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Audit, Risk & Assurance Committee

Date: Tuesday 4 October 2022

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)	Coventry City Council
Councillor Peter Allen	Sandwell Metropolitan Borough Council
Councillor Dave Borley	Dudley Metropolitan Council
Councillor Craig Collingswood	City of Wolverhampton Council
Councillor Ken Meeson	Solihull Metropolitan Borough Council
Councillor Ram Mehmi	Walsall Metropolitan Borough Council
Councillor Yvonne Mosquito	Birmingham City Council
Councillor Nick Bardsley	Shropshire Council Non- Constituent Authorities
Councillor Mike Sutherland	Staffordshire non-constituent authorities
Councillor Richard Baxter-Payne	Warwickshire Non-Constituent Authorities
Councillor Tom Baker- Price	Worcestershire Non- Constituent Authorities

The quorum for this meeting shall be nine members.

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

Contact Wendy Slater, Senior Governance Services Officer
Telephone 07557 831344
Email wendy.slater@wmca.org.uk

AGENDA

No.	Item	Presenting	Pages	Time
Meeting Business Items				
1.	Apologies for Absence	Chair	None	10:00
2.	Declarations of Interest (if any) Members are reminded of the need to declare any disclosable pecuniary interests they have in an item being discussed during the course of the meeting. In addition, the receipt of any gift or hospitality should be declared where the value of it was thought to have exceeded £25 (gifts) or £40 (hospitality).	Chair	None	
3.	Notification of Substitutes	Chair	None	
4.	Chair's Remarks	Chair	None	
5.	Minutes - 7 July 2022	Chair	1 - 6	10:05
6.	Matters Arising	Chair	None	10:10
Business Items for Noting/Approval				
7.	Forward Plan	Chair	7 - 8	10:15
8.	Public Sector Audit Appointments: Audit Quality Monitoring Report 2021	Linda Horne/Louise Cowen	9 - 14	10:20
9.	WMCA Audit Progress Report and Sector Update	Linda Horne/ Grant Thornton	15 - 34	10:30
10.	Heath & Safety Annual Update	Ben Gittings	35 - 44	10:35
11.	Strategic Risk Update	Peter Astrella	45 - 66	10:50
12.	Single Assurance Framework - Assurance Performance Report - April to August 2022	Joti Sharma	67 - 122	11:05
13.	Internal Audit Update - October 2022	Peter Farrow/ Sandra Kaylan	123 - 128	11:20
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 financial or business affairs of any particular	Chair	None	

	person (including the authority holding that information)			
15.	Whistleblowing Investigation - Adult Education Services	Peter Farrow/Satish Mistry	129 - 160	11:25
16.	Whistleblowing Investigation - Housing	Satish Mistry & Andrew Round (CBRE Ltd)	To Follow	11:30
Date of Next Meeting -15 November 2022				

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Audit, Risk & Assurance Committee

Thursday 7 July 2022 at 10.00 am

Minutes

Present

Mark Smith (Chair)	
Councillor Ram Lakha OBE (Vice-Chair)	Coventry City Council
Councillor Dave Borley	Dudley Metropolitan Council
Councillor Craig Collingswood	City of Wolverhampton Council
Councillor Ram Mehmi	Walsall Metropolitan Borough Council
Councillor Richard Baxter-Payne	Warwickshire Non-Constituent Authorities

In Attendance	
Fiona Bebbington	West Midlands Combined Authority
Peter Farrow	City of Wolverhampton Council
Satish Mistry	West Midlands Combined Authority
Loraine Quibell	West Midlands Combined Authority

Item No. **Title**

1. Inquorate Meeting

It was reported that the meeting was inquorate and therefore the recommendations contained within the minutes would be submitted to the WMCA Board on 16 September 2022 for formal approval and adoption.

2. Apologies for Absence

Apologies for absence were received from Councillor Peter Allen (Sandwell), Sean Farnell (Coventry & Warwickshire LEP), Councillor Yvonne Mosquito (Birmingham) and Councillor Mike Sutherland (Staffordshire Non-Constituent Authorities).

3. Chair's Remarks

The Chair welcomed everyone to the meeting and stressed the importance of the need to attend meetings in person to ensure that they were quorate and able to make decisions. He requested that if members gave apologies for future meetings, a substitute be requested to attend. He particularly highlighted the importance of attendance at next meeting due to the accounts approval being required of the committee. He asked that Governance Services email all members of the committee regarding the importance of attending meetings.

The Chair informed the committee of a potential induction sessions welcoming new members to the WMCA, and was in discussion with the

Governance Services Manager regarding the arrangements for this.

He also spoke briefly about the recent activities undertaken by himself of the committee, including attending Investment Board, meetings with the Chief Executive of the WMCA and with the Chair of Overview & Scrutiny Committee.

4. Terms of Reference

The Interim Director of Law & Governance provided the committee with an overview of its roles and responsibilities, as outlined within the terms of reference.

The Chair informed the committee of his discussions with the Interim Director of Law & Governance in relation to the need to undertake a review/refresh of the committee's terms of reference. It was agreed that a revised terms of reference would be submitted to the next meeting for members comment and approval. Councillor Craig Collingswood requested that all future reports that the committee received had a covering report to ensure that members were aware of what decisions the report was seeking.

It be recommended to the WMCA Board that:

The report be noted.

5. Minutes -12 April 2022

The minutes of the meeting held on 12 April 2022 were agreed as a correct record.

6. Matters Arising

Following items raised at the last meeting with regard to the number of vacancies at the WMCA, the Head of Business Planning, Performance & Transformation updated the committee in terms of the number of vacances which at the time of the meeting was 42, which was deemed as to be 'reasonable' for an organisation of this size. She also provided the committee with the number of temporary contracts that the WMCA currently had.

In regard to a previous risk identified on the Strategic Risk register relating to the Adult Education Budget, members were informed that the risk was de-escalated following discussions with the Director of Employment & Skills and the implementation of improvement processes.

It be recommended to the WMCA Board that:

The report be noted.

7. Draft Process for Accounts and Process for Finalisation

The Head of Financial Management updated the committee in regard to the approval process of the WMCA's financial accounts. The Chair reported that he had been involved in this process and was keen to get members' input

once required. The External Auditor confirmed that they were reviewing the accounts and working through the various queries, highlighting that they had the appropriate resources in place to ensure completion by the end of September 2022, although this was dependent on being provided with the necessary assurances from West Midlands Pension Fund.

The Chair informed the committee of a report from Public Sector Audit Appointments Ltd outlining the timeliness of account sign off.

It be recommended to the WMCA Board that:

The report be noted.

8. Update on Public Sectors Audit Appointment Process

The committee received an update on the Public Sectors Audit Appointment Ltd process. The Head of Financial Management provided details on the market engagement exercises that had taken place and the timescales in place as to when the contract and tender process would commence. It was expected an award decision will be made around the beginning of August 2022.

It be recommended to the WMCA Board that:

The report be noted.

9. Strategic Risk Register

The committee considered a report and presentation from the Head of Business Planning, Performance & Transformation outlining the Strategic Risks currently faced by the WMCA as outlined within the Strategic Risk register.

The Chair informed the committee of his separate meeting with the team to discuss the register in depth, which resulted to changes in relation to the inflation risk.

It be recommended to the WMCA Board that:

(1) The risks contained within the Strategic Risk register be noted.

(2) The key messages regarding changes that had been made and planned for the Strategic Risk register be noted.

10. Internal Audit Report

The committee received a report of the Interim Director of Law & Governance providing an update on on the latest work completed by Internal Audit so far this financial year. The Chair requested that he be informed of the progress made towards the key financials' systems audit.

It be recommended to the WMCA Board that:

The contents of the latest Audit Update report be noted.

11. Treasury Management Outturn Report

The committee considered a report of the Director of Finance & Business Hub outlining the WMCA's borrowing and investment held at 1 April 2021 and 31 March 2022.

Borrowing and investments held at 1 April 2021 and 31 March 2022 showed that net borrowing decreased by £35.46m to leave a net investment position of
£159.49m. New borrowing of £335m was undertaken to unwind a proportion of WMCA's historic under-borrowed capital financing position and mitigate against interest rate rises.

It be recommended to the WMCA Board that:

The report be noted.

12. Forward Plan

The committee considered the plan of items to be reported to future meetings of the committee.

It be recommended to the WMCA Board that:

The items of business to be reported to future meetings be noted.

13. Exclusion of the Public and Press

Resolved:

In accordance with s100(A) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business as it was likely to involve the disclosure of exempt information relating to the financial or business affairs of any particular person (including the authority holding that information).

14. Cyber Essentials Report

The committee received a presentation from the Strategic Head of Digital & Data outlining the areas of need for attention on Cyber Essentials accreditation, which had been held since 2019. The WMCA had made a new submission against the new enhanced Cyber Essentials criteria, which had received the support of the Strategic Leadership Team.

It be recommended to the WMCA Board that:

The report be noted.

15. Whistleblowing Investigation

The committee considered a report from the Interim Director of Law & Governance providing an update on the outcomes of any recently completed investigation into concerns that had been raised with the WMCA through the whistleblowing route.

It be recommended to the WMCA Board that:

The findings of the investigation undertaken following receipt of a whistleblowing claim regarding operational arrangements between WMCA and Midland Metro Ltd be noted.

The meeting ended at 12.05 pm.

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AUDIT, RISK AND ASSURANCE COMMITTEE				
COMMITTEE MEETING		**REPORT AND AUTHOR**	**AGENDA BRIEFING MEETING**	
Date of Meeting	***Date Final Reports to be submitted to Governance Services***		***Date of Meeting***	***Draft reports for send out***
15 November 2022	**4 November**	• Internal Audit Report (Peter Farrow) • Treasury Management Mid-Year Report 2022/23 (Mark Finnegan) • WMCA Annual Accounts (Linda Horne) • External Audit Report (Grant Thornton) • Midland Metro Annual Accounts (Linda Horne) • Terms of Reference (Satish Mistry) • Government Response to Local Audit Framework : Technical Consultation (Louise Cowen) • Balfour Beatty Report (Linda Horne/Satish Mistry)	**1 November**	**27 October**
24 January 2023	**13 January**	• Internal Audit Report (Peter Farrow) • Draft 2023/24 Internal Audit Plan (Peter Farrow) • Strategic Risk Register (Peter Astrella) • Treasury Management Strategy Statement 2023/24 (Mark Finnegan • **Treasury Management Training for ARAC Members pre- ARAC meeting (TBC)**	**10 January**	**5 January**

AUDIT, RISK AND ASSURANCE COMMITTEE				
COMMITTEE MEETING		**REPORT AND AUTHOR**	**AGENDA BRIEFING MEETING**	
Date of Meeting	***Date Final Reports to be submitted to Governance Services***		***Date of Meeting***	***Draft reports for send out***
18 April 2023	**5 April (due to Easter public hols)**	• Annual Audit Report (Peter Farrow) • Draft Annual Governance Statement (Satish Mistry) • Strategic Risk Register (Peter Astrella) • Final Internal Audit Plan 2023/24 (Peter Farrow) • Assurance Report (Joti Sharma)	**30 March**	**27 March**

Audit, Risk & Assurance Committee

Date	4 October 2022
Report title	Public Sector Audit Appointments: Audit Quality Monitoring Report 2021
Accountable Chief Executive	Laura Shoaf, Chief Executive Email: Laura.Shoaf@wmca.org.uk Tel: (0121) 214 7200
Accountable Employee	Linda Horne, Executive Director of the Finance and Business Hub Email: Linda.Horne@wmca.org.uk Tel: (0121) 214 7508
Report has been considered by	N/A

Recommendation(s) for action or decision:

Audit, Risk & Assurance Committee is recommended to:

(1) Note the Public Sector Audit Appointments Audit Quality Monitoring Report 2021.

1.0 Purpose

1.1 This report has been prepared to share a summary of Public Sector Audit Appointments Audit Quality Monitoring Report 2021 with members of the Committee.

2.0 Background

2.1 Public Sector Audit Appointments Limited (PSAA) is an independent company incorporated by the Local Government Association in 2014. The Secretary of State specified PSAA as an appointing person for principal local government bodies from 2018/19, under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015.

2.2 PSAA's Annual Audit Quality Monitoring Report for 2021 covers the work of local auditors appointed by PSAA for the 2019/20 financial year, which was undertaken during a difficult time. The systemic issues that were highlighted in Sir Tony Redmond's Review continued and were compounded by the pandemic.

2.3 PSAA has adopted the International Auditing and Assurance Standards Board's Framework for Audit Quality as the model for its appointing person audit service quality monitoring arrangements. The three tests used to monitor the quality of audit services provided by auditors under PSAA contracts are as follows:

- Adherence to professional standards and guidance;
- Effective relationship management; and
- Compliance with contractual requirements.

2.4 In September 2020 Sir Tony Redmond's review of local authority financial reporting and external audit was published. The report highlighted the significant challenges and turbulence within the new system of local audit, emphasising that at present local government audit is under-resourced, undervalued and is not having impact in the right areas. The report made a number of recommendations in relation to external audit regulation, smaller authorities' audit regulation, the financial resilience of local authorities and the transparency of financial reporting.

2.5 In December 2020 the Ministry of Housing, Communities and Local Government (MHCLG) delivered its initial response to the Redmond Review setting out proposed actions to implement the majority of the recommendations made in the report. This was followed by a further announcement in May 2021 which proposed that the Audit, Reporting and Governance Authority (ARGA) would carry out the hugely important role of the local audit systems leader. ARGA is the new regulator being established to replace the FRC and will contain a dedicated local audit unit which will play a key leadership and coordination role in the local audit framework. MHCLG consulted in Summer 2021 on how the new arrangements would function. Ministers have recently announced that ARGA will be headquartered in Birmingham.

2.6 The next year is likely to continue to be very challenging for all involved in local audit, but DLUHC (formerly MHCLG) will take forward and refine its proposals in its role as interim systems leader until ARGA is created, and the FRC will create a local audit unit in shadow form.

3.0 Report findings

3.1 In summary, the results of the professional regulatory reviews of financial statement work showed improvement with 78% (2018/19 62%) of financial statements audits reviewed assessed as requiring no more than limited improvements. This reflects the efforts that all firms have made to address the concerns of the Financial Reporting Council (FRC) and the Institute of Chartered Accountants of England and Wales (ICAEW).

3.2 The outcome is consistent with the reviews of corporate audits, but continued improvement is still required, as further improvement across all audit sectors is expected. PSAA has discussed with the firms their plans to address the matters raised by the professional regulators. In the last year of the current Value for Money arrangements audit requirements, all work inspected was assessed as meeting the required standard. However, the fact that only 9% of 2020/21 audits were completed by the expected publishing date of 30 September is concerning.

3.3 Adherence to professional standards and guidance

3.3.1 The FRC is the primary regulator and it reviewed the audits of a number of bodies that meet the major local audit definition, focusing in particular on audits with 'higher risk attributes'. The report sets out that 6 of the 20 audits in the sample did not meet the required standard although in their previous report, the FRC judged that 9 audits did not meet the required standard, with the improvement seen as encouraging, whilst too soon to confirm as a trend.

3.3.2 The FRC report commented specifically on firms where it reviewed more than one engagement, those with the largest share of major local audits. In relation to Grant Thornton, our own auditors, 9 audits were subject to FRC review and 6 were assessed as meeting the required standard and three as improvements required.

3.3.3 The FRC's reviews found that the quality of Value for Money (VfM) arrangements conclusion work across all firms remains high with all 15 reviews meeting the standard. The new Code of Audit Practice changes the reporting of the VfM arrangements work from 2020/21 onwards to be a commentary rather than a binary conclusion.

3.3.4 The FRC report highlights that the key areas requiring action by audit firms include improving the evaluation and challenge of assumptions used in valuing operational and investment property. The testing of expenditure also needs to be strengthened.

3.3.5 The FRC also cited some good practice examples such as the increased use of experts to help audit highly specialised property assets and the challenge of management's property valuers. Responding to revenue recognition was also highlighted.

3.3.6 The FRC report also included the findings of the ICAEW reviews of audits. The ICAEW reported that 15 out of 17 financial statements audits that they reviewed met the required standard along with the associated VfM arrangements work.

3.4 Effective relationship Management

3.4.1 All 2019/20 Section 151 Officers and Audit Committee chairs were surveyed by the PSAA to judge the effectiveness of relationships between bodies and their auditors. Responses were received from 40% of Section 151 Officers and 24% of Audit Committee chairs. Respondents

highlighted the local impact of delayed audit opinions, the shortage of auditor resources, the level of scale fee variations, and the extent of the work on property and pension valuations.

3.4.2 Only 20% of responses said that the audit committee had met privately with the auditors. These private sessions are widely acknowledged to contribute positively to the organisation's governance arrangements.

3.4.3 Overall communication remains an area for improvement. 80% of respondents had had frequent communication with their auditors on matters relating to the ongoing pandemic although this fell to 60% for communications on the timeliness of audit work. Communication is the area where most improvement can be made with delays in reporting, the need for an audit deferral or a fee variation highlighted in responses.

3.5 Compliance with contractual requirements

3.5.1 PSAA's biggest concern is the timeliness of audit completion. For the year covered by the report, the percentage of audits completed by the publishing date set out in the Accounts and Audit Regulations was 45%, compared with 58% in the previous year. In 2017/18 87% of opinions were issued by the publishing date.

3.5.2 The National Audit Office's report 'Timeliness of local auditor reporting on local government in England' examined the factors causing the delays, corroborating information provided to the PSAA as part of contract management processes, highlighting a number of contributory factors including:

- Competing resource and workload pressures for both auditors and audited bodies;
- Increasing audit risks such as investment in commercial enterprises;
- Meeting heightened quality expectations of professional regulators;
- Local bodies preparedness for the audit process;
- The impact of the pandemic involving additional audit procedures; and
- The delaying impact of remote working and increased sickness absence.

