal Audit Report: Corporate Complaints Process 2021-2022

**Report Date:** 12 October 2021

**Report Distribution:** Pete Bond - Director of Integrated Transport  
Sarah Jones – Head of Customer Experience  
Lee Eteo – Customer Relations Manager  
Satish Mistry – Interim Director, Law and Governance  
Melva McKenzie - Governance Officer  
Gurmit Sangha - Data Protection and Information Sharing Officer

# 1. Executive summary

## Introduction

An audit of the corporate complaints process was undertaken as part of the approved internal audit plan for 2021 – 2022.

The management of formal complaints falls under the Customer Experience Team. For the period April to June 2021, five Stage 1 complaints had been received and three of these had progressed to Stage 2 of the corporate complaints process.

## 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 the corporate complaints process was operating effectively and in accordance with the WMCA’s documented Complaints Handling Procedure as well as adherence to relevant Local Government good practice.

Scope	Potential risks
<p>The scope of the audit covered:</p> <ul style="list-style-type: none"><li>• review of the WMCA policies and procedures around the management of complaints.</li><li>• review of the system and processes for logging complaints and tracking their progress.</li><li>• review of the allocation and resolution process to ensure key indicator targets are met.</li><li>• review of the stage two complaint process undertaken by the WMCA Monitoring Officer</li><li>• review of the process for reviewing and approving cases (if any) that are deemed to be unreasonable complainant behaviour.</li></ul>	<ul style="list-style-type: none"><li>• WMCA does not have acceptable standards for the management of their complaints.</li><li>• WMCA fail to respond to complaints in a timely manner resulting in a reputational risk to the organisation.</li><li>• Complaints are not allocated to the correct officer to provide a thorough and timely response.</li><li>• Ineffective use of resources where complaints have failed to be resolved during stage one.</li><li>• WMCA faces a reputational risk in not allowing legitimate complainants from making a complaint.</li></ul>

### Limitations to the scope of our audit

This review undertook high-level coverage of the above scope areas and sample testing of formal complaints received between April 2021 and June 2021. Reference was made to relevant Local Government good practice.

## Overall conclusion

Our audit provides **satisfactory** assurance over the adequacy of the controls reviewed as part of the process to mitigate risks to an acceptable level.

No Assurance	Limited	Satisfactory	Substantial
Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	<b>There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

## Key issues identified

We have identified three **amber** issues where improvements could be made, arising from the following:

- Details of how to make a complaint to the WMCA was not sufficiently detailed or accessible on either the WMCA or TfWM Websites.
- Documentation detailing the investigation undertaken and resultant outcomes and actions (i.e. service improvements) was not consistently held and in some case no longer held.
- Formal process, monitoring and record keeping covering lessons learnt from complaints investigation regarding identified service improvements was yet to be established.

In addition, we have raised three issues classified as **green** which is 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:

- The WMCA had established Complaints Handling Procedure and a Vexatious Complainant Policy.
- The Complaints Handling Procedure defined how complaints would be processed and by whom as well as who to contact and what information was required.

- The WMCA Vexatious Complainant Policy suitably reflected key points of good practice as outlined within the Local Government Ombudsman guide - Effective Complaint Handling.
- Stage 1 and Stage 2 processes were suitably detailed within the Complaints Handling Procedure.
- The TfWM Customer Experience Team (Customer Relations Manager and Head of Customer Experience) monitored progress of Stage 1 complaints using a dashboard facility within the Customer Relations Management (CRM) system.
- Stage 1 complaints reviewed received a response within the 10-day target set in the Complaints Handling Procedure.
- In accordance with the Complaints Handling Procedure, review of Stage 1 complaints confirmed that these had been referred to the Monitoring Officer as Stage 2 complaints for review and issue of a response to the complainant.
- The complaints reviewed that progressed to Stage 2 received a response within the 20-day target set in the Complaints Handling Procedure.

## 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. Findings and recommendations

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

### 1. Accessibility and communication

#### Finding:

Whilst procedure and policy were located through the search facility on the WMCA and TfWM websites, there was insufficient guidance and signage to easily direct customers and visitors on how to make complaints and access the procedure / policy directly creating a potential barrier in demonstrating openness and transparency. Neither the search facility or the contact us pages made any reference to complaints and how to make one. Good practice dictates that making a complaint should be simple, accessible, clear, and straightforward.

Testing of the sample of five formal complaints found that in two instances the complainant was not notified of how they could progress their complaint to Stage 2 of the complaint's procedure. In the remaining three, they were notified that they could progress to Stage 2. However, they were not provided with details of how to do this, instead they were given a link to the Complaints Handling Procedure on the website.

Further, the Complaints Handling Procedure located on the websites had not been subject to version control, did not indicate who approved the procedure or when it was to be reviewed. It is understood that the Complaints Handling Procedure was drawn up in July 2019 by the Customer Services Team and that it was approved at Director level, but this had not been evidenced.

#### Implication:

- Unnecessary barriers may limit accessibility leading to customer dissatisfaction with the WMCA's demonstration of openness and transparency and engagement.
- Lack of guidance may lead to an ineffective complaints process.
- Possible increase in unreasonable / vexatious calls if complainant believes they are being ignored

#### Recommendations:

- i. Accessibility and visibility on both the WMCA and TfWM websites regarding how a customer can make a complaint should be reviewed, taking remedial action to ensure making a complaint is simple, accessible, clear, and straightforward, and removing any potential barriers.
- ii. Complainants should be provided with, in the response they receive, greater and direct details and information on what the next stage of the process is, along with the details of who they need to contact to progress to the next stage (as well as links to relevant Procedure and Policy).
- iii. The Complaints Handling Procedure should be reviewed on a suitably regular basis. Where changes are made as a result of review, the revised procedure should be approved in accordance with the relevant WMCA governance arrangements and evidence of this retained
- iv. The Complaints Handling Procedure should include version controls, and review dates along with details of approval.

#### Agreed Actions:

- The Complaints Handling Procedure will update to show dual brands TfWM / WMCA and include reference to the work of TfWM on the front cover to make it easier for customers to understand its scope.
- The Complaints Handling Procedure will be made more prominent on both the TfWM and WMCA websites including on the Contact Us pages.
- Stage 1 Template letter will include a standard paragraph about the customer's rights in the next stage of the process along with contact details and link to further information.
- Stage 2 Template will include a standard paragraph about the customer's rights in the next stage of the process along with contact details and link to further information.
- The Complaints Handling Procedure is being updated as part of the wider recommendations and actions arising from the audit and will be taken to Corporate Management Team for approval before being published.
- Version control and review dates will be added to all future published versions of the Complaints Handling Procedure.

Some of the actions e.g., letter templates can be put in place quickly but those requiring formal sign off and design work before publishing will take longer. Target date reflects the cluster of actions

<b>Responsible Officer:</b> Lee Eteo - Customer Relations Manager	<b>Target Date:</b> 1 January 2022
<b>2. Retention of documents to support complaints</b>	
<p><b>Finding:</b>  Records regarding the investigation and management of complaints was inconsistently held and there was no central repository for such information. Documentation and evidence relating to Stage 1 complaints was held within the CRM System and documentation and evidence to support Stage 2 complaints was held within the Monitoring Officers' inbox (previous and current).</p> <p>Testing had also found that some email correspondence had been retained locally in personal email accounts. As these individuals had now left the organisation, it was not possible to recover these emails as evidence of actions taken to process / investigate complaints.</p> <p>We further noted that as monitoring was undertaken using the CRM system for Stage 1, this did not fully cover Stage 2.</p>	
<p><b>Implication:</b></p> <ul style="list-style-type: none"> <li>• Insufficient audit trail of key documentation to support the investigation and outcome of complaints</li> <li>• Monitoring may not cover all stages of the procedure</li> </ul>	
<p><b>Recommendation:</b></p> <ol style="list-style-type: none"> <li>i. A suitable mechanism for the central retention of both Stage 1 and Stage 2 related documentation and evidence should be established and made accessible to all officers involved in complaints.</li> <li>ii. Where the complaint is still within the timeframe to be referred to the Ombudsmen all information relating to Stage 1 and 2 complaints as applicable (including information in inboxes) should be transferred to the above mechanism.</li> </ol>	
<p><b>Agreed Actions:</b></p> <ul style="list-style-type: none"> <li>• A Complaints Proforma will be created and completed by the investigating officers for both Stage 1 and 2 formal complaints.</li> <li>• The Proformas will include details of the actions taken and evidence collated to resolve the complaint. Documentation obtained during the investigations will be attached to the Proforma.</li> <li>• When responses to either the Stage 1 or 2 complaint are sent a copy of the Proforma will be saved in the CRM System.</li> <li>• Any complaints that have been resolved but fall within the 12 period, will be reviewed to determine whether it is effective and efficient to retrospectively collate the evidence and save this information centrally.</li> </ul>	
<b>Responsible Officer:</b> Lee Eteo - Customer Relations Manager	<b>Target Date:</b> 1 December 2021
<b>3. Seeking Continuous Improvement</b>	
<p><b>Finding:</b>  Good Practice dictates that complaints should be used as a learning tool and that there is a process in place to capture lessons learnt to help both improve services and prevent the same issues arising again. Local Government Ombudsman covers this under one of the core elements of complaint handling: putting things right.</p> <p>It is understood that where improvements had previously been identified as a result of a formal complaint, they were raised verbally with the relevant service area. However, a formal process for recording and tracking these as lessons learnt to ensure action is taken to bring about improvement was yet to be developed.</p>	
<p><b>Implication:</b></p> <ul style="list-style-type: none"> <li>• Lessons learnt identified as a result of complaints may not be addressed leading to a failure to implement service improvements as well as reputational damage.</li> </ul>	

**Recommendation:**

- i. Where lessons learnt are identified following the investigation of a formal complaint details of these should be made in writing to the relevant service and a copy of this retained with the initial complaint.
- ii. An action log should be established to capture all identified lessons arising from formal complaints to record assignment to responsible officers within service areas, identification of required actions and monitoring of progress to ensure addressed.
- iii. A suitable reporting mechanism should be established to ensure that Senior Management are aware of the identified lessons learnt from the formal complaints received, and progress with actions being taken.

**Agreed Actions:**

- i. The Complaints Proforma being developed will include an “actions for service area” section. Details of the improvements or changes identified will be recorded here and an email will be sent to either the Head of Service of the Service Director detailing the improvements or changes identified.
- ii. An action log will be created to capture any remedial actions that need to be taken that are identified in the management of complaints.
- iii. The log and progress against actions will be reported to Corporate Management Team on a quarterly basis.

**Responsible Officer:**

Sarah Jones - Head of Customer Experience

**Target Date:**

1 January 2022

**Action is advised to enhance risk control or operational efficiency**  
**Green**

**4. Data sharing with third parties****Finding:**

We noted that the published Complaints Handling Procedure implies to customers that their consent will be obtained should their complaint information need to be shared with a third party. We understand that the Procedure does state that on occasion it may be appropriate for the third party to review the complaint under their complaints' procedure. However, clarity in this case and where joint investigations are undertaken regarding data sharing was required due to the wording used within the Procedure.

It has been confirmed by the Data Protection and Information Sharing Officer that legally we do not require a customers' consent to pass their information to a third party. This is because reliance is not being placed on Consent for the lawful basis for processing their information. Instead, reliance is placed on legitimate interest which legally allows for information to be passed on.

**Implication:**

- A customer whose details are referred to a third party may believe that WMCA has not complied with legislation as the published Procedure implies that consent will be obtained.

**Recommendation:**

- i. The Complaints Handling Procedure (including any acknowledgement and notification letters within that process) should clearly and correctly advise on any relevant data sharing arrangements to avoid any confusion.
- ii. The above action should be undertaken in liaison with and agreement of the WMCA's Data Protection Officer.

**Agreed Actions:**

- The Complaints Handling Procedure will be updated to remove the reference to “Consent” in respect of data sharing.
- The Privacy Notice will be reviewed and if necessary updated, to ensure there is clear and easy to understand information about sharing information with third parties with specific reference to complaints handling.
- Stage 1 and Stage 2 acknowledgement templates will be reviewed by the Data Protection Officer and best practice wording applied if identified.
- Stage 1 and Stage 2 outcome letters where the complaint has been referred to the third party for resolution will be reviewed by the Data Protection Officer and best practice wording applied if identified e.g. potential reference to Privacy Notice/how we process information.

**Responsible Officer:**

Lee Eteo - Customer Relations Manager and Gurmit Sangha - Data Protection and Information Sharing Officer

**Target Date:**

1 December 2021

**5. Vexatious Complainants****Finding:**

We found that the roles and responsibility for undertaking initial actions in the Vexatious Complaints Policy had not clearly been allocated.

While the policy stated in 5.2 that *‘the relevant member of staff will issue a warning to the complainant’*, it is not clear who would be classed as a relevant member of staff. This could cause confusion which may lead to an increased level of vexation.

**Implication:**

- Issues escalate unnecessarily causing a negative impact on officer wellbeing and a drain on officer resources and time.

**Recommendation:**

- The Vexatious Complainant Policy should be reviewed and revised to ensure that roles and responsibilities for taking initial actions, making decisions, and issuing warnings are defined and suitably assigned.
- The Vexatious Complainant Policy should be reviewed in conjunction with the officers who are likely to invoke the policy and a set of standard operating procedures should be drawn up that can be followed to ensure that the policy is correctly applied.

**Agreed Actions:**

The Vexatious Complainant Policy will be reviewed and revised in line with the recommendations this will be subject to version control and taken to Corporate Management Team for approval.

**Responsible Officer:**

Sarah Jones - Head of Customer Experience

**Target Date:**

1 January 2022

**6. Demonstrating Best Practice****Finding:**

Having reviewed the Local Government Ombudsman guide to Effective Complaints Handling and the WMCA current procedures and practices we noted several areas where enhancements could be implemented to demonstrate greater adherence to best practice.

These areas included:

- Communicating the rationale for the decisions taken to the complainant.
- Where appropriate notifying the Chief Executive and the Section 151 Officer of specific complaints.
- Detailing the nature of the complaint within Stage 1 holding letters.
- Formally acknowledging through a Stage 2 holding letter to the complainant that their stage 2 complaint had been received and would be investigated.
- Annual reporting to the public on complaint handling performance

We also noted that there was no documented internal standard operating procedure that states the steps that should be undertaken and what should be considered by the Officers when investigating the formal complaints.

In addition, it is understood that the officers dealing with the formal stages of the complaints process have not undertaken any formal training on how to deal with and manage complaints.

**Implication:**

- Adherence to relevant good practice may be difficult to demonstrate.

**Recommendation:**

- WMCA should take action to ensure that current practices are in line with the Local Government Ombudsman guidance covering the 5 key elements of complaint handling and the issues identified above:
  - Identifying and accepting a complaint
  - Defining a complaint
  - Investigating a complaint
  - Making and communicating a decision
  - Putting things right
- Standard operating procedure should be produced to reflect the above in support delivery of the Complaints Handling Procedure
- Formal training should be provided to all officers involved in the handling of formal complaints.

**Agreed Actions:**

- Where enhancements have been identified action will then be taken to implement the enhancement if it is felt these will improve the current process.
- A process map will be developed to show all internal stages of Stage 1 and 2 formal complaints.
- A training pack for people involved in handling formal complaints will be developed and all designated Officers will receive a copy of this.

**Responsible Officer:**

Sarah Jones - Head of Customer Experience

**Target Date:**

1 January 2022

**7. Reporting on Performance****Finding:**

Whilst Key Performance Indicators had been set, reporting on individual indicators was yet to be undertaken. Only the number of formal complaints received per month were reported to the Corporate Management Team. We noted that the performance information obtained from the CRM system showed the overall percentage rate of response but did not include a breakdown for each individual performance indicator.

However, testing found that the KPIs were being achieved:

- Four of the five Stage 1 complaints tested were responded to within 10 working days, in the remaining instance the complaint was passed to a third party who responded directly to the complainant.
- The three complaints progressed to Stage 2 were all responded to within 20 working days.

**Implication:**

- Sufficient performance management information was not provided to support service delivery and improvement

**Recommendation**

A review of current reporting should be undertaken to ensure that management information on all set KPIs is included and reported on a suitably frequent and regular basis at service area level and senior management level.

**Agreed Actions:**

A review will be carried out to determine the content, frequency, and circulation of reporting.

**Responsible Officer:**

Sarah Jones - Head of Customer Experience

**Target Date:**

1 December 2021

## 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.

Stage	Date
Draft issued	10 September 2021
Exit meeting	21 September 2021
Revised draft issued	22 September 2021
Final issued	12 October 2021
ARAC reporting date	11 October 2021
ARAC meeting date	2 November 2021

This page is intentionally left blank



**West Midlands  
Combined Authority**

## Audit, Risk & Assurance Committee

<b>Date</b>	2 November 2021
<b>Report title</b>	Internal Audit Charter
<b>Accountable Chief Executive</b>	Laura Shoaf, Interim Chief Executive Email: <a href="mailto:Laura.Shoaf@wmca.org.uk">Laura.Shoaf@wmca.org.uk</a> Tel: (0121) 214 7444
<b>Accountable Employee</b>	Satish Mistry, Director of Law and Governance Email: <a href="mailto:Satish.Mistry@WMCA.org.uk">Satish.Mistry@WMCA.org.uk</a> Tel: (0121) 214 7435
<b>Report has been considered by</b>	Not Applicable

### Recommendation(s) for action or decision:

#### Audit, Risk & Assurance Committee is recommended to:

Consider and approve the draft Internal Audit Charter following a review of the current Charter, previously approved by Audit, Risk and Assurance Committee in 2017.

#### 1. Purpose

- 1.1 Internal Audit is a statutory service in the context of the Accounts and Audit Regulations (Amendment) (England) 2015, which states that “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.
- 1.2 The Public Sector Internal Audit Standards (PSIAS) are a mandatory requirement and have been adopted by the West Midlands Combined Authority’s internal auditors.
- 1.3 The PSIAS requires the organisation to develop an Internal Audit Charter with approval being sought from the Board. Audit, Risk and Assurance Committee is considered the ‘Board’ for Internal Audit purposes as detailed in the Internal Audit Charter.

## 2. Background

- 2.1 The Internal Audit Charter is a formal document that defines Internal Audit's activity's, purpose, authority and responsibility. It establishes Internal Audit's position with the organisation, including the nature of the Chief Audit Executive's functional reporting relationship with the board. It authorises access to all records, personnel and physical properties relevant to the performance of engagements, and defines the scope of internal audit activities<sup>1</sup>.
- 2.2 The PSIAS defines Internal Audit activity to be effectively managed and conforming with the standards when 'it achieves the purpose and responsibility included in the Internal Audit Charter'.
- 2.3 The Charter has been reviewed in consultation with the Internal Audit service providers and statutory officers. It sets out the scope and objectives of the Internal Audit function, and provides auditors with the required authority to enable them to fulfil their duties effectively, allowing them unrestricted access to all functions, records, property and personnel, and unlimited access to members of Audit, Risk and Assurance committee and WMCA's Senior Leadership Team.
- 2.4 The responsibility of Manager's during any review of a related activity has been captured within the Charter to ensure the effective delivery of each assignment. It requires managers to support Internal Audit in the delivery of the Internal Audit plan, ensuring their availability and access to requests for information is provided in a timely manner, that managers accept responsibility for implementing appropriate actions to address any weaknesses identified, and ARAC members may request their attendance at meetings to provide updates on delivery of audit recommendations when required.
- 2.5 The arrangements for the monitoring of audit recommendations was considered as part of the review and has been adjusted to reflect the categorisation of audit recommendations with priority being given to red and amber audit recommendations for follow-up reviews to reflect green rated audit recommendations being advisory only, as shown below.

<b>Red</b>	Action is imperative to ensure that the objectives for the area under review are met
<b>Amber</b>	Action is required to avoid exposure to significant risks in achieving objectives
<b>Green</b>	Action is advised to enhance risk control or operational efficiency

- 2.6 The charter is to be reviewed annually and presented to ARAC for their continued acceptance ensuring Internal Audit continues to meet the required obligations as contained in the PSIAS.