3.5.3 It is important to note that whilst the Accounts and Audit Regulations specify a date for publishing the financial statement, there is no statutory deadline for an auditor to provide an opinion on those financial statements.

3.5.4 A further report detailing the Government's response to the recent Local Audit Framework: Technical Consultation, and what this means for WMCA will be shared with the Committee at its November meeting.

3.5.5 The full PSAA report can be found at the following link: 2021-AQMR-published-final.pdf (psaa.co.uk).

4.0 Financial Implications

4.1 There are no direct financial implications arising from this report.

5.0 Legal Implications

5.1 There are no direct legal implications arising from this report.

6.0 Equalities Implications

6.1 Not applicable.

7.0 Inclusive Growth Implications

7.1 Not applicable.

8.0 Geographical Area of Report's Implications

8.1 Not applicable.

9.0 Other Implications

9.1 Not applicable.

10.0 Schedule of background papers

10.1 PSAA Audit Quality Monitoring Report 2021

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Audit, Risk & Assurance Committee

Date	4 October 2022
Report title	West Midlands Combined Authority Audit Progress Report and Sector Update
Accountable Chief Executive	Laura Shoaf, Chief Executive Email: Laura.Shoaf@wmca.org.uk Tel: (0121) 214 7200
Accountable Employee	Linda Horne, Executive Director of the Finance and Business Hub Email: Linda.Horne@wmca.org.uk Tel: (0121) 214 7508
Report has been considered by	N/A

Recommendation(s) for action or decision:

Audit, Risk & Assurance Committee is recommended to:

(1) Note the report presented by Grant Thornton.

1.0 Purpose

1.1 The report attached as an Appendix has been prepared by Grant Thornton to provide the Audit, Risk & Assurance Committee with an update on progress in delivering their responsibilities as WMCA's external auditors.

1.2 The report also includes a summary of emerging national issues and developments.

2.0 Background

2.1 Grant Thornton began their work on WMCA's draft financial statements in late June 2022, with a work plan in place to report back to the Committee on 4 October 2022. A number of factors have prevented the achievement of this deadline, including staff sickness absence in both the finance team and the audit team, coupled with increasingly complex audit trails as the authority's level and complexity of transactions has increased.

2.2 WMCA finance team are working closely with the audit team from Grant Thornton to improve overall efficiency of the audit process.

2.3 Further details of progress to date are set out in the Audit Progress Report attached as an Appendix.

3.0 Financial Implications

3.1 There are no direct financial implications arising from this update report.

4.0 Legal Implications

4.1 Production of the financial statements is a statutory requirement.

5.0 Equalities Implications

5.1 Not applicable.

6.0 Inclusive Growth Implications

6.1 Not applicable.

7.0 Geographical Area of Report's Implications

7.1 Not applicable.

8.0 Other Implications

8.1 Not applicable.

9.0 Schedule of background papers

9.1 West Midlands Combined Authority Audit Progress Report and Sector Update

This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report. This draft has been created from the template dated 22/09/2022.

West Midlands Combined Authority Audit Progress Report and Sector Update

Year ending 31 March 2022

22 September 2022

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

Your key Grant Thornton team members are:

Grant Patterson
Diretor, Audit
T 0121 232 5296
E Grant.B.Patterson@uk.gt.com

Helen Lillington
Senior Manager, Audit
T 0121 232 5312
E Helen.M.Lillington@uk.gt.com

Kiran Hussain
Assistant Manager, Audit
T 0121 232 5107
E Kiran.Hussain@uk.gt.com

This paper provides the Audit, Risk & Assurance Committee (ARAC) with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the ARAC can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications https://www.grantthornton.co.uk/en/services/public-sector-services/

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

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Progress at 22 September 2022

Financial Statements Audit

We undertook our initial planning for the 2021/22 audit in March 2022, and interim audit in April. We issued a draft audit plan in April and this was presented to ARAC.

The Accounts and Audit Regulations 2015 were amended by SI 2021 No. 263. The Department for Levelling Up, Housing and Communities (DLUHC) previously stated their intention to introduce secondary legislation to extend the deadline for publishing audited local authority accounts to 30 November 2022 for the 2021/22 accounts. This is enacted by The Accounts and Audit (Amendment) Regulations 2022 (SI 2022 No. 708) that came into force on 22 July 2022. The deadline for publishing audited local authority accounts for 2021/22 is extended to 30 November 2022 and thereafter changed to 30 September for years up to 2027/28.

We began our work on your draft financial statements in late June, with a work plan in place to report back to ARAC on the 4th October. However a number of factors have prevented us from achieving this deadline, most notably, these include staff sickness in both the finance and audit team, coupled with increasingly complex audit trails.

We reflected this risk in our key recommendation arising from the audit last year, which was as follows:

> "*As the Authority has grown, the level and complexity of the transactions entered into has increased. While the accounting system enables individual transactions to be tracked the production of the statutory financial statements are heavily reliant on a set of detailed spreadsheets which provide the links back to the accounting system.*
>
> *The audit trail therefore becomes protracted, leading to inefficiencies and delays in the completion of the audit process. It also requires substantial officer time to provide the information that is required. The current method of compilation of the financial statements also means that we are unable to apply a range of automated audit techniques which would enable us to gain assurance over the balances provided in a shorter timescale.*
>
> *A full, joint review of the process should be undertaken following the completion of the audit to try and identify more efficient ways to gain the necessary assurance in future years.*"

A joint review meeting was held following the audit last year, to identify areas for improvement, however the fundamental changes needed to the audit trails have not yet been made.

Our progress on key areas of the financial statement audit are outlined on pages 7 and 8. A revised delivery and resource plan has been agreed with management and is in place for a November sign off, but this will be dependent on outstanding issues being resolved in a timely manner, and the resolution of the national issue on infrastructure assets.

Value for Money

The new Code of Audit Practice (the "Code") came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code was the introduction of an Auditor's Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline for the issue of the Auditor's Annual Report is now no more than three months after the date of the opinion on the financial statements. We anticipate issuing our Auditor's Annual Report in December 2022. We have also written separately to the Chair of the ARAC confirming this.

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Progress at July 2022 (continued)

Other areas

Meetings

We meet with Finance Officers on at least a weekly basis as part of the ongoing final account process. We met with the Executive Director of Finance in July as part of our quarterly liaison meetings. We also met with your Chief Executive in September to discuss the Authority's strategic priorities and plans.

Events

We provide a range of workshops, along with network events for members and publications to support the Authority. Further details of the publications that may be of interest to the Authority are set out in our Sector Update section of this report.

Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2021/22 is the fourth year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in the period 2018/19 to 2021/22 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the "few improvements needed" (2A) rating means that additional audit work is required.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting.

We have reviewed the impact of these changes on both the cost and timing of audits. We have discussed this with your s151 Officer including any proposed variations to the Scale Fee set by PSAA Limited. Based on these factors, the fee proposed at the planning stage of the audit is £68,355. Given the difficulties experienced with the audit trails on the audit and the additional time to resolve them a further variation will be needed. This will be discussed with finance officers in the first instance on the conclusion of the audit.

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Audit Deliverables

2021/22 Deliverables	Planned Date	Status
Audit Plan We are required to issue a detailed audit plan to the ARAC setting out our proposed approach in order to give an opinion on the Authority's 2021/22 financial statements and to report on the Authority's value for money arrangements in the Auditor's Annual Report	April 2022	Completed
Audit Findings Report The Audit Findings Report will be reported to the November Audit Committee.	November 2022	Not yet due
Auditor's Report This includes the opinion on your financial statements.	November 2022	Not yet due
Auditor's Annual Report This report communicates the key outputs of the audit, including our commentary on the Authority's value for money arrangements.	December 2022	Not yet due

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Progress on key areas of the accounts

Section of the Financial Statements	Percentage complete	Matters Arising	Outstanding information
Queries raised as part of interim and planning	50%	• No issues arising to date	• Queries to Internal Audit • Queries to IT • Queries on significant variances between management accounts and financial statements
Groups	20%	• No issues arising to date. Audit team to arrange file reviews with the auditors of MML • The auditors of WM5G have provided a small element of tax compliance in addition to the audit fee. As a result we are evaluating the ethical impact of that and our ability to rely on their work for the group audit.	
Technical Review of Financial Statements	20%	• Initial review has identified some changes required to the disclosures in the financial statements. Also some changes required to the group Movement in Reserves Statement (MiRS)	
Journals	75%	• No issues arising to date	• Sample queries outstanding
Property, Plant and Equipment	25%	• No issues arising to date	• Officers have written a paper on both the treatment of infrastructure assets and impairment. This has raised a number of further queries • The audit trail to support capital additions has required a number of iterations. The complexity of the audit trail has caused a delay in sample selection. • Paper on the impact of whistleblowing investigations on valuations used in the financial statements
Investments	75%	• No issues arising to date	• Some third party confirmations outstanding
Debtors	90%	• No issues arising to date	
Cash	75%	• No issues arising to date	
Creditors	60%	• No issues arising to date	• Sample queries outstanding
Borrowings	50%	• No issues arising to date	• Third party confirmations outstanding

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Progress on key areas of the accounts (continued)

Section of the Financial Statements	Percentage complete	Matters Arising	Outstanding information
Provisions	80%	• No issues arising to date	
Grants	10%	• Audit trail for grants is complex and not all balances in the accounts are currently supported by listings that enable transactional testing. • A prior period adjustment has been made by officers that requires further investigation	• Technical paper that supports officers decisions for a prior period adjustment with full supporting evidence. • A transactional listing that supports the balances as disclosed in the financial statements in relation to capital grants.
Other Income	10%	• No issues arising to date	• Sample evidence to be provided. This has been outstanding for a number of weeks.
Employee expenses	70%	• A change in system has resulted in difficulties in obtaining the appropriate supporting information for all transactions	• Queries on substantial analytical review outstanding. If these are not appropriately resolved, additional substantive testing will be required on a sample basis.
Operating expenditure	60%	• As in prior years, the audit trails are overly complex, and require significant manual intervention to arrive at listings that are at a transactional level. This has delayed sample selection	• Sample evidence to be provided and queries outstanding
Related Party Transactions	70%	• No issues arising to date	• Queries outstanding on agreement of supporting information to what has been provided in the draft financial statements
Cashflow Statement	70%	• Disclosure does not include all required lines on the face of the statement. Adjustment is required.	• Copy of revised CIPFA cashflow toolkit
Narrative statement and Annual Governance Statement (AGS)	25%	• No issues arising to date	
Movement in Reserves Statement (MiRS)	25%	• Amendments required to group MiRS	

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Sector Update

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- Grant Thornton Publications
- Insights from local government sector specialists
- Reports of interest
- Accounting and regulatory updates

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local government

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Response to local audit consultation – Department for Levelling Up, Housing and Communities ("DLUHC")

The Department for Levelling Up, Housing and Communities ("DLUHC") has published its response to the local audit consultation. This follows the "Redmond Review", which reported in September 2020.

The response confirms plans to establish a new regulator, the Audit Reporting and Governance Authority (ARGA), as the system leader for local audit within a new, simplified local audit framework.

Ahead of ARGA's establishment, a shadow system leader arrangement will start at the Financial Reporting Council (FRC) from September 2022.

The consultation response also announces:

- Plans to make audit committees compulsory for all councils, with each audit committee required to include at least one independent member. This will create greater transparency and consistency across local bodies.
- ARGA will take over statutory responsibility for preparing and issuing the Code of Audit Practice (from the National Audit Office).
- A post-implementation review of the new Value for Money arrangements. The Code is a key part of the local audit system, and it is important to ensure that it helps to facilitate effective local audit. To allow time for the new arrangements to bed in the response proposes this is completed within three years.

The full response can be found here:

Government response to local audit framework: technical consultation - GOV.UK (www.gov.uk)

Department for Levelling Up, Housing & Communities

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Levelling up White Paper – Department for Levelling Up, Housing and Communities ("DLUHC")

On 2 February the Department for Levelling Up, Housing and Communities ("DLUHC") published its Levelling Up White Paper.

The paper states "Levelling up requires a focused, long-term plan of action and a clear framework to identify and act upon the drivers of spatial disparity. Evidence from a range of disciplines tells us these drivers can be encapsulated in six "capitals":

- Physical capital – infrastructure, machines and housing.
- Human capital – the skills, health and experience of the workforce.
- Intangible capital – innovation, ideas and patents.
- Financial capital – resources supporting the financing of companies.
- Social capital – the strength of communities, relationships and trust.
- Institutional capital – local leadership, capacity and capability."

The paper also states "This new policy regime is based on five mutually reinforcing pillars." These are set out and explained as:

1) The UK Government is setting clear and ambitious medium-term missions to provide consistency and clarity over levelling up policy objectives.
2) Central government decision-making will be fundamentally reoriented to align policies with the levelling up agenda and hardwire spatial considerations across Whitehall.
3) The UK Government will empower decision-makers in local areas by providing leaders and businesses with the tools they need.
4) The UK Government will transform its approach to data and evaluation to improve local decision-making.
5) The UK Government will create a new regime to oversee its levelling up missions, establishing a statutory duty to publish an annual report analysing progress and a new external Levelling Up Advisory Council.

Levelling Up the United Kingdom - GOV.UK (www.gov.uk)

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Grant Thornton – reaction to Levelling up White Paper

On 2 February the Department for Levelling Up, Housing and Communities ("DLUHC") published its Levelling Up White Paper.

Commenting on the release of the government's Levelling up White Paper plans, Phil Woolley, Head of Public Sector Consulting, Grant Thornton UK LLP, said:

"The publication of today's White Paper plans is a welcome first step and it is reassuring to see the government recognise the need for systemic changes in order to deliver its central aim of Levelling up. The '12 missions' can be seen as an attempt to consolidate existing elements of government activity behind a singular banner and now provides a clearer picture of the levelling up opportunity.

"Following a decade of successful regional devolution and mayors, the White Paper marks the next stage of the country's devolution journey. With government now offering a clear framework of devolved powers and accountability, local leaders will need to embrace the opportunity and collaborate across the public and private sector to ensure they negotiate and then deliver the best deal for their communities. Grant Thornton's Levelling Up Index shows that the economies of the 10 worst performing local authorities in England are on average over five times smaller than their best performing counterparts - highlighting the scale of the challenge ahead.

"To level up, these areas would need to grow their economies by £12billion, increase employment rates by 6 percentage points, create 1,700 new businesses a year and increase average weekly pay by £200. It is too early to determine whether the measures announced today will be sufficient, but it is a start. Success will ultimately depend on the ability and willingness of local and national government to translate these new frameworks into meaningful change in people's lives.

"The Spending Review offers the next opportunity for government to show its commitment by realigning departmental objectives behind these new goals."

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Prudential Code and Treasury Management Code – CIPFA

On 20 December CIPFA published the new Prudential Code for Capital Finance in Local Authorities (Prudential Code) and Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (the Treasury Management Code).

CIPFA commented "These two statutory and professional codes are important regulatory elements of the capital finance framework in which local authorities operate. Local authorities are required by regulation to 'have regard to' their provisions. These two codes have been published a principles-based consultation from February to April, which was followed by a second consultation on the detailed changes to the code from September to mid-November.

The updated Prudential Code includes some substantive changes. Most notably, the provisions in Code which present the approach to borrowing in advance of need in order to profit from additional sums borrowed have been strengthened. Additionally, the relevant parts of Code have augmented to be clear that borrowing for debt-for-yield investment is not permissible under the Prudential Code. This recognises that commercial activity is part of regeneration but underlines that such transactions do not include debt-for-yield as the primary purpose of the investment or represent an unnecessary risk to public funds."

The updated Prudential Code removes the "advance of need" terminology and emphasises the legislative basis for borrowing, namely that a local authority can borrow and invest for any legislative function and/or for the prudent management of their financial affairs.

The examples listed in the Code of legitimate prudential borrowing are:

- Financing capital expenditure primarily related to the delivery of a local authority's functions;
- Temporary management of cash flow within the context of a balanced budget;
- Securing affordability by removing exposure to future interest rate rises; or
- Refinancing current borrowing, including replacing internal borrowing, to manage risk or reflect changing cash flow circumstances.

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The Value of Internal Audit – CIPFA

One of the key elements of good governance is an independent and objective internal audit service. Some organisations engage fully and reap significant benefits from the assurance, insight and expertise they bring whilst others pay lip-service to them and see their work as an administrative burden.

CIPFA's recent report, Internal Audit: Untapped Potential, lifts the lid on internal audit in public services. For some chief financial officers and chief executives, this report confirms the value and contribution of internal audit teams with 87% of respondents recognising the contribution internal audit makes to their organisation. However, some leadership teams saw internal audit as providing a basic service at minimal cost.

Getting the most out of the function requires honest conversations and long-term planning. Maintaining appropriate skills and knowledge within the function is necessary to ensure high quality internal audit in public services are retained.

Culture and governance

The Audit Committee should monitor the delivery of internal audit and their output will be a key part of the annual work-plan. However, internal audit is not a substitute for risk management and should enhance the overall assurances received by management. Executives and Officers should engage with internal audit recommendations to ensure the organisation gains maximum value from reviews.

Capacity

Reducing internal audit days can lead to a lack of 'corporate grip' and not identifying issues at an early stage. This report raises concerns over the capacity of internal audit across the public sector. The profession needs to valued and invested in to make it more attractive to new blood and for bodies to be able to attract the best candidates to their service.

Expectations

To maximise the impact of internal audit, a clear and aligned strategic audit plan and annual audit plan should be in place. This should be agreed with all stakeholders.