## 3. Financial Implications

Not applicable

## 4. Legal Implications

---

<sup>1</sup> Source: PSIAS

Not applicable

**5. Equalities Implications**

Not applicable.

**6. Inclusive Growth Implications**

Not applicable.

**7. Geographical Area of Report's Implications**

Not applicable.

**8. Other Implications**

Not applicable.

**9. Schedule of Background Papers**

Appendix 1: Internal Audit Charter

This page is intentionally left blank

## INTERNAL AUDIT CHARTER

### 1. INTRODUCTION

- 1.1 The work of West Midlands's Combined Authority's Internal Audit providers is externally governed by the UK Public Sector Internal Audit Standards (PSIAS). The PSIAS incorporates a definition of internal auditing, a Mission, and Core Principles for internal auditors working in the public sector alongside a range of operating Standards. Adherence of the PSIAS is mandatory for all internal auditors working in the UK public sector.
- 1.2 Internal Audit is defined in the PSIAS as follows:
- “Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 1.3 The PSIAS requires an Internal Audit Charter to be approved by the 'Board' in order to define the purpose, authority and responsibility of the Internal Audit team. It establishes reporting lines within the organisation, authorises access to records, personnel and physical property relevant to the performance of audit work and defines the scope of Internal Audit activities.
- 1.4 The Mission of Internal audit as defined by PSIAS is 'to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.
- 1.5 The Core Principles for the Professional Practice of Internal Auditing are:  
Source: The Public Sector Internal Audit Standards
- Demonstrates integrity
  - Demonstrates competence and due professional care
  - Is objective and free from undue influence (independent)
  - Aligns with the strategies, objectives and risks of the organisation
  - Is appropriately positioned and adequately resourced
  - Demonstrates quality and continuous improvement
  - Communicates effectively
  - Provides risk-based assurance
  - Is insightful, proactive and future-focussed
  - Promotes organisational improvement

### 2. AUTHORITY & STANDARDS

- 2.1 Internal Audit is a statutory service in the context of the Accounts and Audit Regulations (Amendment) (England) 2015, which states that “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

These Standards are mandatory and have been adopted by the West Midlands Combined Authority's internal auditors.

- 2.2 Throughout the Public Sector Internal Audit Standards, reference is made to the terms 'Chief Audit Executive', 'board' and 'senior management'. For the purposes of this Charter, the 'Chief Audit Executive' is defined as the Director of Law and Governance, the 'board' as the Audit, Risk and Assurance Committee and 'senior management' as the Senior Leadership Team.

### **3. PURPOSE**

- 3.1 The main purpose of Internal Audit is to provide an independent and objective assurance service to management on WMCA's internal control, governance and risk management environment. The aim is to add value and improve opportunities to achieve organisational objectives by identifying operational improvements and reducing risk exposure through both assurance and consulting services.
- 3.2 The primary focus of internal audit is to produce and deliver a risk based annual internal audit plan to assist the organisation in accomplishing its objectives. Internal Audit will promote and support the improvement and efficiency in business practices by bringing a systematic and disciplined approach to evaluate internal control, risk management and governance processes.
- 3.3 Internal Audit forms part of the overarching Law and Governance department and operates independently of all operational services within the organisation. To provide greater independence, WMCA has commissioned City of Wolverhampton Council to deliver its Internal Audit plan.

### **4. SCOPE & OBJECTIVES**

- 4.1 The scope of work of internal audit is to determine whether the WMCA's risk management, control, and governance processes are adequate and effective in order to ensure that:
- Key risks are identified and managed;
  - Key financial, managerial, and operating information is accurate, reliable and timely;
  - Employees actions comply with policies, standards, procedures, and applicable laws and regulations;
  - Resources are acquired economically, used efficiently, and are adequately protected;
  - Programs, plans, and objectives are achieved
  - Quality and continuous improvement is fostered within the organisation's control environment; and
  - Key legislative and regulatory issues impacting WMCA are identified and addressed appropriately.
- 4.2 Internal audit's remit extends to the entire control environment of West Midlands Combined Authority and not just financial controls.

- 4.3 Where other internal or external assurance providers may have undertaken relevant assurance and audit work, internal audit will seek to rely on the work of these other assurance providers where professional standards would make it appropriate to do so.

## **5. AUTHORITY**

- 5.1 Internal Audit derives its responsibility from the 'Board' to provide a free and unrestricted ability to plan and undertake audit assignments deemed necessary to fulfil its purpose, and to have direct access to the Chair of the Audit, Risk and Assurance Committee and the 'Board' as appropriate.
- 5.2 To enable the service to discharge its duties fully, Internal Audit are authorised to:
- Have unrestricted access to all functions, records, property and personnel;
  - Have unlimited access to members of the Audit, Risk and Assurance Committee and WMCA's Senior Leadership Team.
- 5.3 To maintain independence and objectivity, Internal Audit must;
- Refrain from performing or holding responsibility for any operational duties;
  - Be restricted from initiating or approving financial transactions;
  - Demonstrate an impartial and unbiased attitude to all audits undertaken;
  - Be restricted from initiating or approving financial transactions;
  - Demonstrate an impartial and unbiased attitude to all audits undertaken;
  - Refrain from assessing any business area they were previously responsible for.

## **6. ACCOUNTABILITY**

- 6.1 Within WMCA, the Internal Audit service providers report to the Internal Audit Liaison Officer who provides oversight and assists with the prioritisation of the Internal Audit Plan in the context of the organisation's risk environment. They monitor delivery of audit recommendations and manage the assessment of whistleblowing cases received which may result in a requirement for additional reviews being commissioned.
- 6.2 The Internal Audit Liaison Officer reports to the Director of Law and Governance who also holds the role of Chief Audit Executive. They are a member of the Senior Leadership Team (SLT) and have direct access to the Chief Executive and senior management team as necessary to represent and consider the organisational assurance environment.
- 6.3 The Chief Audit Executive will report to the Audit, Risk and Assurance Committee, and to the WMCA Board as appropriate.
- 6.4 The Chief Audit Executive is also the Monitoring Officer and where appropriate works closely with the Section 151 Officer. An annual report will be produced and presented to the Audit, Risk and Assurance committee

which will include an 'opinion' from the Chief Audit Executive (Director of Law and Governance) on the adequacy and effectiveness of internal control, risk management and governance within the Combined Authority.

- 6.5 The City of Wolverhampton Council's audit team are contracted by the Combined Authority to provide a professional independent internal audit service.
- 6.6 All activities undertaken by Internal Audit are done with a responsibility for the safekeeping and confidentiality of all information or other items retained or provided as part of the audit assignment and in particular, in respect of any individual member of staff.

## **7. INTERNAL AUDIT'S RESPONSIBILITY**

- 7.1 Internal Audit has responsibility to:
- Provide a cost effective and value added full internal audit service;
  - Develop a flexible annual audit plan using a risk-based methodology;
  - Implement the annual Internal Audit Plan
  - Provide regular updates on the work of Internal Audit to the Audit, Risk and Assurance Committee and senior officers;
  - Assist, as needed, in the investigation of suspected fraudulent activities within the organization; and
  - Review delivery of key (predominantly those categorised as red or amber) audit recommendations;
  - Provide regular updates on the work of Internal Audit to the Audit, Risk and Assurance committee and senior officers;
  - Assist, as needed, in the investigation of suspected fraudulent activities within the organisation; and
  - Work with the Internal Audit Liaison officer, Chief Audit Executive, External Audit and other review bodies to share knowledge and minimise duplication.
- 7.2 Internal audit must be appropriately staffed in terms of numbers, qualification levels and experience. Internal auditors need to be properly trained to fulfil their responsibilities and should maintain their professional competence. The Head of Audit at City of Wolverhampton Council is responsible for ensuring that the resources of internal audit provided to WMCA are sufficient to meet its responsibilities and achieve its objectives.

## **8. MANAGEMENT'S RESPONSIBILITY**

- 8.1 Internal Audit is a review and support activity but does not relieve management of its responsibility for identifying, evaluating and managing risk and ensuring effective management controls are in place on an ongoing basis. Internal Audit will make recommendations for the improvement of internal control, but it is management's responsibility to finance and implement cost effective and appropriate actions to address any weaknesses identified.

- 8.2 Managers are required to support Internal Audit in the delivery of the Internal Audit Plan, ensuring their availability and access to requests for information is provided in a timely manner. Delays in receipt of requests from Auditors will be escalated to the Chief Audit Executive, Section 151 officer and to the Chair of Audit, Risk and Assurance Committee as deemed appropriate to assist in the resolution of any impact to delivery of the internal audit plan.
- 8.3 Managers may be required to attend Audit, Risk and Assurance Committee at the request of committee members to respond to the findings of any audit or to provide a progress update on delivery of audit recommendations following completion of an audit within their area of responsibility.

## **9. ORGANISATIONAL INDEPENDENCE**

- 9.1 Internal audit will remain sufficiently independent of the activities that it audits to enable auditors to perform their duties in a manner which facilitates impartial and effective professional judgements and recommendations.
- 9.2 Objectivity is presumed to be impaired when individual auditors review any activity in which they have previously had operational responsibility. If individual auditors are extensively consulted during system, policy or procedure development, any independence could be seen as being compromised, or if they have had previous operational roles, they will be precluded from reviewing and making comments during routine or future audits for the remainder of that financial year and for the following financial year after their involvement.

## **10. BEST PRACTICE & QUALITY ASSURANCE**

- 10.1 It is a requirement of the PSIAS that an external assessment of the Internal Audit function is carried out every five years. Internal Audit will also annually confirm its own compliance against the Public Sector Internal Audit Standards. Results of these reviews will be presented to the Audit, Risk and Assurance Committee.
- 10.2 At the end of each audit, a “satisfaction questionnaire” will be issued to and completed by the main auditee(s) to ensure satisfactory audit practices have been followed. Responses to this questionnaire will be included in the final report of each audit assignment for consideration by the Audit, Risk and Assurance Committee.
- 10.3 The Audit, Risk and Assurance Committee will be regularly informed of the performance of Internal Audit by means of Key Performance Indicators. These will include:
- Number of recommendations accepted by management
  - Number of recommendations implemented by management
  - Audits completed in year
  - Auditee satisfaction surveys

## **11. FRAUD**

- 11.1 Managing the risk of fraud is the responsibility of management. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud or corruption will be detected. Internal audit does not have responsibility for the prevention or detection of fraud and corruption. Internal auditors will, however, be alert in all their work to the risks and exposures that could allow fraud or corruption. Internal audit may be requested by management to assist with fraud related work.
- 11.2 The Combined Authority's Anti-Fraud and Corruption Policy and Procedure requires that all suspected irregularities are reported to the Monitoring Officer and Internal Audit who will inform the Section 151 Officer and advise on, and instigate such action as considered necessary for investigating the alleged irregularity.