Future plans

Internal audit needs to adapt to the changing landscape, including risks such as climate change, digital and technological developments, cyber-security and ongoing financial and service pressures within their planning processes. For financial resilience and medium- and long-term financial strategies internal audit can provide vital independent assurance to decision makers to allow them to take on more risk and be more ambitious. Leadership teams need to be clear on what assurances they will require going forward.

For more information, Rob Whiteman share his views on this report.

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Good practice in annual reporting – NAO

The National Audit Office (NAO) has published this guide which sets out good practice principles for annual reporting with examples from public sector organisations

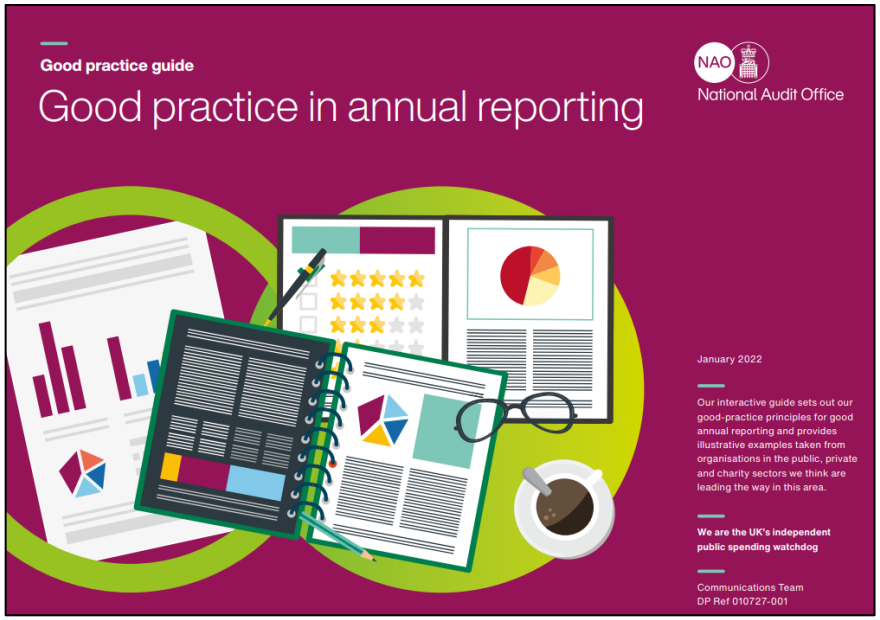
The NAO comment that the guide sets out "good-practice principles that we believe underpin good annual reporting. These principles are: Supporting Accountability; Transparency; Accessibility; and the need for the report to be Understandable."

The NAO further comment "The best annual reports we have seen use these principles to tell the "story" of the organisation. It is important that stakeholders, including the public and Parliament, are able to hold an organisation to account. To do this effectively, stakeholders need to properly understand the organisation's strategy, key risks that might get in the way of delivering this strategy and the effectiveness of their management, and the amount of taxpayers' money that has been spent to deliver the outcomes the organisation seeks to achieve."

The guide draws on examples of good practice from within each of the six sections of an Annual Report:

- Strategy
- Risk
- Operations
- Governance
- Measures of success
- Financial performance
- External factors

Although the guide does not include any local authority examples, those included, and the underlying principles, are equally relevant to all public facing organisations.



The guide can be found here:
Good practice in annual reporting - National Audit Office (NAO) Report

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Audit and Risk Assurance Committee effectiveness tool – NAO

The National Audit Office (NAO) has published this tool which supports Audit Committees in assessing their effectiveness.

The NAO comment "Audit and Risk Assurance Committees (ARACs) play a crucial role in supporting the effective governance of central government departments, their agencies and arm's-length bodies.

ARACs are operating in a highly challenging context. Government organisations are managing many short- and long-term risks and are required to be resilient to a number of pressures. This has created an environment where ARACs need to be dynamic and responsive to the changing risk profiles and demands of their organisations. ARACs can see this as an opportunity to work out how they can most proactively work with the Board and accounting officer.

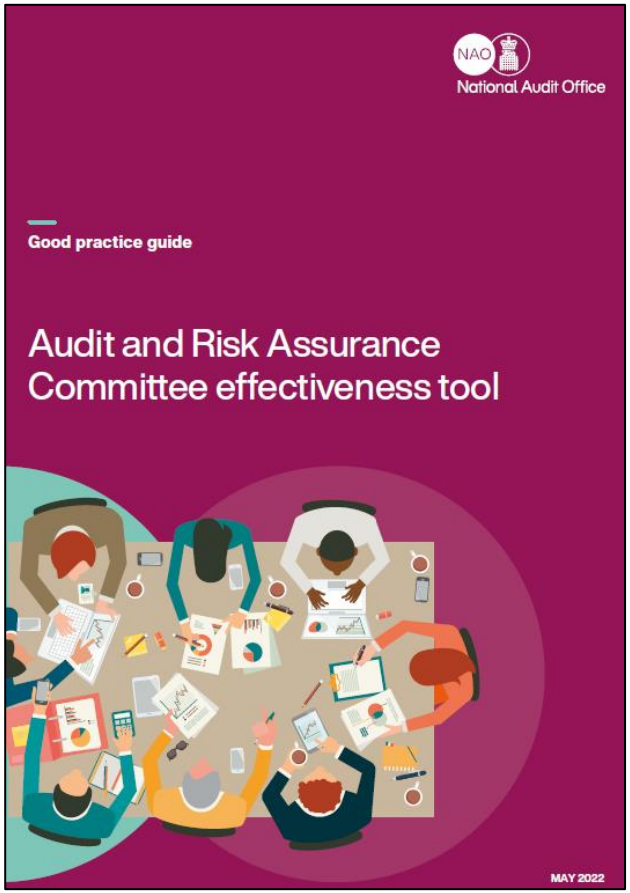
Against this background, the NAO's effectiveness tool provides a way for ARACs to assess their effectiveness against more than just the basic requirements. It provides aspects of good practice to give ARACs greater confidence and the opportunity to meet the requirements of their role.

The NAO's effectiveness tool is a comprehensive way for ARACs to assess their effectiveness on a regular basis."

The tool covers:

- Membership, independence, objectivity and understanding
- Skills and experience
- Roles and responsibilities
- Scope
- Communication and reporting

Although the tool is designed for central government Audit Committees it is also relevant to local government.



The guide can be found here:
Audit and Risk Assurance Committee effectiveness tool - National Audit Office (NAO) Report

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Guide for audit and risk committees on financial reporting and management during COVID-19 – NAO

The National Audit Office (NAO) has published this guide which aims to help audit and risk committee members discharge their responsibilities in several different areas, and to examine the impacts on their organisations of the COVID-19 outbreak

The NAO comment "Audit and risk committees are integral to the scrutiny and challenge process. They advise boards and accounting officers on matters of financial accountability, assurance and governance, and can support organisations, providing expert challenge, helping organisations focus on what is important, and how best to manage risk.

Each organisation will have existing risk management processes in place, but risk appetite may have changed as a result of COVID-19, for the organisation to operate effectively and respond in a timely manner. This may result in a weakening of controls in some areas, increasing the likelihood of other risks occurring. Organisations will need to consider how long this change in risk appetite is sustainable for."

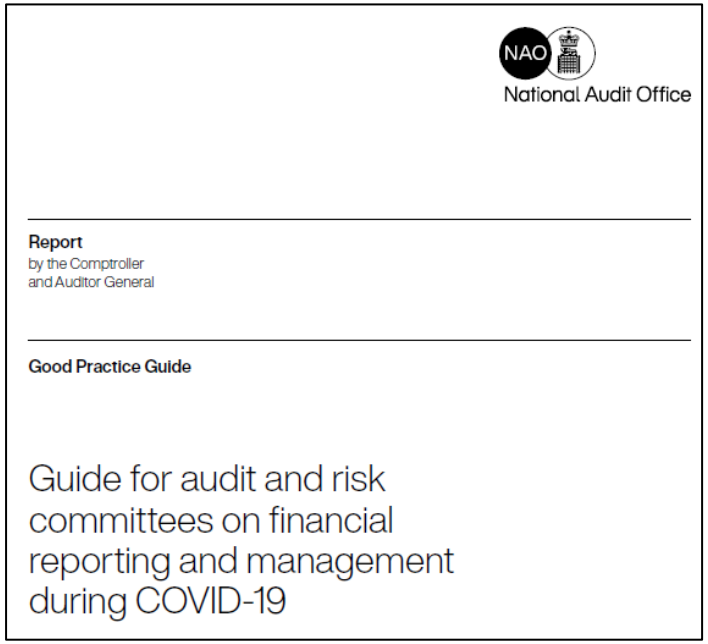
The guide includes sections on:

- Annual reports
- Financial reporting
- The control environment
- Regularity of expenditure

The guide can be found here: https://www.nao.org.uk/report/guidance-for-audit-and-risk-committees-on-financial-reporting-and-management-during-covid-19/

The guide includes a number of key questions covering areas such as:

- Property valuations
- Pension scheme valuations
- Completeness of liabilities
- Events after the reporting period
- Control environment
- Fraud and error



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Grant Thornton

West Midlands Combined Authority

Audit, Risk and Assurance Committee

Date	4 October 2022
Report title	Health and Safety Annual Update
Portfolio Lead	Ben Gittings Health and Safety Manager Email: Ben.Gittings@tfwm.org.uk
Accountable Chief Executive/TfWM Director	Laura Shoaf Chief Executive Email: Laura.Shoaf@wmca.org.uk
Accountable Employee	Pete Bond Director of Integrated Transport Services Email: Pete.Bond@tfwm.org.uk
Report has been considered by	Not Applicable

Recommendation(s) for action or decision:

ARAC is recommended to:

Note the annual update on Health and Safety contained within this report.

1. Purpose

1.1. The purpose of this report is to provide a summary of principal activities relating to the promotion and management of health and safety and outcomes during the past year and outline the strategic direction for occupational health and safety within the wide-ranging remit of the West Midlands Combined Authority (WMCA).

2. Background

2.1. The financial year 2022-23 represents the final year of the current *Health and Safety Strategy 2020-23.* This strategy has been delivered in unprecedented times, during which the Coronavirus (COVID-19) pandemic and subsequent recovery has significantly altered the landscape in which we all operate.

2.2. As we have adapted our ways of working, it has been recognised that the way we manage health and safety must also continue to evolve. With a shift from fixed workplaces and our previous operational norms, there has needed to be a renewed focus on health and wellbeing support, whilst also ensuring that high standards of occupational safety continue to be maintained.

2.3. The *Annual Delivery Plan* developed for each year the strategy covers have been tailored to support the current health and safety challenges and opportunities, with an overview of the key activities that have been implemented, in progress or are planned contained with this report.

2.4. When developing our next strategy, it is essential that we continue to build in a planned, systematic way to ensure health and safety is further integrated into all WMCA operational activities, ensuring proportionality in health and safety management, and enabling improvement through efficient and effective delivery.

3. Health and Safety – Key Achievements

3.1. The Health and Safety Team have continued to utilise every opportunity to implement enhancements to health and safety arrangements and management systems, ensuring standards of safety and compliance are being maintained consistently across the organisation.

3.2. The below table provides an overview of the key achievements and activities:

Key Achievements and Activities 2021-22	
✓	**Review and update of Health and Safety Policy** Policy statement of intent, organisation & responsibilities, and arrangements for implementation have been reviewed and updated to ensure they reflect the updated arrangements for the management, governance and reporting of Health and Safety within the organisation. Sign-off by Laura Shoaf, Chief Executive in November 2021.
✓	**Safety Management System (SMS) Review and Update** The SMS has been reviewed and updated to ensure greater alignment to the clauses of the ISO 45001:2018 standard, as well as reflecting the updated arrangements for the management, governance and reporting of health and safety within the organisation. This includes changes required to support hybrid working, programme delivery and ongoing mitigation of the risk presented by COVID-19. The SMS also documents all safety provisions as required by pertinent Health and Safety legislation as it applies to WMCA.

✓	**Understanding the Context of the Organisation** Context of the Organisation document has been produced to ensure a detailed understanding of the organisation and its context in the wider world, including internal and external issues relevant to the SMS. This also includes the needs and expectations of interested parties, including both internal and external stakeholders. This is an essential tool to identify the full scope of our organisational SMS and ensure it remains fit for purpose.
✓	**Internal Review of WMCA Health and Safety Governance Arrangements** Review of the Health and Safety governance arrangements in place for WMCA in order to assess the overall effectiveness and suitability of these, given the complexity and nature of the activities and undertakings of the organisation. Ensuring arrangements continue to provide a robust platform and effective management structure, where no ambiguity exists relevant to accountability, responsibility, assurance and delivery of Health and Safety.
✓	**Internal Review of Metro Health and Safety Governance Arrangements** Review undertaken of arrangements for Metro, incorporating Programme Delivery (including Midland Metro Alliance - MMA), Network-Wide Programme (including Utilities), Midland Metro Limited (MML) (i.e. Metro Operations) and West Midlands Combined Authority (WMCA) as infrastructure owner.
✓	**ISO 45001:2018 Occupational Health and Safety Management Systems Standard** Successful retention of ISO 45001:2018 confirming compliance with the requirements of the standard. An internationally accepted method of assessing and auditing occupational Health and Safety management systems.
✓	**Ongoing Health and Safety Committee Structure** The *Health and Safety Strategic Committee* and *Safety, Health and Environment Committee* have continued to provide forums to facilitate the appropriate level of challenge, allow effective escalation of issues where required, provide a further means for consultation and communication, and support delivery of strategic direction on any proposed or implemented changes.
✓	**Commonwealth Games (CWG) 2022 – Transport Operations** Workstreams in relation to the preparation and delivery of the Commonwealth Games transport offering and mobilisation of 16 Summer Lane to support the delivery of these. This work aimed to ensure that both the CWG specific transport operations, existing operations on the transport network or at our corporate premises, and any applicable interfaces were managed so as to minimise risk so far as is reasonably practicable.
✓	**Programme Delivery – Health and Safety Resource and Assurance** Continued monitoring and oversight of Health and Safety performance on Programme Delivery project activity. Work continues to seek enhancements with the respective Project Sponsors, Project Managers, and project Health and Safety contacts to ensure suitable oversight and resources are available from a 'Client' perspective, as defined by the *Construction (Design and Management) Regulations 2015*.
✓	**Compliance Assurance of SMS for Metro Operator and Bromsgrove Rail Station** Compliance assurance of Midland Metro Limited's SMS with the *Railway and Other Guided Transport (Safety) Regulations 2006* in addition to all other relevant Health and Safety Legislation. This incorporated an audit conducted in August 2021, with the next scheduled audit to take place in September 2022. Similar arrangements exist for Bromsgrove Rail Station to verify compliance of the SMS against legislative requirements via an agreed operational model that identifies the specific Duty Holders and their respective responsibilities under the model for the safe operation and maintenance of the station and its infrastructure.

✓	**2GT Tram Body Issues** Ensured access to the appropriate forums and reporting to allow for adequate oversight and assurance in relation to 2GT tram car body monitoring and repair programme from a Health and Safety perspective on behalf of WMCA. This assisted in providing greater visibility of this issue by Transport Operations Board, CMT and SLT, via the monthly Health and Safety Board Report, providing opportunity for oversight and comment of the actions and mitigation measures in place.
✓	**Enhanced Accident, Incident and Near Miss Reporting and Incident Investigation Tool** Development and implementation of an online Accident, Incident and Near Miss Reporting Tool, providing real-time reporting. The importance of near miss reporting has also been promoted, providing early warning that intervention may be required and assist in preventing future adverse events. An online Incident Investigation Tool has also been developed.
✓	**Lone Worker Management** Introduction of a new app based lone worker management solution, StaySafe, which has been accompanied by a short 'Personal Safety' course available to all staff via Learning Pool and update of *SMS 14.1 Lone Worker Policy* and associated guidance outlining the available mitigation measures for effective lone worker management.
✓	**Musculoskeletal Health Awareness Week** Musculoskeletal (MSK) Health Awareness week took place in May 2022. This was a joint initiative between Equalities, Diversity & Wellbeing and the Health and Safety Team in order to raise awareness of the importance of MSK health and the things that can be done to support it.
✓	**Health and Safety E-Learning** Health and Safety Team working in collaboration with the Organisational Development & Engagement Team to utilise the Learning Pool platform to deliver general Health and Safety training (for employees and line managers) and fire safety awareness training to all colleagues across the organisation. Display Screen Equipment, Manual Handling and Personal Safety courses have already been made available.
✓	**Audit and Inspection Schedule** Maintained high levels of safety compliance of organisational assets via undertaking proactive scheduled health and safety audits and inspections, ensuring the ongoing safety of staff, customers, and stakeholders. This has included review and update to the audit criteria utilised by the Health and Safety Team to ensure ongoing statutory and procedural compliance, as well as drive continual improvement.
✓	**Health and Safety Team Resource** Additional *Health and Safety Advisor* role created to ensure consistent coverage across the broad remit of WMCA, address the challenges and opportunities of hybrid working, and support oversight of the significant number of capital programme delivery activities. A *Safety, Health and Environment Technician Apprentice* position has also been created to support the team and development of a future Health and Safety professional.
✓	**COVID-19 Response and Recovery** The Health and Safety Team has supported the organisational response and recovery to the COVID-19 pandemic. This has included reference to HM Government, UK Health Security Agency (UKHSA), and Health and Safety Executive (HSE) guidance. Working alongside HR and Facilities Management developed a 'Living with COVID' Policy to ensure that there is clear guidance and framework for line managers and colleagues setting out the organisational position now that all legal restrictions have been lifted.

4. Health and Safety Strategy 2020-2023 / Annual Delivery Plan 2022-2023

4.1. The *Health and Safety Annual Delivery Plan 2022-23* which supports the *Health and Safety Strategy 2020-23* has been subject to review at various forums prior to authorisation by SLT in April 2022. This plan provides further detail on how we will deliver against our strategic priorities, goals, and objectives, including areas of focus for enhancement to the Safety Management System.