## **12. REVIEW OF INTERNAL AUDIT CHARTER**

- 12.1 This charter will be reviewed annually by the Internal Audit Liaison officer in conjunction with the Chief Audit Executive and the Head of Audit at the City of Wolverhampton Council. The Audit, Risk and Assurance Committee will be requested to endorse any changes. The next review is scheduled for September 2022.



**West Midlands  
Combined Authority**

## Audit, Risk & Assurance Committee

<b>Date</b>	2 November 2021
<b>Report title</b>	Treasury Management Mid-Year Report 2021/22
<b>Portfolio Lead</b>	Linda Horne WMCA Finance Director Email : <a href="mailto:Linda.Horne@wmca.org.uk">Linda.Horne@wmca.org.uk</a>
<b>Accountable Chief Executive</b>	Laura Shoaf Interim Chief Executive Email: <a href="mailto:Laura.Shoaf@wmca.org.uk">Laura.Shoaf@wmca.org.uk</a> Tel: 0121 214 7444
<b>Accountable Employee</b>	Carl Pearson Head of Financial Planning Email: <a href="mailto:Carl.Pearson@wmca.org.uk">Carl.Pearson@wmca.org.uk</a>
<b>Report has been considered by</b>	Not Applicable

### Recommendation(s) for action or decision:

To note the contents of the report.

## 1. Introduction

1.1 The report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017). The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Authority's treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Authority will seek to achieve those policies and objectives.
3. Receipt by the full Board of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report, (stewardship report), covering activities during the previous year.
4. Delegation by the Authority of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Authority of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Authority the delegated body is the Audit, Risk, and Assurance Committee:

1.2 This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and includes the following:

- A review of the Authority's investment portfolio for 2021/22;
- A review of the Authority's borrowing strategy for 2021/22;
- A review of any debt rescheduling undertaken during 2021/22;
- A review of compliance with Treasury and Prudential Limits for 2021/22;
- Outlook for remainder of 2021/22

## 2. Treasury Management Mid-Year Review 2021/22

2.1 Table 1 shows WMCA borrowing and investments held at 1 April 2021 and 30 September 2021. It shows that net borrowing has decreased by £144.7m mostly as a result of grants being received in advance of need as documented below.

	<b>April 2021 £m</b>	<b>Change</b>	<b>Sept 2021 £m</b>	<b>Notes</b>
Borrowing	(124.0)	(49.9)	(173.9)	Increase following uptake of £50m PWLB Local Infrastructure Rate EIP loan (August 2021)
Investments	245.8	194.6	440.4	Increase due to receipt of grants in advance of need including AEB, Investment Programme, Transforming Cities Fund and All Electric Bus Town
<b>Net</b>	<b>121.8</b>	<b>144.7</b>	<b>266.5</b>	

### 3 Borrowing Activity

- 3.1 Effective cash flow management and the use of grants received in advance have negated the majority of WMCA's potential requirement to borrow during the first 6 months of the 2021/22 financial year. Following a fall in the price of Public Works Loan Board (PWLB) lending rates during July/August 2021 however, WMCA took a £50m tranche of funding using its Local Infrastructure Rate facility previously agreed with Her Majesty's Treasury (HMT). The facility provides a 0.40% discount on standard terms from the PWLB. The WMCA cash flow forecast is updated daily and latest versions suggest – beyond the incentive to take out up to a further £105m of loans at preferential rates (via the HMT facility mentioned above prior to expiry on 31<sup>st</sup> March 2022) - there will be no further requirement to borrow in 2021/22.

### 4 Historic Borrowing

- 4.1 The main source of historic borrowing for WMCA has been the PWLB. The Director of Finance continues to review the opportunities to reschedule debt and works closely with specialist treasury advisors to explore alternative best value borrowing options. The penalty costs associated with early repayment to the PWLB in current market conditions are too onerous to be beneficial.
- 4.2 Table 2 shows borrowing held at 1<sup>st</sup> April 2021 and 30<sup>th</sup> September 2021. It shows that borrowing has increased by £49.9m due to the uptake of £50m PWLB loan (see 3.1) offset by annuity principal repayments during the year.

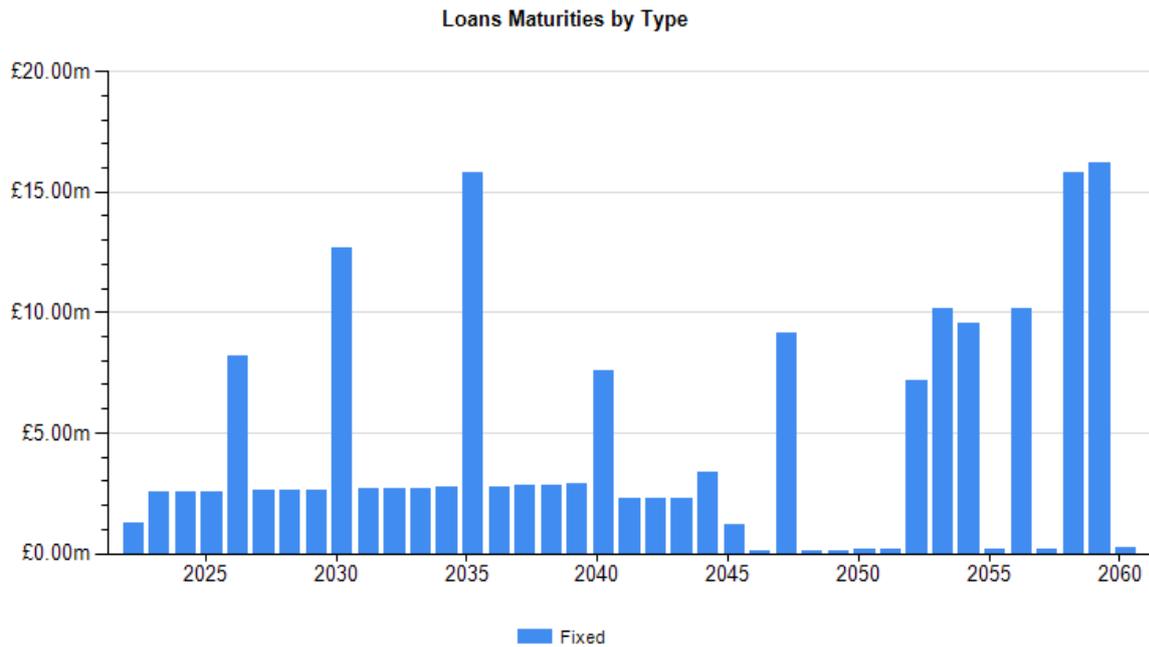
	<b>Balance at 1 April 2020 £m</b>	<b>Repaid in Year £m</b>	<b>Raised in Year £m</b>	<b>Balance at 30 Sept 2020 £m</b>
PWLB	108.4	(0.1)	50.0	158.3
Barclays	10.0	-	-	10.0
Ex WM County Council	5.6	-	-	5.6
<b>Total Long-Term Borrowing</b>	<b>124.0</b>	<b>49.9</b>	<b>-</b>	<b>173.9</b>

- 4.3 The £50m PWLB loan was an Equal Instalment of Principal (EIP) structure, offering the lowest total financing cost in comparison to other structures available from PWLB. It is linked specifically to service existing capital financing requirements of the Investment Programme.

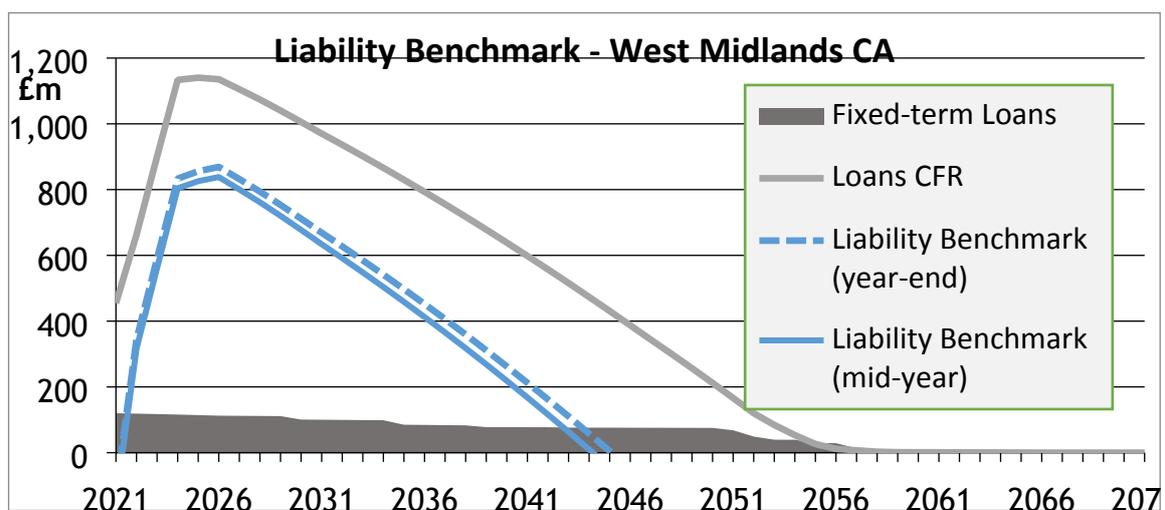
### 5 Long Term Debt Profile and Liability Benchmark

- 5.1 The chart below outlines the maturity profile of existing WMCA debt. The next significant single maturity will occur in 2025/26 with sporadic maturities from that point onwards. The maturity profile is important for WMCA to monitor refinancing risk – that is, to ensure when new debt is taken out sufficient gaps are maintained between maturities to aid cash planning. It is possible that upon maturing, WMCA will need to re-finance the debt

but these decisions will be taken at the point of maturity, influenced by available cash levels and the prevailing rates of interest at the time.



5.2 In consideration of its borrowing strategy WMCA also has regard to its **liability benchmark**. This plots the expected path of its Capital Financing Requirement (CFR or, underlying need to borrow) over time and then overlays with minimum revenue provision (sums set aside for the repayment of debt), cash backed balances and the existing debt profile. The outcome produces a benchmark for new borrowing/refinancing which can be assessed against interest rate forecasts for sensitivity. It is anticipated that the revised Treasury Management Code of Practice (2021) currently undergoing consultation by CIPFA, will mandate the inclusion of the liability benchmark in future treasury management strategies. The chart below shows WMCA’s revised benchmark for 2021/22 onwards which is heavily influenced by the borrowing need arising from the WMCA Investment Programme as per the first devolution deal in 2016:



## 6. Investment Activity

6.1 As at the 30th September 2021, all short-term investments have given a return to the Authority of **£0.403m**. All treasury management activities undertaken during the year

complied fully with the Annual Investment Strategy (contained within the Treasury Management Strategy Statement) approved by WMCA Board in February 2021. Investments are placed directly with financial institutions, or using various brokers: IdealTrade.net, ITS, Tradition, Tullet Prebon, Martin Brokers, BGC and King & Shaxson.

6.2 Table 3 shows investments held as at the 30 September 2021 totalled £429.6m, split into the following categories:

<b>Class</b>	<b>Principal Outstanding £m</b>	<b>Average Return %</b>
Fixed Term Deposits	320.0	0.10
Money Market Funds	55.0	0.01
Bank Call Accounts	49.6	0.01
Strategic Investments (>364 days)	5.0	3.00
<b>Total Investments</b>	<b>429.6</b>	

A detailed list of all investments is included at Appendix A.

6.1 The interest rate environment has been severely depressed since the onset of the pandemic in 2020. Interest for short-term, secure investments have remained marginally above zero. Investments with HMT are currently offering a yield of 0.01% for durations up to 6 months. As such, the total forecast investment income for the second half of 2021/22 remains subdued and is factored into WMCA forecasting and medium-term financial plans.

6.2 Within the Annual Investment Strategy set out to Board in February 2021 it was noted that *“WMCA will continue to diversify into more secure and/or higher yielding asset classes during 2021/22. This is especially the case for the estimated £10m that is available for longer-term investment to ensure MiFID compliance.”* Following evaluation of applicable investment products, WMCA has placed two strategic investments totalling £5m in year with the CCLA Local Authority Property Fund (LAPF) and Fundamentum Social Housing REIT. Dividend yields are c3.5% and c2.5% respectively. The investment horizon for these funds is set at a minimum of five years.

## **7 Performance measurement and Treasury Indicators**

7.1 The WMCA treasury management function participates in benchmarking which compares WMCA’s treasury management performance with other Local Authorities, to ensure that relative to other local authorities the Authority is achieving a fair investment return without any undue risk. Performance is also regularly reviewed at the monthly Treasury Management Group.

7.2 The Treasury Management Strategy approved by WMCA Board in February agreed a number of Treasury Management Indicators which as at the mid-year point have all been complied with as follows:

Indicator	Target	Status
Credit Risk	A Minus	Green
Liquidity Risk	£20m Minimum	Green
Price Risk	< £10m invested longer than 1 year	Green
Refinancing Risk	Under 1year 75% Max 1 to 2 Years 50% Max 2 to 5 years 70% Max 5 to 10 Years 70% Max 10 Years and Over 70% Max	Green

7.3 In addition to the above, compliance with the debt limit is confirmed. WMCA debt stands at £173.9m following the uptake of a £50m PWLB Local Infrastructure Rate loan during the financial year. For clarity, the published operational and authorised limits for debt are £657m and £697m respectively. WMCA has approval from HMT and MHCLG to borrow for all its functions subject to operating within an agreed debt cap. The cap (set at £1,042m) runs co-terminus with the 5-year gateway review period and will be renegotiated with HMT in the latter half of 2021/22.

7.4 In summary, the Section 151 Officer can confirm that all treasury management activities undertaken during the first half year complied fully with the CIPFA Code of Practice and the WMCA Treasury Management Strategy.

## 8 Borrowing Update

8.1 WMCA are closely monitoring external debt markets and developing appropriate debt strategies in light of the need to fund the Investment Programme over the Medium-Term Financial Plan term. The anticipated debt requirement published within the 2021/22 Treasury Management Strategy were as follows:

2021/22 TM Strategy	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Forecast New Debt	294.0	254.0	115.0	10.0	10.0

8.2 Following re-forecasting of the capital programme in 2021/22 and in combination with the significant level of grants received in advance, it is likely that the quantum of debt undertaken in 2021/22 will be lower. Consequently, WMCA will only look to borrow to fulfil the criteria associated with its Local Infrastructure Rate capacity agreed by HMT and where there is a clear and obvious need; affordability and the “cost of carry” remain important influences on WMCA’s borrowing strategy

8.3 In November 2020, after consultation with the sector, HM Treasury reversed a prior year rise in the cost of its headline borrowing rate by 1.0% with the caveat that it will not lend to authorities planning to buy investment assets held primarily for yield; WMCA intends to avoid this activity in order to retain its access to PWLB loans.

8.4 Market debt alternatives remain available to WMCA; however, the financial strength of individual authorities will be scrutinised by investors and commercial lenders.

8.4 As part of the Chancellor's budget announcement in the Spring, a new UK Infrastructure Bank has been established with c£4bn lending capacity to the local authority sector for projects meeting its mandate criteria. Indicative pricing suggests loans will be available at the same level as those obtained previously by WMCA via the Local Infrastructure Rate. Following an invitation for expressions of interest, WMCA has presented initial business case proposals to the Bank for discussion. This may in turn lead to formal applications subject to criteria and pricing.

## 9. **Outlook for the remainder of 2021/22 and Medium Term**

9.1 The most recent economic forecast from our independent treasury advisors, Link Group, now includes 3 base rate rises over the medium term: in quarter 2 2022 (to 0.25%) quarter 2 2023 (to 0.50%) and finally quarter 1 2024 to 0.75%.

9.2 Whilst this forecast marks a change from predictions as recently as July, the level and pace of the change is still modest in comparison with recoveries from historical recessions. Minutes from the last MPC meeting suggest there has been a marked change in concern over price inflation, particularly relating to gas and electricity. Nonetheless, it should be remembered that the rate cut to 0.10% at the beginning of the pandemic was an emergency measure and so could be taken away at any time as a signal of a return to normalisation. In addition, any Bank Rate below 1% remains highly unusual and highly supportive of economic growth.

9.3 Upside and downside risks to this forecast can be found in the following:

- Increasing grounds for viewing the post lockdown economic recovery as running out of steam during autumn leading to stagflation;
- Current key supply shortages (petrol/diesel) spill over to causing an economic hit in some sectors;
- Rising utility prices / other price inflation / taxation rises in near term deflate consumer spending power meaning MPC does not have to act;
- Consumers sitting on £200bn pandemic related savings – when will this be spent?
- End of furlough scheme mitigates labour shortages and acts to deflate current wage spiral;
- Return of COVID lockdown measures / impact of more aggressive winter flu season

9.4 In summary, forecasts are subject to volatility because of the high level of uncertainty on many fronts and may be subject to change again before the end of the financial year.

## Investments held as at 30 September 2021

Type	Start / Purchase Date	Maturity Date	Counterparty	Rate	Principal O/S (£)
Fixed	16/12/20	15/12/21	West Dunbartonshire Council	0.2700%	-5,000,000.00
Fixed	06/04/21	25/11/21	North East Lincolnshire Council	0.2000%	-5,000,000.00
Fixed	16/07/21	15/07/22	Rotherham Metropolitan Borough Council	0.2500%	-10,000,000.00
Fixed	06/01/21	06/10/21	Aberdeen City Council	0.1200%	-5,000,000.00
Fixed	22/01/21	22/11/21	East Dunbartonshire Council	0.1100%	-5,000,000.00
Fixed	12/01/21	13/12/21	Aberdeenshire Council	0.1700%	-5,000,000.00
Fixed	14/05/21	14/02/22	Cherwell District Council	0.1000%	-10,000,000.00
Fixed	01/04/21	30/11/21	Gloucester City Council	0.1000%	-7,800,000.00
Fixed	14/05/21	14/02/22	Isle of Wight Council	0.1000%	-5,000,000.00
Fixed	21/05/21	22/11/21	Monmouthshire County Council	0.0700%	-5,000,000.00
Fixed	21/05/21	21/01/22	Guildford Borough Council	0.0700%	-10,000,000.00
Fixed	29/04/21	06/01/22	Slough Borough Council	0.0900%	-5,000,000.00
Fixed	28/05/21	28/02/22	Aberdeen City Council	0.1000%	-5,000,000.00
Fixed	04/05/21	04/11/21	Eastleigh Borough Council	0.0500%	-5,000,000.00
Fixed	16/04/21	18/10/21	Eastleigh Borough Council	0.0500%	-5,000,000.00
Fixed	20/04/21	20/01/22	Lancashire Police and Crime Commissioner	0.1000%	-10,000,000.00
Fixed	19/04/21	19/01/22	Monmouthshire County Council	0.0700%	-5,000,000.00
Fixed	28/05/21	30/11/21	Blaenau Gwent County Borough Council	0.0400%	-5,000,000.00
Fixed	28/04/21	28/01/22	Surrey County Council	0.1000%	-5,000,000.00
Fixed	29/04/21	28/01/22	Blackpool Council	0.0700%	-5,000,000.00
Fixed	19/05/21	19/01/22	Wokingham Borough Council	0.0600%	-10,000,000.00
Fixed	24/05/21	23/12/21	Cornwall Council	0.0500%	-10,000,000.00
Fixed	08/04/21	08/10/21	Isle of Wight Council	0.0500%	-5,000,000.00
Fixed	05/05/21	05/11/21	Surrey County Council	0.0500%	-5,000,000.00
Fixed	21/05/21	21/01/22	Eastbourne Borough Council	0.0700%	-10,000,000.00
Fixed	21/04/21	21/10/21	Telford and Wrekin Borough Council	0.0600%	-5,000,000.00
Fixed	06/04/21	06/10/21	London Borough of Islington	0.0600%	-10,000,000.00
Fixed	14/09/21	13/09/22	Uttlesford District Council	0.2000%	-10,000,000.00
Fixed	28/05/21	29/10/21	Kingston upon Hull City Council	0.0600%	-5,000,000.00
Fixed	19/04/21	19/10/21	Ashford Borough Council	0.0600%	-5,000,000.00
Fixed	21/04/21	21/10/21	Watford Borough Council	0.0600%	-10,000,000.00
Fixed	22/04/21	22/10/21	Ashford Borough Council	0.0600%	-5,000,000.00
Fixed	30/04/21	29/10/21	Kingston upon Hull City Council	0.0600%	-5,000,000.00
Fixed	30/04/21	29/10/21	Places for People	0.5000%	-5,000,000.00
Fixed	31/03/21	29/10/21	West Dunbartonshire Council	0.0600%	-5,000,000.00
Fixed	31/03/21	07/01/22	Brentwood Borough Council	0.1000%	-10,000,000.00
Fixed	31/03/21	31/12/21	Liverpool City Council	0.0700%	-10,000,000.00
Fixed	31/08/21	28/02/22	London Borough of Croydon	0.2000%	-10,000,000.00
Fixed	23/04/21	25/10/21	South Staffordshire Council	0.0300%	-3,000,000.00
Fixed	18/05/21	05/11/21	Aberdeenshire Council	0.0300%	-5,000,000.00
Fixed	20/05/21	20/01/22	Blaenau Gwent County Borough Council	0.0700%	-5,000,000.00
Fixed	21/07/21	21/10/21	Cheshire East Council	0.0200%	-5,000,000.00
Fixed	20/08/21	22/11/21	Cheshire East Council	0.0200%	-5,000,000.00
Fixed	31/08/21	30/08/22	Plymouth City Council	0.0600%	-5,000,000.00