4.2. In order to achieve the organisation's vision for occupational health and safety, the strategy has been divided into five distinct strategic priorities – i) Leadership and Commitment, ii) Management and Control of Risk, iii) Communication and Engagement, iv) Training and Competence, v) Performance Management.

4.3. The below table provides an overview of the objectives set out in the *Annual Delivery Plan for 2022-2023*.

Summary of Health and Safety Annual Delivery Plan for 2022-23
Leadership and Commitment
▪ **Health and Safety Strategy 20-23 & Annual Delivery Plan 22-23** - *Ensure strategic H&S aims and key deliverables are communicated and embedded throughout the organisation* ▪ **Visible Felt Leadership -** *Expansion of visible felt leadership through direct engagement in audit, inspection, safety tours, safety conversations, briefing activities, etc. whilst demonstrating leadership actively 'lead and promote' a positive health and safety culture* ▪ **Safety, Health and Wellbeing Charter -** *Renewed commitment in relation to management, accountability and ownership of safety, health and wellbeing* ▪ **Develop Health and Safety Strategy 2023-26** - *Develop new H&S Strategy for next three-year period which builds upon progress to date, ensuring this is reviewed, authorised, and effectively implemented*
Management and Control of Risk
▪ **Health and Safety for WMCA CWG 2022 Activities** - *Ensure effective H&S management of WMCA CWG 2022 activities* ▪ **Permit-to-Work System -** *Review and update of permit system to ensure effective control of contractor activities* ▪ **Risk Assessment Enhancement (inc. Health and Safety Risk Register) -** *Analysis of organisational activities and undertakings to ensure all are adequately risk assessed and appropriate control measures identified and implemented* ▪ **Occupational Health and Safety Management System (ISO 45001:2018 Standard) -** *Continued accreditation to ISO 45001:2018 standard for occupational health and safety management systems* ▪ **Psychological Health and Safety at Work (ISO 45003:2021 Standard) -** *Preparatory work and commencement of formal process to attain ISO 45003:2021 standard for psychological health and safety at work* ▪ **Programme Delivery Health and Safety Assurance -** *Develop enhancements to the assurance mechanisms in place for TfWM and WMCA programme delivery*

Communication and Engagement
▪ **Health and Safety Communications Plan** - *Deliver H&S Communications Plan to promote H&S and encourage employee engagement* ▪ **'Safety Differently' Campaign -** *Develop and deliver H&S culture campaign "Safety Differently" across the organisation with enhanced H&S culture and ownership evident.* ▪ **Alignment of "Health and Safety" and "Wellbeing" Strategies -** *Maximise benefit to the organisation, engaging in partnership working to address health, safety and wellbeing matters* ▪ **Further Develop Links with External Partners / Stakeholders** - *Strengthen links and develop effective network with other H&S professionals to allow for active engagement, sharing of best practice, and benchmarking with other organisations*
Training and Competence
▪ **Training for Senior Directors and Executives -** *Ensure that sufficient training and guidance is provided regarding leadership in health and safety* ▪ **'Safety Differently' Training –** *Develop and deliver "Safety Differently" training to both new starters and existing employees* ▪ **Health and Safety Training Matrix** - *Develop a training matrix for all roles to ensure a defined structure exists for the provision of health and safety training and required competence can be demonstrated* ▪ **Health and Safety E-Learning** - *Further utilise Learning Pool e-learning platform to deliver H&S training to enhance staff competence and ensure compliance*
Performance Management
▪ **Internal Review of Safety Management System** - *Review and enhance existing processes for internal audit of SMS against ISO 45001:2018* ▪ **SMS Compliance Reviews** - *Introduce Safety Management System Compliance Reviews for each directorate / business area* ▪ **Health and Safety Dashboard Enhancement** - *Review and enhance existing reporting dashboards to ensure they provide optimal information to recipients in a clear and concise format* ▪ **Benchmarking & Performance Review -** *Identify and develop suitable mechanisms for benchmarking and performance review, which seek to bring out key learning and opportunities for improvement* ▪ **WMCA H&S Governance and Reporting Arrangements** - *Periodic review and update of WMCA health and safety governance and reporting arrangements to ensure they remain appropriate to the organisation's undertakings*

4.4. To support delivery of the *Annual Delivery Plan 2022-23*, the Health and Safety Manager presented a briefing note to SLT in April 2022 emphasising the importance of ongoing 'Leadership and Commitment', ensuring that we can continue to demonstrate that leadership take an active role in the management of health and safety.

4.5. A key component of the delivery plan is the *'Safety Differently'* campaign, which challenges traditional approaches to health and safety management, and is hoped will become a 'cornerstone' of our strategic direction going forward.

4.6. In summary, the *'Safety Differently"* principle calls for a different kind of thinking that recognises people as the source of diversity, insight, creativity, and wisdom about health and safety, and not as the source of risk that undermines an otherwise safe system. In addition, it emphasises the importance of safety as the presence of positives, and not simply the absence of negatives, as well as the necessity to create a 'just culture'.

4.7. Progress against this delivery plan is reported quarterly to the *Health and Safety Strategic Committee* and the *Safety, Health and Environment Committee.* Updates in relation to specific deliverables are also included as part of monthly Health and Safety reporting, which is presented to several Boards.

4.8. Should any significant new or emerging risks be identified, there is scope for these to be added to the delivery plan as necessary, and which will then be subject to the appropriate mitigation measures to eliminate or reduce the risk, so far as is reasonably practicable.

5. Wellbeing – Key Achievements and Future Areas of Focus

5.1. The Equalities, Diversity and Wellbeing Team has developed a *Wellbeing Strategy* (due to be reviewed and updated in 2023), which is underpinned by six pillars covering: mental wellness; work/life balance; musculoskeletal; keeping connected; healthy lifestyles and cultural and behavioural change.

5.2. Mental health and wellbeing have been identified as key priorities, with multiple initiatives delivered to support colleagues in this area. These include an Employee Assistance Programme, Mental Health First Aiders (with an additional 4 appointed in 2021-22), and *Mental Health Awareness* training for managers, as well as *Personal Resilience* training for employees.

5.3. To complement this, various tools to support individual and management capability have been developed, including *Wellbeing Working from Home Guidance*, a *Stress and Resilience Toolkit,* and a *Stress and Mental Health Guide for Managers*. Wellbeing has also been embedded within key processes, including Management Fundamentals, 1-2-1's and the Individual Performance Management (IPM) process.

5.4. To empower employees and promote musculoskeletal health, a number of campaigns have been delivered, including sessions on posture alignment therapy, yoga and pilates. Two Bitesize learning sessions were also delivered alongside floor walks providing ad-hoc advice and in-person DSE assessments during a designated *Musculoskeletal Health Week*. A musculoskeletal health resource was also developed to support staff awareness.

5.5. A *Reasonable Adjustments Policy* has been developed, with line managers encouraged to consider any reasonable adjustment needs for staff as part of the hybrid working model i.e. what can help support individual staff positive mental health and wellbeing in terms of their working patterns and their working environment. This was further reinforced in 2021-22 by the development and promotion of *Reasonable Adjustments Guidance for Managers.*

5.6. Additional activities conducted during 2021-22 and areas of focus for 2022-23 are detailed in the following table:

Additional Wellbeing Activities for 2021-22 and Summary of Future Areas of Focus for 2022-23
Additional Wellbeing Activities for 2021-22
▪ Delivery of Bitesize Learning sessions on Imposter Syndrome; Nutrition and Hydration ▪ Delivery of a wider 'Wellbeing@Work' campaign ▪ Provision of voluntary Health Checks for staff ▪ Influenza vaccination vouchers made available to employees ▪ Prevalent lifestyle conditions resources developed, covering topics such as cancer, diabetes, stroke awareness, and coronary heart disease ▪ Neurodiversity at Work resource developed with specific guidance on how to more effectively promote positive mental health and wellbeing for neurodivergent staff
Summary of Wellbeing Future Areas of Focus for 2022-23
▪ Development of a Carers Policy ▪ Development of a Menopause Policy, supported by initiatives to increase management competence, staff support, and wider staff awareness ▪ Continued delivery of initiatives that seek to destigmatise mental health issues ▪ Development and delivery of Work-Life Balance campaigns ▪ Delivery of Bitesize Learning sessions on Psychological Safety ▪ Strengthening of the role of wellbeing in induction, including through the development of a wellbeing induction guidance for managers (to include reasonable adjustment considerations) ▪ Delivery of training to support with awareness and management of Domestic Abuse ▪ Reinstating bookable Acupressure Sessions to support positive musculoskeletal health ▪ Delivery of corporate volunteering initiatives to promote positive mental health and wellbeing, improve team cohesion and support work/life balance

5.7. In addition to the above, the Health and Safety Team will continue to work closely with the Equalities, Diversity and Wellbeing Team, with a key objective to undertake an initial assessment and complete the necessary preparatory work prior to attaining ISO 45003:2021 accreditation during 2023. This standard covers psychological health and safety at work and the management of psychosocial risks.

6. Summary of Current Position and Future Areas of Focus

6.1. Whilst significant progress has been made to date, the effective implementation of the current strategy and associated delivery plan objectives will be essential to ensure the continued integration of positive occupational health and safety management practices into all aspects of the organisation's activities and undertakings.

6.2. There are not currently any specific areas of concern or particular items for urgent improvement, however it will be critical that all departments fully integrate health and safety into their operational norms and practices, ensuring the organisation becomes an increasingly safer and healthier place to work.

6.3. As we approach the end of the period covered by the current 2020-23 strategy, it will be vital that the new three-year strategy seeks to continue the positive occupational health and safety management practices and ensure that all parties play their part to support a proactive, robust health and safety management system which meets legal obligations and reduces risk to those affected by our activities.

6.4. We must engender a sustainable organisational culture, aligned to the *'Safety Differently'* ethos, where all employees actively participate in, and support the advancement of, our shared aims and objectives in relation to health and safety in accordance with a defined *Safety, Health and Wellbeing Charter*.

6.5. Introduction of an ongoing programme of *SMS Compliance Reviews* will assist in ensuring that the safety management system is effectively embedded and consistently applied across the organisation, as well as identify areas for improvement and provide a benchmark for year-on-year comparison or comparison between directorates.

6.6. In order to promote leadership and commitment in relation to health and safety, the *Visible Felt Leadership (VFL) Programme* scheduled to be launched in September 2022, will be essential for engaging and motivating employees, whilst demonstrating commitment and support to overall health, safety and wellbeing management. The VFL Programme also supports the wider *WMCA #BetterConnected* campaign.

6.7. Continued accreditation to the ISO 45001:2018 standard will be essential to externally verify our continued high levels of performance in relation to the management of occupational health and safety. This will be complemented by attaining ISO 45003:2021 accreditation, bringing a greater focus on psychological health and safety at work.

6.8. It will be vital that suitable mechanisms for lessons learnt and benchmarking are in place, which seek to bring out the key learning, opportunities, and next steps in relation to our Health and Safety performance.

6.9. The Health and Safety team will continually support the wide-range of activities for which the organisation has a remit and promote the benefits of proportionate health and safety management as a positive instrument to ensure statutory compliance and organisational success rather than a burden to progress.

7. Financial Implications

7.1. There are no specific financial implications arising from this report, however as the remit and responsibilities of the WMCA evolve additional resources and budgetary allocation may be required to ensure effective delivery of the aims and objective set out within the Health and Safety Policy and associated Strategy.

8. Legal Implications

8.1. Although there are no current legal implications, cognisance should be given to all applicable Health and Safety legislation that places duties upon the organisation.

9 Equalities Implications

9.1. There are no specific equalities implications arising from this report. However, it can be confirmed that any changes implemented in relation to new ways of working have been or will be subject to Equality Impact Assessment.

10. Inclusive Growth Implications

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

11. Geographical Area of Report's Implications

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

12. Other Implications

12.1. There are no other implications arising from this report.

13. Schedule of Background Papers

13.1. Not applicable

Rr\QA

Audit, Risk & Assurance Committee

Date	23 September 2022
Report title	WMCA Strategic Risk Update
Accountable Chief Executive	Laura Shoaf, Interim Chief Executive Email: laura.shoaf@wmca.org.uk Tel: (0121) 214 7444
Accountable Employee	Linda Horne (Finance Director & Section 151 officer) Email: Linda.Horne@wmca.org.uk Tel: (0121) 214 7508
Report has been considered by	Linda Horne (Finance Director & Section 151 officer)

Recommendation(s) for action or decision: **For Information Only**

Audit, Risk & Assurance Committee is recommended to:

a. Note the key messages in the Strategic Risk Update

b. Consider and note revisions, or planned revisions, to the Strategic Risk Register.

1. Purpose

1.1. Taken together, the Strategic Risk Update at appendix 1, the Strategic Risk Register (SRR) at appendix 2, and the Issues Log at appendix 3, provide the Audit, Risk and Assurance Committee (ARAC) with visibility of the strategic risks currently faced by the WMCA and support its function in monitoring the operation of risk management at the WMCA.

2. Background

2.1 The SRR supports the identification and management of the risks faced by the organisation in achieving its organisational or strategic objectives. The SRR captures only those high-level risks which are of such significance as to require oversight by the Strategic Leadership Team (SLT). The SLT monitors WMCA's risk environment on a regular basis to ensure key risks are captured on the SRR and measures are in place to effectively manage or mitigate their effects.

2.2 Issues Log – Both issues on the Issues Log (Appendix 3) relate to the Metro fleet. For the 2G tram cracks, a programme for repair is being closely monitored and an off-site location is being discussed. While the programme for 3GT quality issues is on track to close the remaining issues.

2.3 High Risks – Following its review, the SRR now contains 22 risks, of which three have the highest residual score of 25:

- *Failure to deliver the opportunities and benefits of the Investment Programme (prev. Failure to deliver the Investment Programme as originally intended)*
- *External factors*
- *Cost of living crisis; Inflation & global supply chain pressures (prev. Inflation & global supply chain pressures)*

A further seven risks are rated at High / Red:

- *Financial resilience of WMCA to absorb fiscal shocks*
- *Information assurance & protective security*
- *Stakeholder & political relations*
- *Capacity and capability*
- *Post pandemic sustainability of public transport network*
- *Commerciality*
- *Financial sustainability of the Mayoral-led CA Model* **New**

2.4 Other Risks - Following their review, the SLT agreed the following three risks are now considered to be under control and can be removed from the SRR:

- *Capacity of leadership team*
- *Ineffective communication (prev. Reputation)*
- *CWG the delivery Commonwealth Games regional and spectator transport operations*

2.5 Embedding Risk Management - The first meeting of the risk network was held in August, with all parts of the WMCA represented. I will continue to work to embed the risk management framework across the organisation and support its consistent application, and the SLT reiterated their support for my engagement with them and their directorate colleagues to achieve this.

2. Financial Implications

N/A

4. Legal Implications

N/A

5. Equalities Implications

N/A

6. Inclusive Growth Implications

N/A

7. Geographical Area of Report's Implications

N/A

8. Other Implications

N/A

9. Schedule of Background Papers

Appendix 1 Strategic Risk Update

Appendix 2 WMCA Strategic Risk Register

Appendix 3 WMCA Issues Log

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West Midlands Combined Authority

ARAC
Strategic Risk Update
October 2022

Peter Astrella – Risk Manager

Finance & Business Hub

West Midlands Combined Authority

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10	Key Messages for ARAC – Embedding Risk Management

WMCA Strategic Risk Heat Map

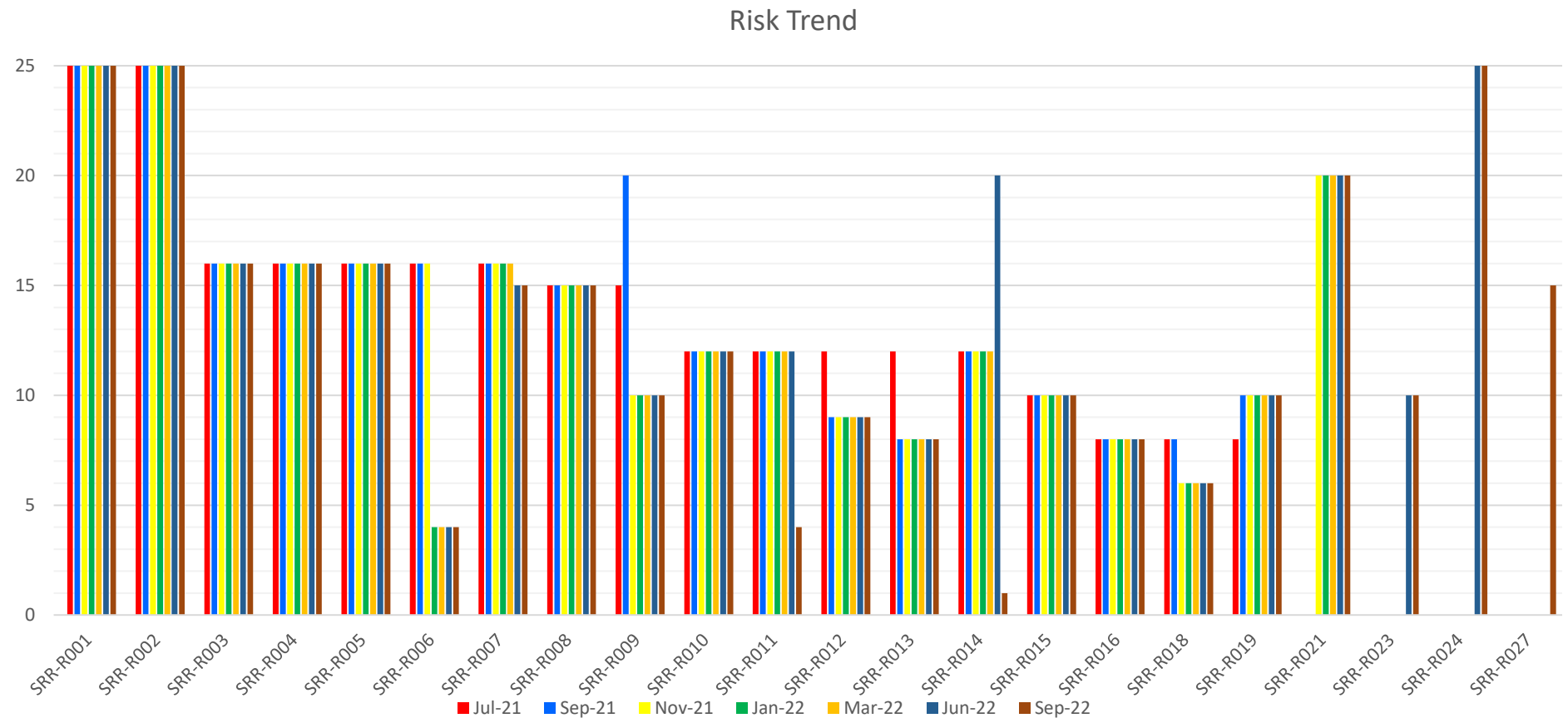
Twelve risks have been revised and one new risk has been identified

Current Threats						
Likelihood	5	Very high		SRR-R023 ⇔			SRR-R001 ⇔ SRR-R002 ⇔ SRR-R024 ⇔
	4	High		SRR-R013 ⇔		SRR-R003 ⇔ SRR-R004 ⇔ SRR-R005 ⇔	SRR-R021 ⇔
	3	Medium			SRR-R012 ⇔	SRR-R010 ⇔	SRR-R007 ⇔ SRR-R008 ⇔ SRR-R027 (New)
	2	Low			SRR-R018 ⇔	SRR-R016 ⇔	SRR-R009 ⇔ SRR-R015 ⇔ SRR-R019 ⇔
	1	Very low	SRR-R014 ⇩			SRR-R006 ⇔ SRR-R011 ⇩	
			1	2	3	4	5
			Minimal	Minor	Significant	Major	Critical
			Impact				

Threat Rating	Score Range	Count
Limited	1-5	1
Medium	6-12	10
Very High	15-25	10
Total		21

West Midlands Combined Authority

WMCA Strategic Risk Trend



West Midlands Combined Authority

WMCA Strategic Risk Trend

Following the latest review, there are now 10 strategic risks rated High / Red; one of which is new, and three of which have the highest residual rating:

SRR-R001	Failure to deliver the opportunities and benefits of the Investment Programme	**25**
SRR-R002	External factors	**25**
SRR-R024	Cost of living crisis; inflation & global supply chain pressures	**25**
SRR-R021	Financial resilience of WMCA to absorb fiscal shocks	**20**
SRR-R003	Information assurance & protective security	**16**
SRR-R004	Stakeholder & political relations	**16**
SRR-R005	Capacity and capability	**16**
SRR-R007	Post pandemic sustainability of public transport network	**15**
SRR-R008	Commerciality	**15**
SRR-R027	Financial sustainability of the Mayoral-led CA model	**15 (New)**

Key Messages for ARAC

The SLT agreed two overarching key messages as follows:

1. The biggest strategic risks for the WMCA lie in the financial sustainability of the CA and our ability to continue to achieve our objectives. With so many of the organisations strategic risks reflecting linked concerns around, budget deficits, gaps in funding, or loss of revenue.

2. Although we are confident in saying these are our biggest risks, we need to maintain visibility of risks across the organisation and continue to embed risk management in the WMCA.

Key Messages for ARAC - New Risks

The SLT identified one new risk as follows:

Financial sustainability of the Mayoral-led Combined Authority model – This risk is not unique to the WMCA, pressures on funding streams are in turn putting pressure on Combined Authority budgets.

Key Messages for ARAC – Significant revisions (1)

Cost of living crisis; inflation & global supply chain pressures – Revised to reflect the connected, but wider, concern of the cost-of-living crisis. This risk is complex and multi-layered, possibly impacting the people and businesses of the West Midlands and our own staff. With the possible subsequent effect on the funding streams we rely on to deliver our services and objectives.

Commerciality - Revised to remove reference to COVID, but now reflects how the economic environment; inflation and a cost-of-living crisis, could increase our exposure to financial risk through our commercial models.

Project / Programme appraisal & assurance – Revised to reflect the progress on transitioning to the use of the Single Assurance Framework. The SLT have agreed that once all portfolios have transitioned, likelihood will reduce to 1 bringing the overall risk score down to 5 and we would consider the risk to have been brought under control. At that point, it can be removed from the Strategic Risk Register.

Key Messages for ARAC – Significant revisions (2)

Capacity of leadership team – The SLT recognised that a significant range of activity has now helped to bring this risk under control and it can now be removed from the Strategic Risk Register.

Ineffective communication – Revised to reflect significant work on improving Comms management. The SLT recognise that this type of risk cannot be removed entirely within an organisation like the WMCA. However, they agreed it was now under control and could be removed from the Strategic Risk Register.

Delivery Commonwealth Games regional and spectator transport operations – Following the successful delivery of the Commonwealth Games and overall spectator and workforce transport operations considered to have been successful, the SLT agree the risk can now be reduced and removed from the Strategic Risk Register.

Key Messages for ARAC – Embedding Risk Management

- The first meeting of the risk network was held in August, with all parts of the WMCA well represented.
- Colleagues were interested in improving their understanding of the risks the SLT discuss and those being managed across the organisation. In response to their desire to learn more, I will now:
  - Publish a simple strategic risk register onto the intranet risk page and share a link via the Managers Briefing.
  - Work with Business Improvement Team colleagues to explore options for improving the capture of risk information across projects and programmes.
  - Facilitate discussions with Directorate Leadership Teams to consider risk management within directorates, and the identification and assessment of risks to the delivery of their objectives.

Risk ID	Risk Owner 1	Title	Cause	Effect	Controls measures in place	Residual Likelihood	Residual Impact	Residual Score	Target Risk Score	Trend	Further actions required to mitigate risk
SRR-R001	Exec Dir Finance Business Hub	**Failure to deliver the opportunities and benefits of the Investment Programme**	Decisions taken about the supplementary or alternative income streams; Business Rates Growth, Business Rates Supplement, and Precept, raise the risk that we will be unable to deliver the opportunities and benefits of several elements of the Investment Programme. In addition, interest rate rises are eroding the purchasing power of the grants / funding we have secured to date.	Underfunding of projects within the Investment Programme could lead to the failure to deliver the opportunities within the remaining elements of the Investment Programme. This could result in: • Opportunities for growth being compromised • Damage to our political relationships with central Government, which could result in Government claw back of funds • Reputational damage with our constituent members • Stakeholder relationships compromised • All of which would have a significant impact on the long term health of the CA and our ability to deliver for the West Midlands.	• 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. • Met Leaders have consistently stated that the Investment Programme Projects are of the highest regional priority. To meet the gap in funding, they support the principle that where new funds are provided to the WMCA then they should be first applied to meet the shortfall of funding of IP projects where the conditions attached to that funding allow for this. • 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 land value capture. • Identify opportunities to fund Investment Programme schemes through other means (i.e. Levelling Up Fund, CRSTS, etc). • 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.	5	5	25	20	↔	Continue to: • Work with Government and constituent authorities regarding the assumptions relating to business rates • Explore alternative funding and financing streams with HMT • Lobby Government for funding and explore other opportunities e.g. the Levelling Up Fund • Finally, we may want to explore future (post current Mayoral Term) precept options
SRR-R002	Exec Dir Strategy, Integration & Net Zero	**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 may not be adequately factored into WMCA plans, which could make delivery ambitions more difficult to achieve. 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.	Potentially leading to failure to achieve delivery ambitions Operational impacts short, medium or long term impacts on the economy. Potentially resulting reputational damage. 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.	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 5 strategic challenges 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.	5	5	25	TBC	↔	Maintain measures already in place. Where vulnerabilities are exposed, undertake specific work with partners to explore solutions (e.g. supported Cabined Office project about impact of introduction of border import controls / the Chambers/LEPs led work about issues to trade disruption). 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"
SRR-R003	SLT	**Information Assurance & Protective Security**	Data protection requirements and/or proper protective security of all WMCA assets, information systems, premises and people, may not be reasonably and proportionately maintained in line with the extant threats and UK legislative and Cabinet Office mandates.	A number of events which, should they occur, could compromise the confidentiality, integrity, or availability of information (electronic, manual, and spoken word) and business assets, and thereby impact the WMCA's ability to deliver it's objectives. **Organised and Opportunistic Crime:** • Cyber-attacks are an increasing threat and public sector bodies are regularly targeted. This could include social engineering (phishing, vishing and smishing), malware/ransomware delivery, direct 'hacking,' theft of data, and/or denial of service of ICT systems and services. • The risk of a successful attack from highly capable state sponsored cyber criminals, most notably sponsored by Russia, China, and Iran, is currently heightened as a direct result of the hostilities in Ukraine. **Authorised Users:** • Human error or procedural failure of an individual/team to adequately protect information, resulting in the loss of information and/or access to information by unauthorised persons. • Well placed insiders that maliciously and fraudulently steal/pass on information and assets. **3rd Party Services:** An information/system breach event occurring at a partner organisation or 3rd Party service, with whom we have contracted to process data on our behalf. In addition there could be either **terrorist events** or **natural disasters**	• 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 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.	4	4	16	9 to 12	↔	• The WMCA Senior Leadership Team (SLT) have approved a WMCA Digital & Data (D&D) Strategy, of which the first aim is to: "Provide information assurance and risk management aligned to the confidentiality, integrity and availability of information systems and assets as set out in the HMG Security Policy Framework (SPF) and the Government Functional Standard (GovS) 007: Security". • Also set out, within the D&D Strategy, are 5 Maturity Models. The 5th of which is the Information Assurance Maturity Model (IAMM). • The IAMM combines adherence to legislation and the appliance of best practice. It is overseen by the Senior Information Risk Owner (SIRO), and it allows the WMCA to: o Assess and report performance and maturity against the IAMM. o Conduct audits against IAMM requirements, allowing for risk identification, articulation, and management. Risk will be managed through a Protective Security Risk Registers aligned to the Information Risk Management Policy and Strategic Risk Management Framework. Audits will be undertaken by internal specialist staff in the first instance, but in time we will look to a 3rd party specialist audit provider. o Fulfil its obligations in adopting Cabinet Office mandates (essential), adherence to extant legislation (essential) and National Technical Authority (NTA) advice and guidance (consultation is essential) in ensuring that it is taking steps to reasonably and appropriately protect its information and assets and its ability to deliver services.
SRR-R004	Exec Dir Strategy, Integration & Net Zero	**Stakeholder & Political Relations**	Changing national politics have the potential to significantly impact the devolution agenda, funding and powers of WMCA	There is a risk that as WMCA continues to expand and absorb new remits and accountabilities that WMCA's stakeholder & political relations become more pressured. Positive stakeholder and political relations are needed to deliver the ambitions of the organisation. 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. Failure to do so could result in gaps in delivery and increased budgetary pressures among other effects.	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. .	4	4	16	TBC	↔	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

Risk ID	Risk Owner 1	Title	Cause	Effect	Controls measures in place	Residual Likelihood	Residual Impact	Residual Score	Target Risk Score	Trend	Further actions required to mitigate risk
SRR-R005	Head of HR	**Capacity and Capability**	Possibility of challenges in recruitment, retention and skill gaps, particulalry as a result of the post-pandemic environment we are operating in.	There is the risk that the capacity and skills amongst managers and officers may not be sufficient or fully aligned to enable delivery of our objectives and respond to changing priorities, or to meet the continuing focus for delivery of new and challenging initiatives within WMCA While increased demands and pressures on staff could impact upon wellbeing and attendance / absence levels, and hybrid working may give rise to new risks to staff morale and wellbeing. Added to this, there is a new threat as employees come out of the pandemic and consider their work / life aspirations. Employees may look to take more risks about their employment decisions, as the pandemic and hybrid working have opened opportunities for people that might not have existed before. We should recognise there is also an opportunity, as we too may no longer be tied to recruiting from a relatively small geographical pool but could look to recruit far more widely as hybrid opens up opportunities for people not necessarily located in the West Midlands.	**General** - Development and delivery of the organisation wide Transformation Programme Reset: Rebuild has been established to support the review of the CA's systems, processes, structure, and culture and will prepare the organisation in its ability to deliver in a continuing changing environment. We are also continuing implementation of the People Strategy and introducing a HR Service Centre. **Recruitment** - SLT have considered an approach to capacity planning and recruitment in a volatile market, and we will be looking at the tools and routes to market we want to use. **Retention** - An approach to talent and succession is being progressed including a skills audit to support a more planned approach. We will continue to ensure there are plenty of learning and development opportunities, including Learning Week, so that staff can ensure their skills and knowledge are refreshed. **Hybrid** – We are undertaking a review of Hybrid, looking at how implementation has been handled, how colleagues feel about the benefits and what difficulties they may have experienced, **Well-being** – We will continue to look at new well-being initiatives, engaging staff through well-being forums and promoting well-being webinars.	4	4	16	12	↔	**General** - Development and delivery of a cohesive People Strategy is fundamental to our response to this risk. We will be relaunching our vision and values, raising their visibility and improving their understanding with all staff, supported by #BetterConnected where we will be looking to improve staff interface and engagement. **Recruitment** – Having recruited a Recruitment Partner and Asst Recruitment Partner, we have introduced recruitment processes which are accessible, quicker, and easier to use. While tighter controls on resourcing through the resourcing team has enabled us to source quality candidates with greater relevant experience. **Hybrid** - Regular communications in place with all staff to maintain engagement across all levels of the organisation. An all-staff survey on WMCA's management of its Covid response demonstrated most staff welcomed working from home and productivity has increased. The results have been reviewed in detail to inform the approach to future hybrid working arrangements. **Well-being** - Hybrid working has proven to be a success for many, but HR and Wellbeing team are focussing on the mental health of all staff. A suite of wellbeing initiatives has been implemented to support the continued health of all staff, including the introduction of mental health first aiders and focus on promoting the benefits of the employee assistance programme.
SRR-R006	Exec Dir Strategy, Integration & Net Zero	**Overall Delivery of Devolution Objectives**	As a result of political uncertainty and changing political priorities of central government.	There is a potential risk that Government priorities change, meaning that the case for Mayoral Combined Authorities (MCA) and devolution is undermined. This could mean a re-centralisation of MCA functions or new HMG programmes that cut across our delivery plans or undermine our role. This could limit our ability to deliver on our devolution deals, causing broad reputational damage and 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.	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.	1	4	4	4	↔	Low perceived residual external risk given current government positioning on the devolution agenda.
SRR-R007	Exec Dir TfWM	**Post pandemic sustainability of public transport network**	The pandemic changed customer behaviour and working habits and we continue to see reduced patronage levels across public transport networks. Added to this, Government funding is due to expire during 2022 across England. The industry is also seeing unprecedented increases in the cost of fuel, cost inflation, and potentially wages which is also being passed on to TfWM for contracted services placing pressure on what we are able to do to mitigate the risk.	**Bus -** Services across the West Midlands are de-regulated and operated commercially by bus operators to decide the timetables, fares and operating hours of services. During the pandemic the DfT provided financial support to commercial bus operators to enable them to maintain services. This funding is due to come to an end in October (potentially end of December for West Midlands to maintain stability during the CWG). The majority of routes are unlikely to see patronage recover to pre-Covid levels, and bus operators have faced increased costs due to fuel, inflation, and pay. This had led to questions about the commercial viability of many services and the possible reduction in service provision across the region, with potential commercial provision as low as 70 to 80% of pre-covid levels. This could lead to pressure on TfWM to step in and financially support services which would, in turn, lead to increased budgetary pressures for WMCA of between £30m and £50m. TfWM can influence the outcome through partnership and joint working, but do not control the decision making processes. **Metro & Rail -** Longer term economic impact on both the Metro and Rail operations, there is a risk that both industries don't recover to pre pandemic levels due to a change in working habits/customer behaviour and uncertainty over longer term government funding support; DfT provided financial support for Metro to maintain services but this funding ends in October. **Tram** - Difficult for MML to hit operating budgets, which has a knock-on impact on operations and elements of Metro expansion where borrowing against future revenue is involved. **Rail** - Increased pressure to reduce the Rail industry cost base by reducing services, changes to working practices and these could be harmful to the strategic objectives of TfWM & WMCA.	• 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 so that we can better work through the West Midlands to manage any required changes on the network. • Engaging with Central government regarding the proposed recovery partnerships and seeking to influence the level of available funding - Light rail settlement combined with bus settlement, WMCA region allocation to be confirmed in due course. • Review of funding models and access standards to support uplift and commercial operators making significant changes. • Early identification of financial risk to inform the budget setting process and identifying options for reducing expenditure - Operational efficiency ongoing, all elements investigated i.e power, staffing. MML completing full re-visit of forecast for the financial year. • Work with DfT, Rail industry partners to help inform decisions about future service offering within the West Midlands.	3	5	15	9	↔	• Work with operators to identify opportunities to reduce overprovision on corridors where there is commercial competition. • Agreeing with operators timeline for undertaking network review process including setting review principles; engagement and consultation, marketing and promotion etc. Liaise with DfT regarding funding and expectations as to when the Network Review needs to be complete. • Implement comingling of passengers / explore options for expanding West Mids on Demand service to help meet gaps in the fixed route bus network. • Leaders have agreed to commission a review of supported policies to take place over 22/23 • Negotiate with operators to get the best package from the BSIP funding, including securing best coverage of the network. • Undertake and implement network review to register services for 23rd October 2022. • Communication of amended product range to help customers return to buying longer duration Metro tickets upon the Tram network (Placed on hold during service disruption, activities due to re-commence over Summer 2022). • Supporting national and local marketing campaigns to increase demand and targeting new markets.
SRR-R008	Exec Dir Finance Business Hub	**Commerciality**	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 these commercial models being unable to deliver expected benefits and commercial revenue targets. While the issues associated with Covid 19 have largely passed, a new issue of high inflation and the cost of living crisis is likely to have a significant effect on the economy.	The Combined Authority may be exposed to greater financial risk, as well as reputational and delivery impacts. Examples being: Underperformance of the Commercial Regeneration Fund and a drop in commercial revenue and future Fairbox revenues, which could effect the funding for future projects.	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' Companies generally set up on a limited basis and therefore without a legal obligation to input more capital, however a reputational obligation may exist. Sources of capital input are generally sums that would otherwise have been input as grant i.e. they are from income streams to the WMCA that will not require repayment if losses occur. The Investment Director provides a commercial perspective on funding opportunities that are presented to WMCA. Adequate expertise brought into the Finance Team to ensure an appropriate amount of rigor and precision exists within all WMCA commercial financing models, reducing the risk of error. 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.	3	5	15	10	↔	Adopting commercial models will allow the WMCA to become less dependent on government as it can diversify funding income. We continue to lobby government to support commercial operations impacted by the pandemic.