Fixed	20/09/21	20/09/22	Rushmoor Borough Council	0.1000%	-5,000,000.00
Fixed	31/08/21	30/08/22	Blackpool Council	0.0600%	-5,000,000.00
Fixed	31/08/21	30/08/22	Stockport Metropolitan Borough Council	0.0600%	-10,000,000.00
Fixed	18/08/21	19/10/21	Wirral Metropolitan Borough Council	0.0200%	-5,000,000.00
Fixed	06/09/21	06/06/22	Canterbury City Council	0.0500%	-5,000,000.00
Fixed	30/09/21	31/03/22	Epping Forest District Council	0.1000%	-5,000,000.00
				<b>0.0962%</b>	<b>-320,800,000.00</b>
Call	24/09/21		HSBC Bank plc	0.0100%	-14,600,000.00
Call	22/05/20		Santander UK plc	0.0200%	-20,000,000.00
Call	29/10/20		Lloyds Bank plc	0.0100%	-15,000,000.00
				<b>0.0140%</b>	<b>-49,600,000.00</b>
MMF	16/04/20		CCLA The Public Sector Deposit 4	0.0228%	-20,000,000.00
MMF	16/11/20		Federated Prime Rate Sterling Liquidity 3	0.0100%	-20,000,000.00
MMF	16/11/20		HSBC Global Liquidity Sterling G	0.0100%	-15,000,000.00
				<b>0.0147%</b>	<b>-55,000,000.00</b>
VNAV Fund	22/06/21		Fundamentum Social Housing REIT	2.5000%	-2,500,000.00
VNAV Fund	28/05/21		CCLA Local Authorities Property Fund	3.5000%	-2,500,000.00
				<b>3.0000%</b>	<b>-5,000,000.00</b>
					<b>-429,600,000.00</b>

This page is intentionally left blank

## Audit, Risk & Assurance Committee

<b>Date</b>	2 November 2021
<b>Report title</b>	Single Assurance Framework (SAF) Assurance Performance Report – April to Sept 2021
<b>Accountable Chief Executive</b>	Laura Shoaf, Interim Chief Executive Email: <a href="mailto:Laura.Shoaf@wmca.org.uk">Laura.Shoaf@wmca.org.uk</a> Tel: (0121) 214 7200
<b>Accountable Employee</b>	Joti Sharma, Head of Programme Assurance & Appraisal Email: <a href="mailto:Joti.Sharma@wmca.org.uk">Joti.Sharma@wmca.org.uk</a> Tel: (0121) 214 7389
<b>Report has been considered by</b>	WMCA Strategic Leadership Team

**Audit, Risk & Assurance Committee (ARAC) is recommended to: note the contents of the report**

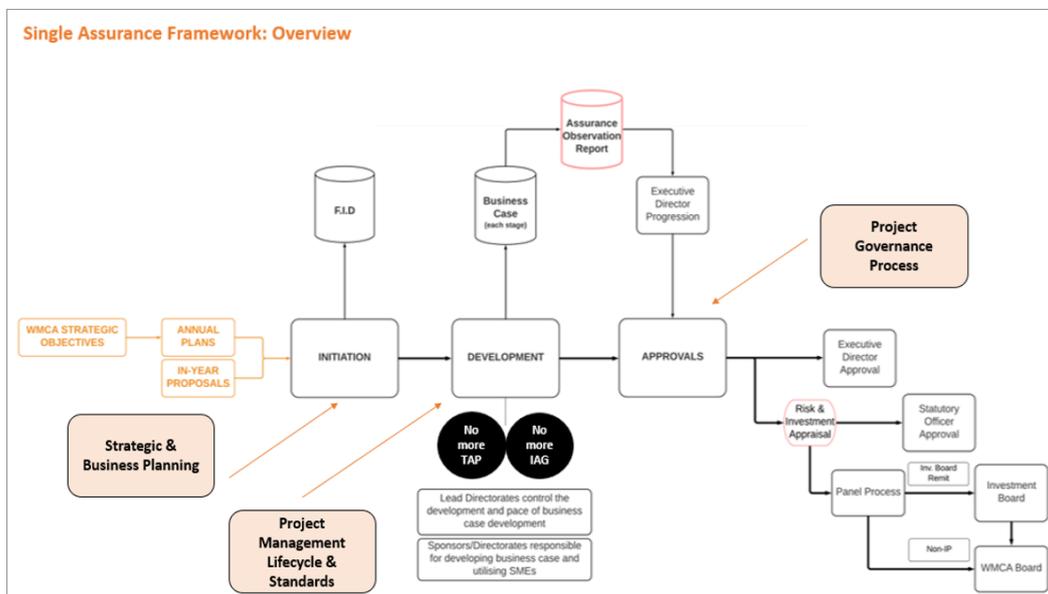
This report follows on from the Single Assurance Framework (SAF) updates shared with Audit, Risk & Assurance Committee (ARAC) previously. ARAC had requested that Programme Assurance & Appraisal team present assurance thematic performance information to the Committee on a quarterly basis.

### 1. Purpose

The report details assurance thematic performance information from WMCA projects where they have been assured to Single Assurance Framework (SAF) standards. ARAC wanted to use this quantitative information to ensure progress is being made for projects transitioning to new SAF assurance and governance arrangements.

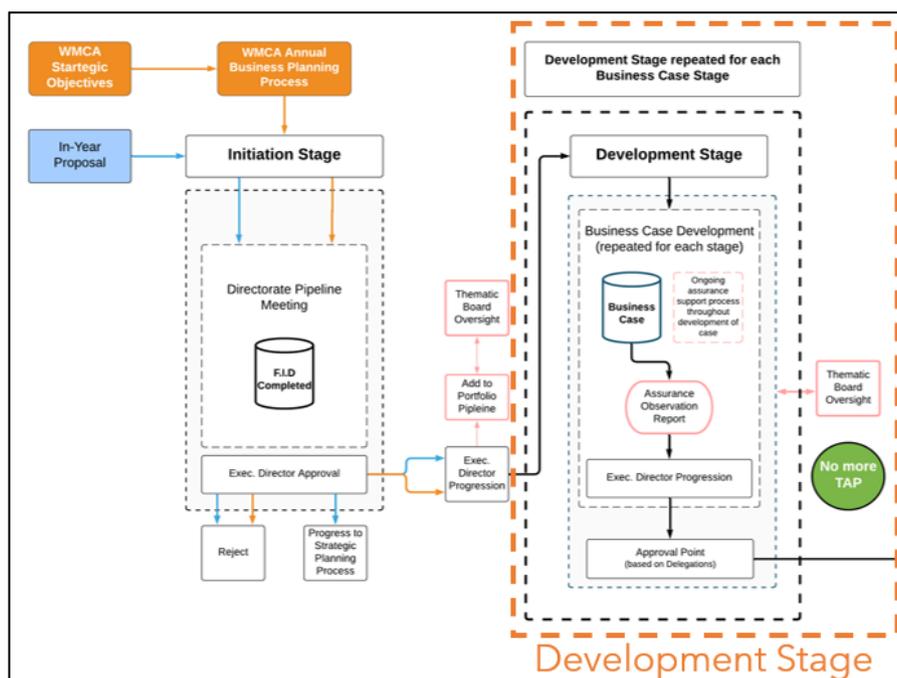
## 2. Background

### SAF Overview



The diagram above provides an overview of the WMCA Single Assurance Framework (SAF). It provides an overview of the Initiation, Development and Approvals Stages of the SAF. The role of the Programme Assurance Team is to facilitate the implementation the facilitation of the SAF with key SMEs in WMCA and primarily the other enabling support teams in the wider Finance & Business Hub directorate (Finance, Finance Business Partners, Business Planning & Performance and Procurement) will support in its operationalisation.