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SRR-R009	Exec Dir Finance Business Hub	**Project / Programme Appraisal & Assurance - Ensuring Compliance to National Devolution Commitments**	• There is a potential risk that new project and programme proposals are not effectively appraised or assured in line with the Devolution commitments made to Central Government. • The introduction of enhanced control requirements increasing resource requirements. • 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	• Potential for investment decisions being made without adequate appraisal having taken place beforehand. • Leading to poor investment decisions and failure to realise anticipated benefits or value for money, thereby having an adverse financial and reputational impact. • Noncompliance with Government requirements. • Impact the ability of the WMCA to secure future funding.	• Single Assurance Framework (SAF) approved by WMCA Board in July 2020. • SLT endorsed a phased implementation for transitioning projects to the new SAF in September 2020. • Started with the Investment Programme and expanded to include a number of portfolios. Target date to transition existing portfolios was Spring 2022. • SAF Implementation group meets monthly and reports progress/ issues to SLT. • A revised and enhanced tool kit was developed to support SAF implementation. Assurance and Appraisal processes implemented in line with SAF requirements. • SAF guidance is available on the Intranet. • 7 additional posts have been approved and recruited to. • Roll out of SAF requirements has been delivered to all Directorates and support teams. • Almost all Directorates have now transitioned to the SAF - next update is October 2022. • Directors are committed to submitting project pipeline information for each Portfolio and have worked to achieve transition. • The Investment Director has established a commercial approach to funding opportunities. • In addition an integrated Risk, Assurance and Internal Audit network has been established to share information and intelligence. • SAF annual refresh will be initiated in April with the aim of WMCA Board approvals by September 2022. • Evidence from engagement with Government suggests they are satisfied with progress we are making, with positive feedback from DfT when the City Regional Sustainable Transport Settlement (CRSTS) bid was being developed. DfT were confident in WMCA's assurance arrangements and only retained 2 schemes for their review (other CA's had a greater number retained by DfT).	2	5	10	10	↔	Once the remaining WMCA portfolio is SAF compliant we should see a reduction in the Risk Likelihood and therefore the overall Risk Score. To maintain risk mitigation, we will need to continue to deliver the existing controls including regular Assurance and Appraisal reporting to SLT and ARAC. In addition: 1. Look at further elements of the SAF that need to be implemented and embedded. 2. Following the review of internal governance arrangements, embedding of future governance arrangements is ongoing as part of a wider review.
SRR-R010	Head of Governance	**Governance Failures**	Failure to adopt and embed adequate formal governance arrangements.	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. Inadequate governance could result in: • Ineffective decision-making arrangements • Unsuccessful delivery of WMCA objectives, • Legal challenge, • Negative Financial impact • WMCA being unable to meet its obligations and future aspirations.	• Comprehensive governance arrangements are in place and contained in the WMCA constitution, approved by the Board. • 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. • 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. • A WMCA single assurance framework is in place. Governance requirements for Adult Education Budget, Housing and 5G have been established to ensure the adoption of streamlined approaches where required. • 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 governance review was undertaken and reported in November 2021 and continues to be implemented.	3	4	12	5	↔	• Implement recommendations of the Governance Review from November 2021. • Continue to monitor national guidance from Govt and the LGA and work with the Met Authorities to maintain a consistent approach where possible. • We may want to consider a thorough review and revamp of the WMCA constitution in the longer term, this could include all officer delegations and protocols.
SRR-R011	Exec Dir Economic Delivery, Skills and Communities	**Capacity of Leadership Team**	Challenges in recruitment coupled with excessive workloads,	Could result in the Leadership Team being insufficient to enable business decisions to be made promptly and the WMCA being unable to deliver its priority activities on time or at all.	A permanent CEO has been appointed and the leadership team is fully established with key individuals who have an expertise in their specific field and established relations with key stakeholders. 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 to improve the efficiency and effectiveness of the CA has been completed. 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. Increased focus on resourcing in the following areas: HR, Commercial & Investment and Strategy. New senior level posts/heads of service to relieve capacity pressures on strategic directors. The Statutory Officer Posts in the CA are now all filledThe organisational restructure has enabled Directors to review directorates resource needs and capacity, proposals for new structures have been developed,	1	4	4	6	▼	Following appointment of an interim Director of Law and Governance plans are underway for recruitment of a permanent replacement for the role later in the year. Ongoing review of governance to enable decision making and cross authority process works to best efficiency. Development of a People Strategy. Workforce and succession plan to focus on specialist skills and recruitment plan.
SRR-R012	Exec Dir Housing, Property and Regeneration	**WMCA Resilience**	Unexpected or irregular events and circumstances affecting WMCA services, buildings and facilities, disrupting operations and activities.	WMCA may be unable to respond in an effective and timely manner to events that have the potential to disrupt operations and activities, causing service outages, incl. those relating to the disruption of the transport network. All of which could result in: financial loss, failure to realise expected benefits or funding, reputational damage, service outages, and 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 a ongoing basis.	3	3	9	6	↔	Raising business continuity awareness and embedding the programme within the business, a 'task and finish' group has been established which is being lead 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 TfWM 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)

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SRR-R013	Director of Communications	**Ineffective communication**	Failure to adopt efficient processes that deliver: • Effective communications across all our delivery activity and projects. • Effective briefing for all staff ahead of public engagement activity.	Reputational damage to the WMCA through: • Poor communication and a lack of information for the public • A perception that the WMCA is accountable for more than it is • Negative media coverage and poor stakeholder perception • Government considering us ineffective in delivering our objectives • Local Authorities and our partners seeing us as ineffective in delivering for the West Midlands • The public, affected through their service engagement, may not have confidence in the services we provide	• Communications department is engaged in all business activity providing regular liaison with the Mayor's office to ensure pro-active and consistent messaging is delivered by all, all the time. • Director of Communications and all WMCA spokespersons provided with media training. • Business partner approach ensures all Dept's have access to communications support, and no projects should proceed without this support. • Regional Communications Group established ensuring the sharing of best practice and facilitating strong relationships with key partners. • Working closely with partners, ensuring forward planning of all communication activities. • SLT are taking on responsibility for ensuring positive relationships with key partners. • Comms team now includes engagement experts to reduce risks around public communication. • Building better relationships with journalists and a continuous programme of staff training to ensure they are delivering best practice. • 24/7 Media Office is available.	4	2	8	8	↔	An organisational communications strategy is required. • The strategy would outline principles, objectives, channels and means of delivery, to achieve robust communications. • The strategy would include agreed processes for communications and set out how they are issued and reviewed.
SRR-R014	Exec Dir TfWM	**Delivery Commonwealth Games Regional and Spectator Transport Operations**	Regional and local public transport has been slow to recover from the pandemic (staffing and drivers) and continues to suffer disruption from infrastructure failures (rail and tram). Resilience of the transport network has now been brought into even sharper focus by industrial action planned within the rail industry over pay, modernisation to working practises and pension disputes.	Plans to strengthen the local and regional transport network, to cope with the extraordinary one-off demands of the Commonwealth Games, assume no significant disruption to service supply and therefore have insufficient resilience. Contingency resources are not mobilised ahead of the Games and cannot be met entirely by the Organising Committee (OC) operations budget. As a result, the public transport network capacity will not be able to support the Games demand and will impact upon spectator travel experience and workforce movements.	• TfWM chairs the multi-agency Transport Executive Group (TEG) formerly Joint Transport Group (JTG) which includes relevant central Government departments (DCMS, DfT), Police, Local Authorities, and the OC. • Contingency plans being drawn up and funding being sought from DCMS via Chief Executives and Financial Directors Groups (13 June) • Market engagement with bus and coach industry and RfQ issued for contingency bus and coach services (return 16 June). • Sourcing of additional depot sites, accommodation for drivers and Park and Ride sites underway. • Weekly Situation Reports to brief senior politicians (regional and national) and senior executives of all Games partners. • DCMS funded a £5.3m contingency fleet of coaches and buses and these were deployed as required during rail strikes and ongoing rail disruption. • In addition a further 24 buses and local drivers were procured from Green Bus on an emergency basis and utilised to support Games-time operations and gaps in main supplier provision. • TfWM also facilitated the procurement of 30 contingency coaches to support OC departure services. • Overall the spectator and workforce transport operations were seen as successful.	1	1	1	4	▼	
SRR-R015	Exec Dir Strategy, Integration & Net Z	**Delivering the 2041 Carbon Budget reduction**	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, there is a risk that WMCA members and partners will not meet the region's carbon budget reduction net-zero CO2 by 2041 (and attendant interim targets).	There are profound implications for the region as part of a headline global risk of severe warming which evidence suggests will be costly in human and economic terms. The potential impacts are: • contributing to climate change with potential for extreme weather events. • continuing 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 an impact of child development and development of dementia. This increases pressure on NHS resources e.g. increase hospital admissions. • contributing to lower productivity in the region due to work absence for health reasons • 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 housing in urban areas near roads • Potential disruption to supply chains.	Annual monitoring of progress will be put in place by the WMCA Environment Team, who have also undertaken to report annually to the Carbon Disclosure Project. But the scale of the renewed commitment of WMCA (alongside that of its members and partners) requires a step change. 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. Supporting progress with sustainability partners in aligning the five-year budget cycles required under the UK Climate Change Act. TfWM continues work to effect a modal shift to clean and efficient public transport and active travel addresses medium term carbon reduction goals as well as shorter term concerns over clean air and congestion. 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.	2	5	10	10	↔	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. We continue to press the Government for additional funding for the work on energy and environment in connection with any review of public spending. 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.
SRR-R016	Exec Dir Finance Business Hub	**Continued operations - West Midlands 5G**	Completion of the national TestBeds and Trials programme (as funded by DCMS) has removed the main funding stream from WM5G; WM5G successfully concluded all DCMS required outputs and its largest funded project is delivered and closed. WM5G is now tasked with replacing future income from new work it must pitch for and its continued existence depends on what it might win before March 2023 and any additional funding that the Region may offer it whilst it continues to build income to replace the DCMS funding. There is a possibility that continued existence can not be guaranteed beyond March 2023 if alternative funding is not secured.	Delivery failures and the need to wind down WM5G if alternate funding is not secured impacting on Staff, Skill levels within the CA. Operational impacts beyond the 5G Team caused by the skill gaps created if there are staff losses. There is a significant potential for financial loss: 1. If no further funding is received to continue the work of WM5G, then the start up costs have not been spread over many years. 2. Any future digital initiative that could have utilised the WM5G skill and knowledge base would need to incur new start up costs.	Finances throughout the project are drawn down subject to robust business case criteria within both DCMS (via an over-arching grant agreement) and within WMCA (via investment programme mechanisms). The governance structure further reinforces this - via an arms length, wholly owned subsidiary company of WMCA, overseen by an independent Chair held ultimately to account by a joint-venture board - each with senior representation from WMCA, DCMS and other stakeholders. As funding is in arrears and all targets met to date, the risk of any failure to deliver is falling. WM5G Ltd have a staff retention plan in place to mitigate chances and impact of staff leaving before March 2022. Some small amount of funding has been identified to provide a short, scaled back service from WM5G after March 2022 and more funding is being sought.	2	4	8	6	↔	WM5G is funded until March 2023. A plan is in place to build commercial and new grant based activity. This has been slow to implement due to the closure of the major DCMS programme being delayed and this time lag may mean that its self sufficiency is not established by the time that funds run out. This would mean that the company would need to close in its current guise or the WMCA would need to find a way to extend its life.

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SRR-R018	Exec Dir TfWM	**Health & Safety**	Failure of the WMCA to implement and embed suitable and sufficient Health and Safety arrangements across its activities and undertakings via a defined Safety Management System (SMS) which as a minimum ensures compliance with all relevant legislative requirements.	Health and Safety arrangements to ensure the safety, health and wellbeing of any persons who may be affected by the organisation's assets, activities and undertakings may be identified to be insufficient or absent, resulting in significant risk to persons and/or infrastructure. This includes assuring safe delivery of Metro Operations and Programme Delivery construction activity for which WMCA has 'client' responsibilities. Breach of legislative requirements, with potential for enforcement action by regulatory bodies, legal action (both criminal and civil) and reputational damage.	• Organisational SMS accredited to ISO 45001 standard with ongoing compliance externally assessed every 6 months. • Assessment to consider the internal and external issues relevant to the SMS undertaken to allow the organisation to understand the H&S challenges and risks inherent to its activities and undertakings, as well as any interested internal and external parties. • WMCA Health and Safety Policy signed by Chief Executive containing statement of intent, roles and responsibilities and arrangements for implementation. • Comprehensive H&S Legislation Register maintained by H&S Dept. • High level objectives contained within the Health and Safety Policy Statement of Intent are translated into a three-year WMCA Health & Safety Strategy (and associated Annual Delivery Plan). • Strategic and Operational Safety, Health, and Environment (SHE) committees established providing strategic direction and operational engagement. • Audit and Inspections of all operational assets undertaken against set schedule to ensure H&S compliance is maintained. • Arrangements in place for periodic internal review of SMS to identify emerging risks and opportunities, drive continuous improvement, and ensure continued compliance with the ISO 45001 standard. • Monthly Health and Safety Report produced to provide Boards with a regular update of performance and activity. Reports include both statistics (e.g. accident, incident, near miss data; audit compliance scores, etc.) and other performance indicators, with an analysis of significant events and trends and a commentary that covers current performance across the various business areas (including Metro Ops and Programme Delivery). • Annual Health and Safety Performance Report is produced to provide a summary of principal activities relating to the promotion and management of health and safety and outcomes during the past year. • H&S obligations are considered in the development of all projects and programmes. • Robust procedures in place for the reporting and investigation of accidents, incidents, and near misses.	2	3	6	4	↔	• Ongoing engagement with all WMCA departments to ensure adherence of H&S policies by all. Development of policies, procedures and guidance as necessary to ensure suitable and sufficient H&S implemented for all areas of the WMCA portfolio. • Implementation of SMS RM3 Compliance Audit Tool to assess the application, understanding and maturity of health and safety policies and procedures within each WMCA directorate. • Enhanced Visible Felt Leadership Programme to engage and motivate employees, whilst demonstrating commitment and support to the overall Health and Safety Policy. • Continued development of the Health and Safety Training Programme • Immediate engagement with emergency services and /or HSE to provide pro-active management of H&S incidents.
SRR-R019	Exec Dir Finance Business Hub	**Investment Programme Delivery**	Due to uncertainties created by the use of Delivery Partners/ Delivery Bodies to deliver Projects/Programmes wholly or partially funded by WMCA Investment Programme, there is a risk that they 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.	Resulting in delays to the delivery of programmes of work, failure to deliver the elements of WMCAs devolution commitments. Potentially leading to Reputational damage to the WMCA as well as damage to Political relations /Programme Delivery.	Monitoring Arrangements in place with Delivery Partners to ensure timely monitoring and reporting. WMCA assurance framework is in place and resources being bolstered. 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 largely completed with 2 of 3 positons filled and a new M&E framework being finalised. Improved standards of project initiation, development, delivery and monitoring/oversight through the Single Assurance Framework (SAF) have been rolled out. Two new Monitoring & Evaluation Officers are in place to further enhance / support the ability of the CA to monitor the dleivery by Delivery Partners / Delivery Bodies. Funding agreements now in place with most Delivery Partners.	2	5	10	6	↔	Deliver a new Monitoring & Evalation framework.
SRR-R021	Exec Dir Finance Business Hub	**Financial resilience of WMCA to absorb fiscal shocks**	Reduced levels of reserves / resources which are available to deal with fiscal shocks. The most evident causes of such fiscal shocks currently are: • The ongoing effect of the pandemic on public transport services (see SRR R007), and • The effect of inflation and global supply chain issues (see SRR R024)	The revenue budget in recent years has been supported by reserves and other one off resources. This approach limits the degree to which the WMCA can direct funding quickly towards specific, or changing, priorities and reduces the extent to which WMCA has the financial capacity to effectively deal with fiscal shocks. Potential to force the reprioritisation of activity, including the use of earmarked reserves to support the organisation, which will affect the delivery of regional priorities.	During the pandemic the WMCA lobbied Government for additional funding for key priorities, but these opportunities to fund excess cost are now being withdrawn by Government. Some financial support is available for 2022/23, which will reduce the risk for the current FY, but this is not a viable long-term solution.	4	5	20	10	↔	• We are seeking a funding stream through the Levelling-Up agenda. • The WMCA has special status to consider future funding of Authorities and we will use this opportunity to pursue our case for CAs to receive their own funding stream. • We will also look to engage with Government over the possibility of CAs being part funded through Business Rates. • Finally, we could consider use of the precept.
SRR-R023	Exec Dir TfWM	**Metro Tram Availability**	The 2GT tram fleet has cracks located on the body car and also on the bogie box which has resulted in previous withdrawal of service whilst repairs are carried out. There is an ongoing programme of repairs to trams on the body cars and bogie boxes. There is a residual risk that propogation of further cracks may again result in the tram being withdrawn for service.	Risk that 2GT/3GT trams are unavailable to meet service schedule. This could result in a loss of revenue and impact other Metro extension projects. This is more prevalent whilst trams are routinely maintained (including P3 Overhauls) and are not available for short periods whilst being carried out.	Immediate risk of suspension of service is reduced, with 8 new 3GT trams in service, 2 more in preparation, and a number of trams having undergone bogie box repairs and full panel replacement. The repair programme includes monitoring of cracks for any further propogation in other locations, replacement of full body panels and an independantly assured repair to Bogie boxes. To date the repair programme has taken place at the Metro Depot which is now subject to an expansion progamme limiting space for both repairs and general maintainace for those in operation. To ensure momentum can be maintained, TfWM/MML and CAF have been working to secure an offsite location for the ongoing repairs. This is now secured and arrangements are in place to transport some trams to undergo the repair. In addition to this and to ensure that there is resilience within the fleet, 8 3GT trams have now entered into service alongside those which have had the Bogie Box Repairs and panels replaced. This has provided to date sufficient trams to enable the service and resielince as some trams are removed from service for routine inspections, and ongoing monitoring of cracks. TfWM are also working with CAF to ensure that the repairs being made are independantly assured and also gauranteed to last for the full length of the trams expected life.	5	2	10	4	↔	1. Consider negotiate / fund full replacement of whole sections/components affected in 2GT fleet This is ongoing with full side panel replacement by CAF. 2. Consider unlocking any cost constraints on timely temporary stabling provision

Risk ID	Risk Owner 1	Title	Cause	Effect	Controls measures in place	Residual Likelihood	Residual Impact	Residual Score	Target Risk Score	Trend	Further actions required to mitigate risk
SRR-R024	SLT	**Cost of living crisis; Inflation & global supply chain pressures**	There are three elements to the risk; cost and availability of resources and the wider imapct of the cost of living crisis. 1. Material price increases. Some supplies increasing monthly, while steel price has increased 10-30% 2. Energy price increases. 3. Availability of supplies; either through extended lead times, or general lack of availability. 4. Availability and cost of Labour.	The cost of living crisis is an existential threat to the WMCA through its impact on the businesses and people of the West Midlands this may include many of our own staff, and through an associated threat to both our funding and revenue streams. **CRSTS:** • The funding envelope may not be able to deliver all the projects as agreed. • Any delays in performance delivery could significantly affect WMCA's ability to draw down future funding, either in relation to CRSTS specifically or other government funds. **Operational Costs (TfWM):** • Public transport provision is very susceptible to energy price rises; electricity cost increases are having a direct significant effect on our budget. • In addition to energy price pressure, bus service providers are also under pressure with driver shortages and pay increases. **Capital Delivery:** Existing contracts – In fixed cost contracts, the risk of increased costs lies largely with the contractor to absorb. However, there is a risk that for some projects contractors could pull out of contracts they no longer consider to be deliverable for the agreed price; within Housing Property and Regen, this risk is considered to be less likely than that of affordability slowing down development, impacting delivery of our targets. Across TfWM we are seeing the impact across the entire capital programme. Two examples include: • Dudley Interchange - we are re-configuring the contract to keep costs within the project budget. • Metro Extension - we have seen an increase in project costs. Planned projects – Where contracts have not yet been agreed, there is a risk that proposed costs may be higher than budget leading to affordability issues. Within Housing Property and Regen we plug a gap in funding so, if costs go up for new projects, will we be expected to plug an even bigger gap? We are also a funder of last resort. Will developers pull away from those options because of the lack of profit to be made from those projects? Could we see a slowdown in developers / builders coming onto the pipeline if they no longer see sufficient financial benefit in building the affordable housing we want to support?	**Operational Costs (Energy)** MML hedge their energy, but the price rises will continue to have an effect for some time to come. **Operational Costs (Staff)** **Capital Delivery:** • Principal contractors to plan and ensure materials ordered in sufficient time. • Suppliers and subcontractors to manage the impact of material shortages and ensure delivery dates are maintained as scheduled. • Continue to assess / monitor exposure of Inflation & Market pressures on schemes / contractors / suppliers. • Making allowance in Target Costs for inflation rate increases. **Investment Programme:** The Single Assurance Framework (SAF) requires all projects and programmes to include a contingency sum. Once the contingency is exhausted, the Accountable Body is expected to meet any cost overrun. The final option is for the Accountable Body to request a change to the project through the SAF.	5	5	25	6	↔	**Cost-of-living crisis** - we may want to: • Consider how our staff may be affected and look at options for providing guidance, advice and assistance. • Explore which of our services and deliverables may be well placed to help people in the West Midlands and look to prioritise activity accordingly. **CRSTS** – This may require a re-prioritisation exercise across the entire programme and potentially re-scoping of individual projects to keep them within budget **Capital Delivery** • Developers must prepare for the predicted ongoing and increasing inflation with contingency plans and agile project management. • We also need to improve our contract & commercial management – do we have the skills and tools in place to support the effective delivery of our Capital projects? • We need to look at delivery profiles and ensure, along with contractors, that there is effective resource planning; could we, for example, create a resource pool to support delivery.
SRR-R027	Exec Dir Finance Business Hub	**Financial sustainability of the Mayoral-led CA Model**	There are multiple risks around the various funding streams for Combined Authorities including. but not limited to: the lack of multi-year funding models; Government failure to act on business rate reform; reduction in transport funding per capita; and reduction in devolution deal per capiita.	Sigificant pressures on Combined Authority budgets resulting in breakdown in their ability to deliver added value.	1 The Trailblazer Devolution Deal fiscal workstreams - we are discussing 15 fiscal opportunities with Government for longer term fiscal sustainability 2 Regular review and reporting of the Mid Term Financial Plan to consider funding, local income generation and or service cuts.	3	5	15	5	NEW	Agree TDD fiscal opportunities with Government to provide longer term fiscal security We may need to consider using reserves for 2023-24 but we must recognise that any such activity will further impact *SRR-R021 Financial resilience of WMCA to absorb fiscal shocks.* The further activity available to reduce *SRR-R021 Financial resilience of WMCA to absorb fiscal shocks* can also be applied to this risk, namely: funding through the Levelling-Up agenda; engage with Government to consider future funding of Authorities and the opportunity for CAs to receive their own funding stream; engage Government over the possibility of CAs being part funded through Business Rates; and finally, we could consider use of the precept.

Issue Priority	Issue Ref	Issue Title	Issue Description	Issue Owner	Issue Due date	Action Title	Action Description	Action Owner	Action due date	Action Status	Issue Status	Over all Status	Lessons Learned Initiated
Red	SRR-I001	Metro - 2GT fleet crack propagation (Suspension of all services from 13 November and 21 March).	Temporary repairs were being made to the 2GT fleet, pending all trams having the full repair undertaken which is in progress. The temporary repairs can no longer be assured as being sufficient for the safe opreation of the tram.	Exec Director TfWM	Dec-21	Repair programme	Programme for repair of 2G trams in Wednesbury and Gemini has been closely monitored and progress shared. The option to repair in Wednesbury is no longer available as the depot expansion continues and the next step requires an off-site location. Dudley VLR is the first choice, but commercial discussions with CAF are working towards securing the off site location within the next month. During suspension of services - communication with all customers and stakeholders on disruption, ensuring bus and rail operators accept Metro tickets, cease of trading in metro passes and direction of customers to bus/rail tickets. Working with rail and bus operaters to strengthen services for increased passenger numbers to ensure public transport options for affected customers	MMA	Ongoing	Open at Risk	Open at Risk	Open	
Red	SRR-I002	Metro - 3GT fleet; Compromised bolt identified on the fleet	Failure to articulation cover plate bolts preventing trams from running in service	Exec Director TfWM	Mar-22	Repair programme	3GT Quality issues have mostly been closed out and the programme is on track to close the remaining issues. The 9th and 10th trams delivered had fewer issues identified following a change in inspection process with some taking place in Spain.	MMA	Ongoing	Open at Risk	Open at Risk	Open	

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West Midlands Combined Authority

Audit, Risk & Assurance Committee

Date	4 October 2022
Report title	Single Assurance Framework (SAF) Assurance Performance Report – April to August 2022
Portfolio Lead	
Accountable Chief Executive/WMCA Director	**Linda Horne – Executive Director of Finance & Business Hub**
Accountable Employee	Joti Sharma – Head of Programme Assurance & Appraisal
Report has been considered by	WMCA Strategic Leadership Team

Recommendation(s) for action or decision:

1. Read this report and note its contents for information.

2. Also note that the attached refreshed Single Assurance Framework which has been updated in accordance with annual review requirements mandated by Government. The updated SAF now meets the National Local Growth Assurance Framework requirements, published by the Cabinet Office in September 2021. This will go to WMCA Board for their approval in November 2022. ARAC are requested to note the changes made to the new guidance and seek confidence that WMCA is meeting mandatory assurance guidance refresh requirements.

Audit, Risk & Assurance Committee (ARAC) is recommended to:

This report follows on from the Single Assurance Framework (SAF) update shared with Audit, Risk & Assurance Committee (ARAC) previously in March 2022. ARAC had requested that Programme Assurance & Appraisal Team present assurance thematic performance information to the Committee on a quarterly basis.

1. Purpose

This report details thematic performance information from WMCA projects that have been assured through the Single Assurance Framework (SAF). This report will help demonstrate progress being made by projects and WMCA directorates transitioning to new SAF assurance and governance arrangements and includes Programme Assurance and Appraisal Team activity from April 2022 to August 2022[1].

[1] Due to the timing of ARAC meetings, it has been agreed to present information from April-August 2022 (and not strictly quarterly data)

Background - Single Assurance Framework (SAF) Implementation Progress

2.1 As reported to ARAC previously, the WMCA Strategic Leadership Team approved WMCA SAF to be implemented across all WMCA directorates in October 2021. This was to mitigate the risk of non-compliance to mandatory devolution commitments. The SAF Implementation project, led by a dedicated Project Manager, was established to support the implementation, and was split into two distinct phases:

i. **Phase 1 –** Transition all WMCA Directorates to operate within SAF standards and governance requirements. Key Output – SAF Transition Proposals to be developed for each Directorate (Oct - March 2022)

ii. **Phase 2 –** Undertake annual refresh of WMCA Single Assurance Framework document in accordance with Department for Levelling Up, Housing & Communities (DLUHC) (April – September 2022)

2.2 The table below summarises Programme Assurance and Appraisal Team activity between April 2021 and August 2022. It demonstrates engagement across all WMCA Directorates and an overall increase in activity over time.

REPORTING PERIOD	DIRECTORATE/ EXTERNAL ORG.	Business Case Assessment (BCAT)	Health Check	Risk & Investment Appraisal	Change Requests
Apr – Sept 2021 (H1)	TfWM	5	1	5	3
	Productivity & Skills	1	0	0	0
	Finance & Business Hub	1	0	1	0
	WM Growth Company	0	1	0	0
	Solihull MBC	0	2	1	2
	Strategy and Economy	0	0	2	1
(Q1& Q2) TOTAL		**7**	**2**	**9**	**6**
Oct – Dec 2021 (Q3)	TfWM	3	1	1	1
	Finance & Business Hub	1	0	1	1
	Solihull MBC	2	0	2	1
	WM Growth Company	0	1	0	0
	Strategy & Economy	0	0	1	1
	Housing & Regeneration	0	0	1	0
Q3 TOTAL		**6**	**2**	**6**	**4**
Jan – Mar 2022 (Q4)	TfWM	6	2	13	4
	Strategy, Innovation & Net Zero (SINZ)	2	1	2	0
	Investment Programme	0	0	6	9
Q4 TOTAL		**8**	**3**	**21**	**13**
April – June 2022 (Q1)	TfWM	5	0	9	0
	SINZ	0	1	2	0
	Greater Birmingham & Solihull LEP	0	1	1	0
	Economy, Skills & Communities	3	0	1	0
	Investment Programme	2	0	2	1
Q1 22 TOTAL		**8**	**2**	**15**	**1**
July – Aug 2022[2] (Q2 – 2 months)	TfWM	1	0	2	**1**
	Strategy, Innovation & Net Zero (SINZ)	1	**1**	1	**0**

[2] Q1 2022 only represents 2 months' data and spans the Commonwealth Games and holiday period; therefore, activity has been unusually low. Activity in September 2022 will be captured in Q3 report.

	Economy, Skills & Communities	1	1	0	0
	Investment Programme	1	0	0	1
Q2 22 TOTAL		**4**	**2**	**3**	**2**

- The number of Business Case Assurance Reviews completed has quadrupled since the start of the SAF Transition project in October 2021. This has helped drive improvements to business cases prior to them being submitted for Risk & Investment Appraisal and approval.
- The number of Risk & Investment Appraisal reports have increased 5 times since the start of the SAF Transition project; ensuring that project proposals have been accompanied by an independent risk appraisal review prior to the funding request being considered for approval.
- The number of Change Requests undergoing the Risk & Investment Appraisal process has doubled since the start of the SAF Transition project. This shows that an effective Change Control process is in place and being utilised which allows WMCA to understand the root causes of change requests across all directorates and funding streams. It does not necessarily raise a concern about the level of change being undertaken as the control process has been rolled out across WMCA Project portfolios whereas previously the Programme Assurance & Appraisal team mostly only undertook independent risk and appraisal reviews on Investment Programme Projects.

2.3 A SAF transition approach has been agreed by all WMCA Delivery Directorates. Progress has been made with the Housing, Property and Regeneration (HPR) directorate for them to transition into SAF including the following stages:

a. A proposed integrated SAF approach has been agreed by the Directorate
b. The Directorate has embodied best practice advise and are currently developing a Housing Programme Business Case. This will summarise how all the various devolved funding sources received from government will be utilised to drive improvement in housing provision in the region
c. The Programme Business Case will be submitted to be independently assured by the Programme Assurance team in October 2022
d. Project Case templates have been developed for the HRP Directorate. When requests for housing project funding are received by WMCA. Project promoters will be asked to complete a WMCA Project Case template. The proposals will be assessed by the HPR team and then independently by the Programme Assurance team before going forward to be considered by WMCA governance process for approval.
e. Project Cases will be trialled for 3 months starting from November 2022 any amendments to this approach or template can be made after that period
f. It is envisaged that assurance performance data for HPR will be incorporated into the next assurance update to ARAC in early 2022.
g. Once implemented, this will demonstrate that WMCA is fully compliant with the new National Local Growth Assurance Framework, which was updated by Government in September 2021.

2.4 Directorate Pipeline meetings have been established for each Delivery Directorate, led by the Programme Assurance & Appraisal Team and Finance Business Partners. The purpose of these meetings is to review planned and anticipated project/programme activity at least monthly to:

- help inform effective resource planning activity
- agree proportionate and appropriate development routes for projects/programmes
- help drive overall SAF compliance.

2.5 The External Funding Application Register is maintained by the Programme Assurance and Appraisal Team and reviewed by WMCA's Strategic Leadership Team on a weekly basis to again support organisational project planning and ensure mandatory SAF requirements are considered and applied from the outset.

2.6 Within this reporting period, the Programme Assurance and Appraisal team have worked closely with the TfWM Directorate to ensure appropriate assurance processes and controls are implemented across City Region Sustainable Transport Settlement (CRSTS) funded projects. WMCA has been awarded £1.1bn CRSTS funding for Transport projects over a 5-year period. The team has supported ongoing conversations with DfT and HM Treasury regarding this settlement and have the least number of projects 'retained' for review and approval by HM Government in comparison any other Mayoral Combined Authorities. The SAF provided confidence to HM Government that effective assurance arrangements are embedded across WMCA which, in turn, helped influence the relatively low level of external scrutiny related to this funding.

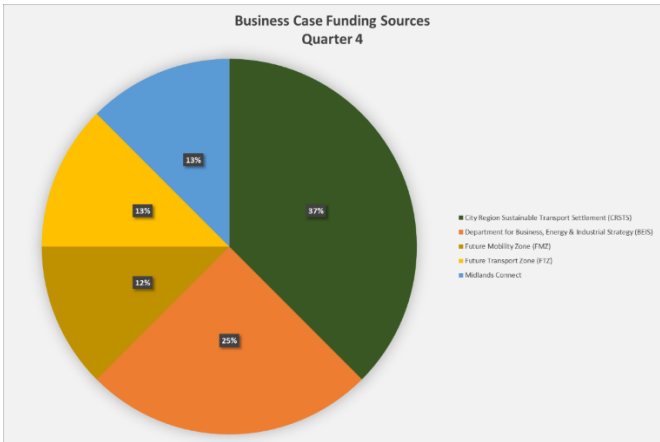
2.7 To support with the increased assurance activity, there has been further investment of resources to the Programme Assurance & Appraisal team. In turn, the team have undertaken intensive support of SAF familiarisation standard sessions across both internal and external stakeholder groups. Key messaging in these sessions has been to outline the mandatory WMCA role has as an Accountable Body for funding and the assurance requirements WMCA needs to ensure are met. The Programme Assurance & Appraisal team are a useful resource to outline business case standard requirements. This critical friend role adds value in providing this support. WMCA will be able to unlock funding more efficiently than if Central Government were reviewing and assuring all business cases directly. However, WMCA as an Accountable Body in turn needs to demonstrate that the terms and conditions of the funding have been met. With the further role out of SAF across WMCA project portfolios, WMCA is now in a better position to provide the documentary evidence that these requirements are being fulfilled.