### Role of Programme Assurance & Appraisal Team

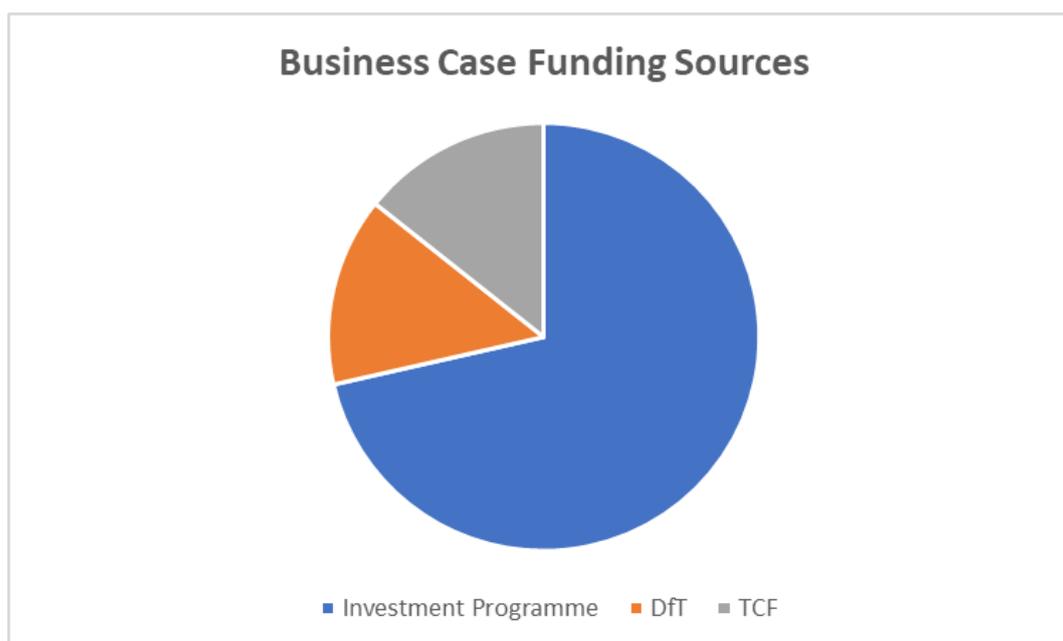


- 1.1 As part of the SAF implementation, the newly developed Assurance Toolkit is aligned to HM Treasury Greenbook and the scoring guidance has been translated into the WMCA BCAT Tool which provides analytical insight. This intelligence is being gathered to help identify any gaps, develop better business cases to secure additional funding through successful bids and help improve project/programme management delivery capability.
- 1.2 The Programme Assurance team works with the project delivery teams as a critical friend and independently and analytically assesses draft business cases against HM Treasury Green Book. The Assurance Observations Report is produced detailing the findings and recommendations following this assessment. The expectation of the SAF is that project leads use the Assurance Observations Report to develop their Business Case further prior to Executive Director progression and the start of the Risk and Investment Appraisal process.
- 1.3 Once the assurance recommendations have been considered then this provides a constructive basis to further develop the business case prior to formal submission. The final business case will then be subject to a detailed Risk and Investment Appraisal, the accompany outputs from the Programme Assurance & Appraisal team then accompany the associated business case through the approvals process outline risk exposures to WMCA.

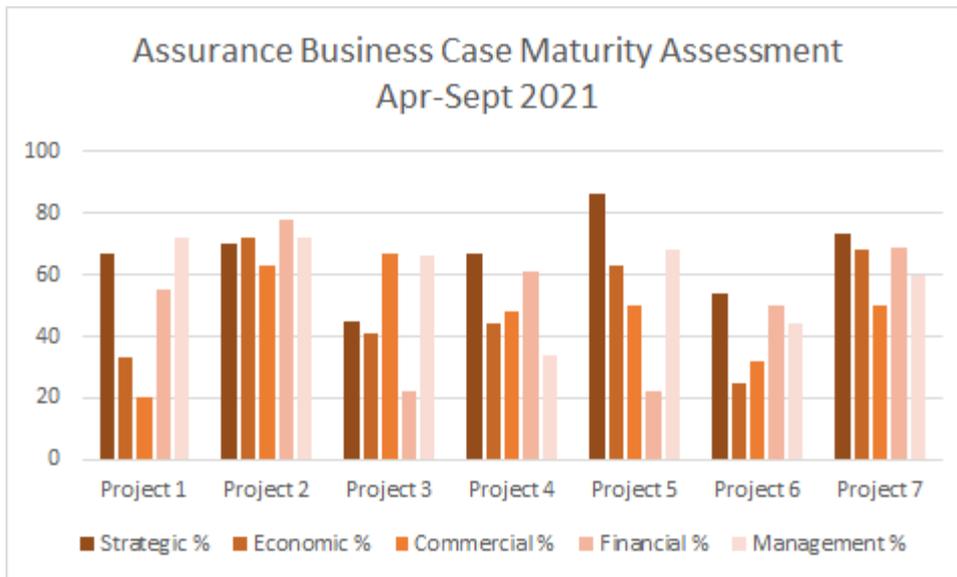
### **3 Assurance Performance Analytical Insights April – September 2021**

#### Business Case Assurance Reviews:

- 3.1 A total of Seven BCAT maturity assessments were completed by the Assurance Team between April and September 2021. Funding Sources for each of the Business Cases assessed cut across the Investment Programme, Department for Transport and Transforming Cities Fund as detailed in the chart below:



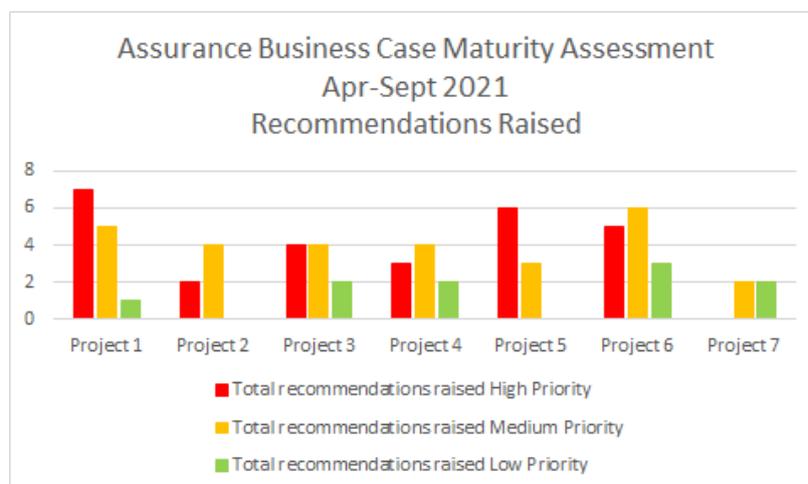
- 3.2 The detail of the assessed maturity of each Business Case, and their maturity across each of the five Business Case Dimensions, is provided in the table below (Maturity has been assessed against expected HM Treasury maturity levels for each Business Case type):



3.3 The average assessed maturity levels of each Business Case Dimension is summarised next. The Strategic Case Dimension is generally scoring higher (67%) than the remaining cases and is often a substantial part of the overarching document by way of content. The Commercial Case is generally less developed of five Business Case Dimensions assessed, predominantly due additional detail and planning required in the Procurement strategy.

3.4 Once a Business Case assessment is completed by the Assurance Team, an Observations Report is produced and shared with the project lead. This report contains details of the Business Case maturity assessment, together with any findings and recommendations raised. All recommendations are rated as either High, Medium or Low priority, with high priority recommendations expected to be actioned by the project lead prior to the Business Case moving forward for Approval.

3.5 A summary of the recommendations raised across each of the seven Business Cases assessed is provided in the table below:



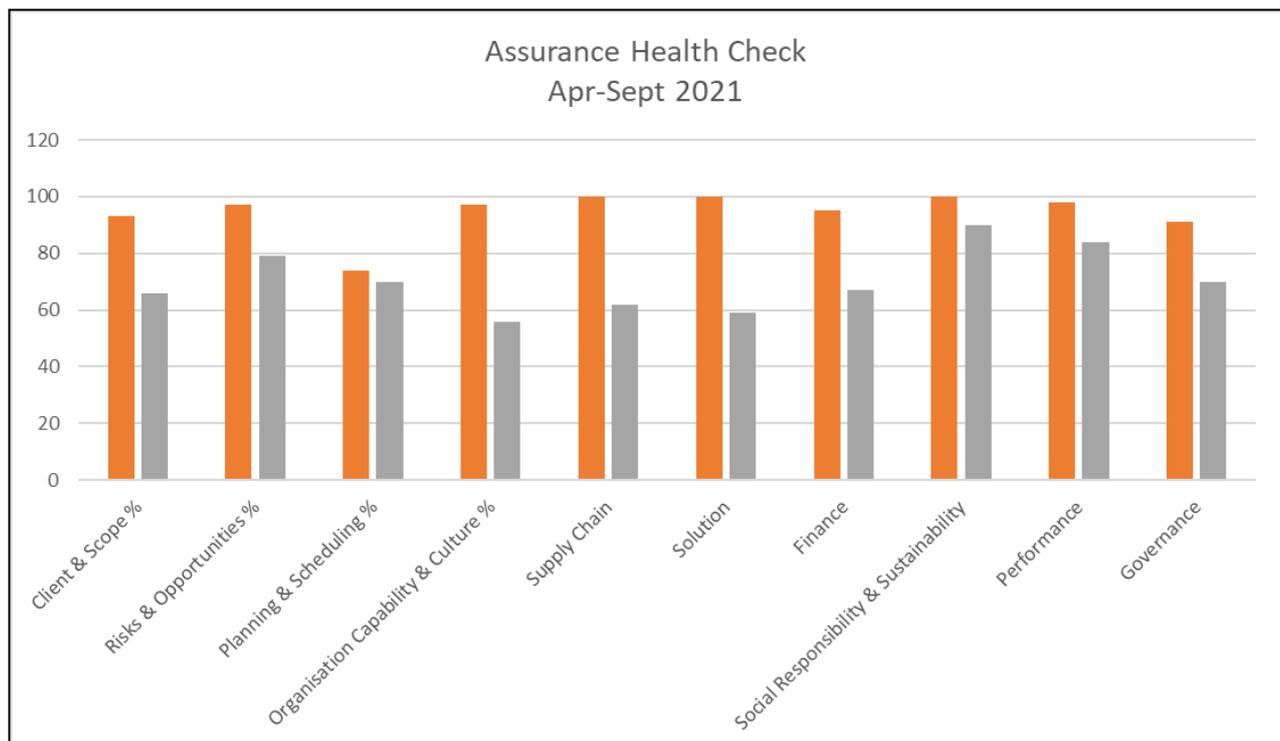
3.6 The intention of this process is to drive improvements to the maturity of Business Cases prior to approval and to highlight to decision-making bodies any ongoing risks identified with the Business Case being presented.

3.7 Of the 27 high priority recommendations raised during the period, 12 were completed prior to approval i.e. 44% (rising to 70% if two of the projects assured are). For one of the projects reviewed at this time, the Government set an ambitious timeline for fund bid submission which required an accelerated assurance and appraisal review to be undertaken simultaneously. Assurance & appraisal review findings with the accompanying risk position accompanied the report pack through the approval's governance process. To mitigate this risk, the Programme Assurance & Appraisal team have recommended that a project health check be initiated early in the project delivery stage. 5 High priority recommendations were raised for this project. Of the second project reviewed during this period, the appraisal had not been initiated at the time of writing the report so it was unclear if progress had been made regarding the 2 High priority recommendations made as part of this review.

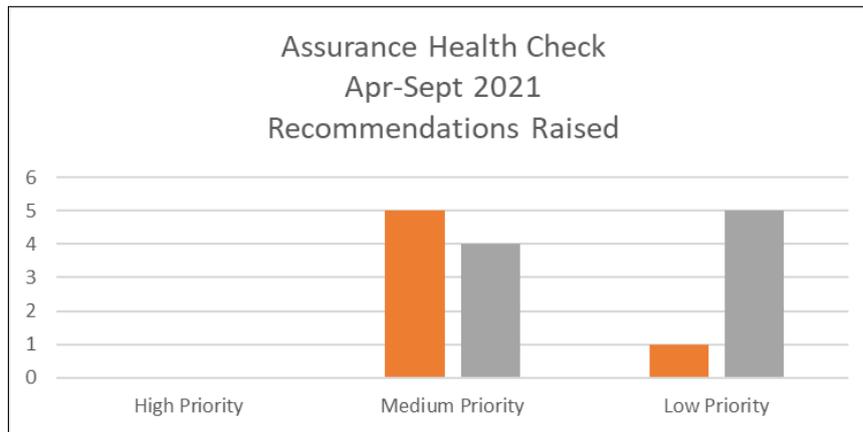
#### Business Case Assurance Reviews:

3.8 As with the BCAT process, once a Health Check has been completed by the Assurance Team, an Observations Report is produced and shared with the project lead. This report provides a summary of the Health Check score and RAG rating, together with any findings and recommendations raised. All recommendations are rated as either High, Medium or Low priority.

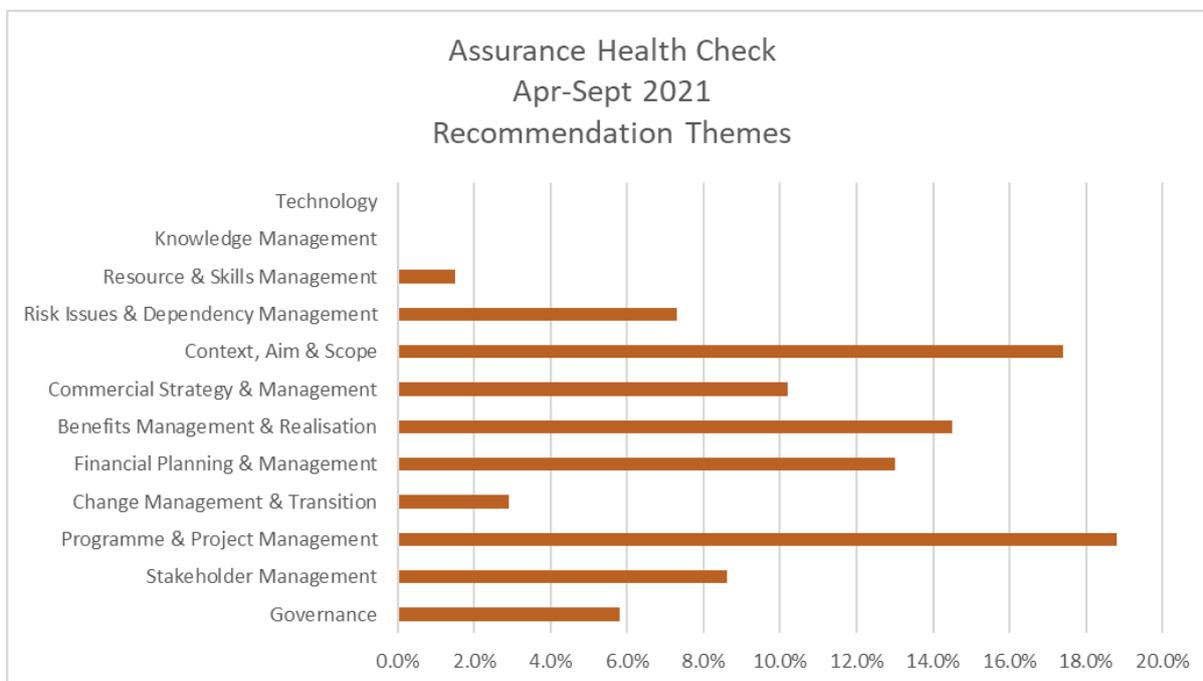
3.9 Two Health Checks were completed during the period by the Assurance Team, and a summary of these are detailed in the table below:



3.10 The table below details the number of recommendations raised. No high priority recommendations were raised during the period.



3.11 Health Check recommendations are categorised within the Assurance Observations Report which enables further analysis to be undertaken of ongoing themes and trends. The table below details a summary of the recommendation themes for the reporting period.



Risk & Investment Appraisals Reviews:

A total of nine Risk & Investment Appraisals were completed by the Appraisal team during the period. A summary of these is detailed in the table below:

<b>Funding Source</b>	<b>No. Business Case Appraised</b>
Investment Programme	7
Department for Transport	1
Transforming Cities Fund	1
<b>Approval Route</b>	<b>No. Business Case Approved</b>
Executive Director	4
Statutory Officer Panel	2
WMCA Board	3

Change Request Reviews:

A total of six Change Requests were processed by the Appraisal team during the period. A summary of these is detailed in the table below:

<b>Funding Source</b>	<b>No. Business Case Appraised</b>
Investment Programme	6
<b>Change Request Type</b>	<b>No. Business Case Appraised</b>
Scope/Time	4
Cost – early drawdown	1
Time	1

#### **4 Assurance Performance Trends & Themes Identified April – September 2021**

Key emerging assurance themes emerging from this reporting period are:

- a. Compliance with the SAF is improving and intended plan to roll our new SAF arrangements to the Investment Programme initially is being realised.
- b. The SAF processes and controls need to be rolled out to all devolved funded programmes where WMCA is the Accountable Body.
- c. Engagement has been with Strategic Leadership Team (SLT) this month (October 2021) on the approach and timescales to undertake this exercise. A SAF Implementation Project Manager has been appointed this month too for a 12-month period to support the roll out of SAF across all WMCA Project portfolios.
- d. High Priority recommendations:
  - o The table below provides an overview of the number of high priority recommendations raised following Programme Assurance Business Case Maturity Assessments:

Strategic	Economic	Commercial	Finance	Management
4	6	5	4	8

- A possible explanation for the large volume of Management Dimension high priority recommendations could be that HM Treasury have highlighted a high volume of project/programme documents/procedures that should ideally be in place for successful project delivery.

This concurs with the Health Check findings which show Project/Programme management arrangements to be a priority area for improvement. The appointment of the Programme Centre of Excellence Manager will help to drive improvements in this area moving forward.

- When subdividing recommendations against project and programme themes the areas of Benefits, Scope and Project Management accounted for over half of the 27 high priority recommendations.
- e. A general area for improvement identified within Business Cases is the definition of objectives; ensuring they are SMART with the ability to be measured through ongoing Monitoring & Evaluation post approval.
- f. The two key areas for improvement identified from Health Check activity were
- Context, Aim & Scope and
  - Programme/Project Management.
- g. During this quarter 5 out of the 6 change requests received have been extension of time requests which are often proposed due to delays related to Covid-19. This trend is likely to continue throughout 2021/22 when project impacts are fully assessed.

## 5 Strategic Leadership Team (SLT) Support

5.1 In October 2021 SLT received a report on progress to SAF implementation project and issues. SLT accepted that progress had been made to date of roll out of SAF to the Investment Programme and they accepted that a clear plan needs to be developed to roll out SAF arrangements to all WMCA Project Portfolios.

5.2 The SAF assurance tools, supporting infrastructure and processes developed have been applied to the Investment Programme and are driving improvements by providing the insight detailed in this report.

5.3 SLT have supported the creation of the Programme Assurance & Appraisal Team following the Business Transformation organisational review in March 2021. The team are part of the wider Finance & Business Hub working more closely with enabling services to better support the delivery of projects and ensure effective controls are in place.

5.4 SLT have accepted the Programme Assurance & Appraisal team along with Finance & Business Hub partners act in a 'Hub & Spoke' model. The centre enabling teams provide organisational standards and controls that ought to be applied across WMCA's delivery directorates. From an Assurance perspective, SLT agreed that the Programme Assurance & Appraisal team act as facilitators for implementation of SAF standards across WMCA on their behalf. WMCA Board own the Single Assurance Framework and it is a key part of the systems of internal control for WMCA. The new SAF, enabling tools, standard and insight information will drive improvement in project delivery and a better understanding of associated risks.

5.5 The appointment of a SAF Implementation Project Manager and Programme Centre of Excellence Manager, will contribute massively to the ability of the team to continue implementation of and compliance with the SAF. These appointments will also help drive the quality of project and programme management activity across the organisation.

5.6 SLT accepted that they own the WMCA Project Pipeline and Bid Management process and will engage with the Programme Assurance & Appraisal Team to ensure the team has better visibility of proposed projects needing to be developed in accordance with WMCA Single Assurance arrangements in the future.

5.7 SLT will receive monthly progress reports of the SAF Implementation project via the Director of Finance.

**6. Financial Implications**

No implications.

**7. Legal Implications**

No implications.

**8. Equalities Implications**

No implications.

**9. Inclusive Growth Implications**

No implications.

**8. Geographical Area of Report's Implications**

All areas.

**9. Other Implications**

N/A

**10. Schedule of Background Papers**

N/A

This page is intentionally left blank