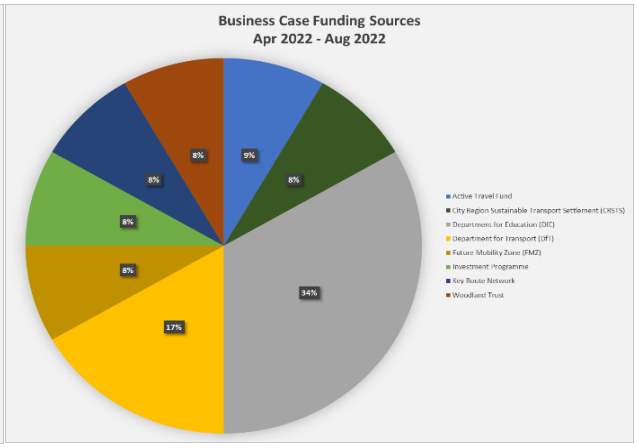
3 Assurance Performance Analytical Insights (April – August 2022)

Business Case Maturity Assurance Reviews (BCAT)

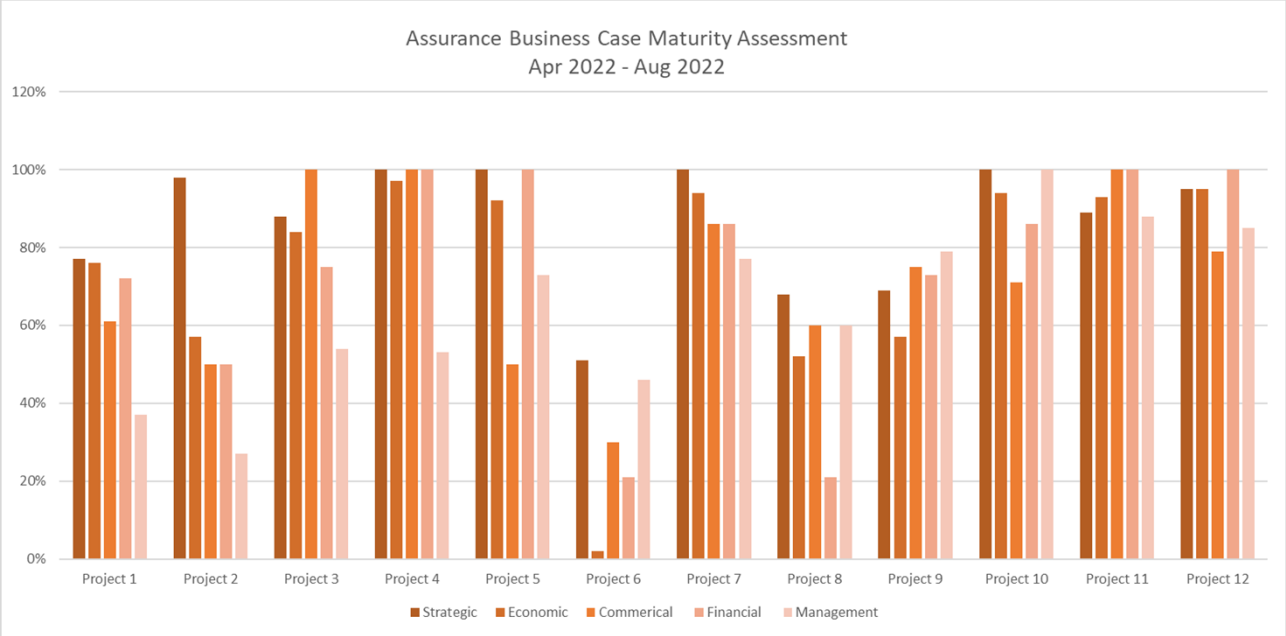
3.1 A total of 12 Business Case maturity assessments were undertaken in this period, with 44 high priority recommendations raised. The Programme Assurance and Appraisal Team have worked with project leads to improve the quality of business cases prior to their approval and this information will continue to be analysed to help drive organisational development and continuous improvement.

3.2 The charts below compare the business case reviews for Q4 (last reporting period) and the new reporting period by funding source. The chart demonstrates that SAF standards being rolled out widely across Portfolios, not only the Investment Programme funded projects.



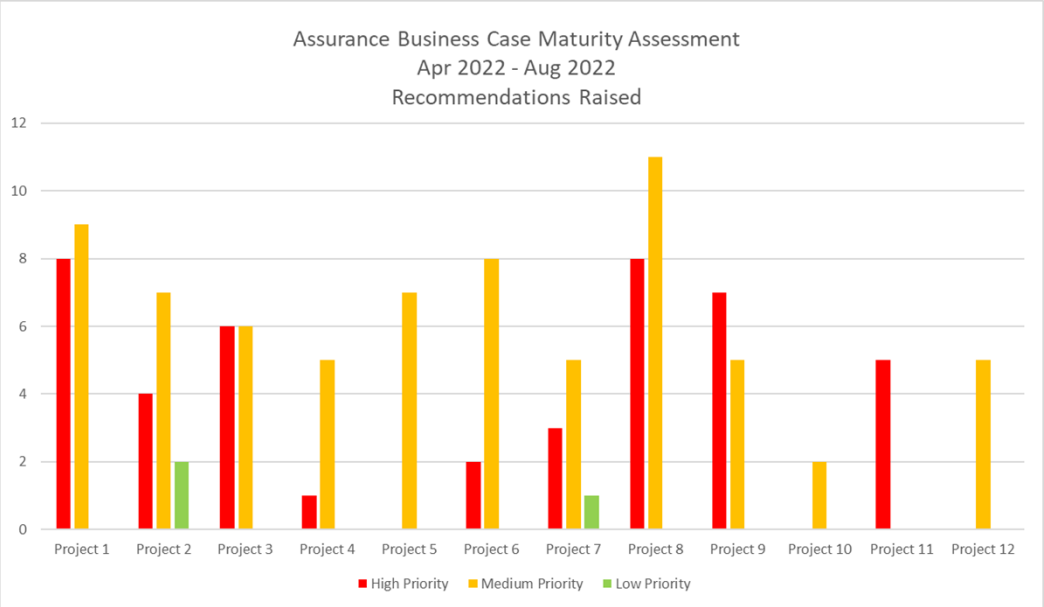


3.3 The detail of the assessed maturity of each Business Case, and their maturity across each of the five Business Case Dimensions, is provided in the next chart (maturity has been assessed against expected HM Treasury maturity levels for each Business Case type).



3.4 The Strategic Case dimension is generally scoring higher than others (currently averaged at 74%). This again demonstrates progress from the projects assessed in the last reporting period where the average Strategic Case maturity level was 67%. This helps to support the WMCA Strategic Leadership Team requirement for projects to clearly articulate the strategic aims of projects before they are progressed for further development.

3.5 Generally, the Commercial and Management Case dimensions continue to be the least mature and the Programme Assurance and Appraisal Team will continue to work with project leads and enabling services to drive continuous improvement in these areas. A summary of the recommendations raised across each of the 12 Business Cases assessed in the period is provided in the table below:



3.6 The table next provides a summary of high priority recommendations raised in the period with a common theme summarised. 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.

STRATEGIC CASE	ECONOMIC CASE	COMMERCIAL CASE	FINANCIAL CASE	MANAGEMENT CASE
High Priority Recommendations 11	**High Priority Recommendations 9**	**High Priority Recommendations 9**	**High Priority Recommendations 4**	**High Priority Recommendations 11**
Alignment with strategic objectives not clearly articulated	Lack of detail in optioneering process (long list/short list/preferred option)	Procurement Strategy either missing or not developed with Procurement Business Partner/Legal team/SME engagement	Incomplete financial information provided	M&E/Benefits Realisation Plan missing/poor
Objectives/outcomes/benefits/CSFs not clearly articulated or SMART	Benefits/Costs ratio including Net Present Social Value (NPSV) missing/not aligned to HM Treasury Green Book guidance			Risk Register/Risk Management Plan missing/ poor
How key stakeholders/ customers have been engaged to inform project outputs/outcomes				Project Plan missing/poor
				Stakeholder engagement Plan/strategy missing/poor

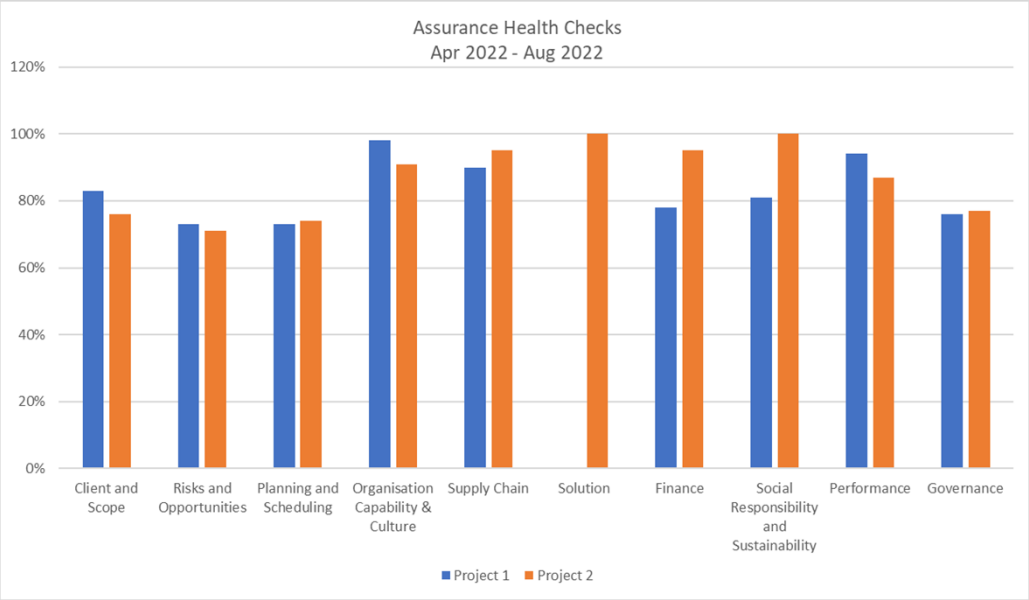
				Governance/ decision-making arrangements not defined
				Contingency arrangements missing/not defined

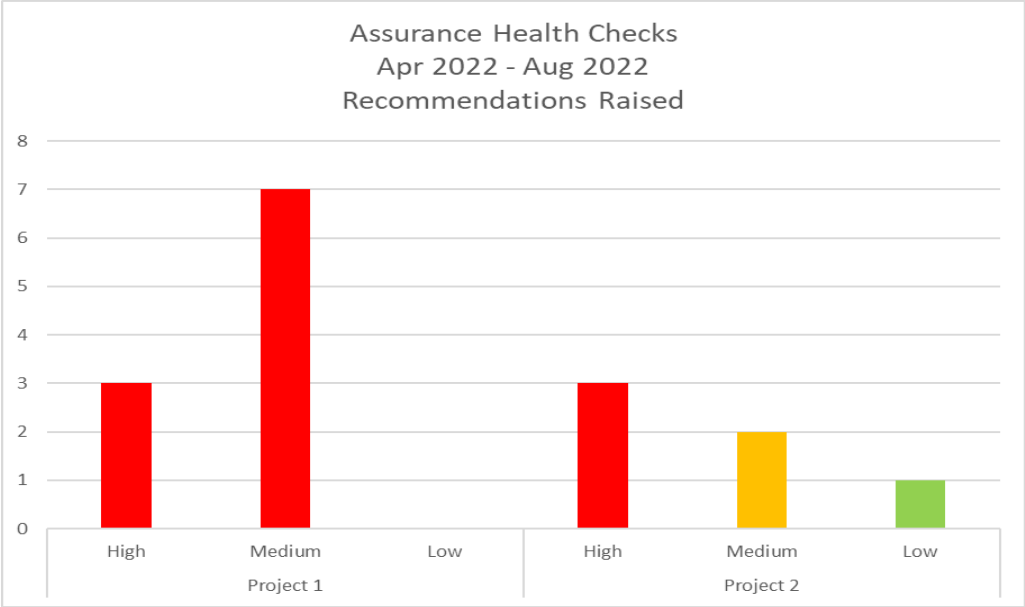
3.7 Most high priority recommendations were addressed prior to progressing a business case through to Risk and Investment Appraisal and approval. Where recommendations are not addressed, this is captured as an ongoing risk and highlighted to decision-makers. This trend analysis will help drive continuous improvement across WMCA and inform enabling services where additional support, guidance and training could be delivered moving forward.

Project & Programme Health Check Reviews

3.8 A total of 2 Health Checks were completed during the period by the Programme Assurance and Appraisal Team, this compares to 4 in the last reporting period.

3.9 The table below details the Health Check ratings across each of the 10 reporting themes and the number of recommendations raised. Generally, Risk Management, Planning & Scheduling and Governance are the areas where most improvement is recommended. The team works with Project leads to agree recommendations and drive continuous improvement in those areas.





Risk & Investment Appraisals Reviews

3.10 A total of 17 Risk & Investment Appraisals were completed by the Appraisal team during the period, in comparison to the 21 undertaken in the last reporting period. However, it should be noted that purdah in Q1 and Commonwealth Games in Q2 would have impacted the number of approval requests coming forward in this period. A summary of these is detailed in the table below:

Funding Source	Business Cases Appraised
Arts Council England	1
CRF (Community Renewal Fund)	1
City Region Sustainable Transport Settlement (CRSTS)	1
Department for Education (DfE)	2
Department for Business, Energy & Industrial Strategy (BEIS)	1
Department for Transport (DfT)	4
Farebox	1
Future Transport Zone (FTZ)	1
GBSLEP	1
Investment Programme	2
Key Route Network	1
Woodland Trust	1

Approval Route	Business Cases Approved
Executive Director	9
Statutory Officer Panel	1
WMCA Board	4
Investment Board	3

Change Request Reviews

3.11 A total of 3 Change Requests were processed by the Programme Risk & Investment Appraisal team during the period. The change trends include time extensions due to delays as a result of Covid-19 and re-scoping programmes that were originally scoped in 2016, however the case for change has weakened over type hence an updated baseline with new outputs and outcomes were required. A summary of these changed is detailed in the table below:

Funding Source	**No. Change Requests Appraised**
Investment Programme	2
Transforming Cities Fund	1
Change Request Type	**No. Change Requests by type (note, some changes fall into multiple change types)**
Scope (Objective Changes)	1
Value (Cost)	2
Schedule (Time)	2

4 Assurance Performance Trends & Themes Identified April – August 2022

Key emerging assurance themes emerging from this reporting period are:

a. The Statutory Officers' objective to roll out Single Assurance Framework across all WMCA Directorates has almost been met, with transition approaches shared with the outstanding Directorate. This directorate has a high volume of projects, but most of the projects are deemed low risk due to repeatability and tend to request funding under £5m. WMCA is in a safer position that one year ago before the SAF transition project was initiated. WMCA is able to demonstrate with evidence that Accountable Body terms and conditions are being met.

b. Directorate Project Pipelines have now been established to better plan the assurance approach needed as well as the Approvals route. WMCA Strategic Leadership Team proactively review the External Funding Application register.

c. Again, the performance information supports that SAF has continued to become further embedded in WMCA with further increased number of Programme Assurance Reviews (BCATS), Project Health Checks, Risk & Investment Appraisals and Change Requests in this period.

d. The quality of the business cases against the Strategic Case has also shown an increase in maturity level. However, there is an opportunity to further strengthen other business case dimensions. Although SAF engagement with Programme Assurance & Appraisal has increased, the team will need to work closer with delivery teams further to plan reviews and improve business case quality prior to approval submission. The Programme Assurance & Appraisal team have supported WMCA is ensuring compliant assurance requirements are being met. There is an opportunity to now move to support WMCA into the 'value add' phase and support the increase in project management capability in the organisation, in turn placing the WMCA in a better position to secure confidence and funding for additional projects for the Region.

5 Single Assurance Framework Annual Refresh

5.1 The National Local Growth Assurance Framework published by the Cabinet Office in September 2021 sets out Government's guidance for institutions that are required to develop their own Local Assurance Framework**.** This applies to Mayoral Combined Authorities (MCAs) with a Single Pot and Local Enterprise Partnerships (LEPs). It states that there should be an Annual Review of the SAF and has introduced the requirement to outline the CA's approach to Housing, Transport, and the Adult Education Budget.

5.2 WMCA SAF was last updated in November 2021, a refresh has been undertaken as stated above and ensure that WMCA continues to remain compliant with this updated guidance. The SAF Implementation Project Manager has worked with all Delivery Directorates to ensure that the SAF Implementation approach being developed for each directorate reflects the mandated guidance. Enabling Services teams have been consulted and their requirements have been incorporated.

5.3 The table next summarises the changes made, most changes have been made from a Governance perspective and can be viewed as a 'Spring Clean', the revised SAF reflects more accurately the changes to governance policy.

Index	Description of Change
General	Restructured to follow the requirements of the National Local Growth Assurance Framework (NGLAF) updated Sept. 2021
General	Removal of duplication throughout, e.g., the reasons why there is an Assurance process appears in several places.
General	Removal of historical information, e.g., when/why WMCA was formed
Governance Section	Content reviewed and updated by Governance, e.g. new NGLAF requirements: how Board members a recruited, trained etc.
Inviting applications for funding	Inclusion of new NGLAF requirement
Whistleblowing, Complaints, FOI etc.	Moved from the Assurance Section into Governance - better fit
Single Assurance Framework	Structured to reflect stages of SAF, including introduction of pre-initiation, Annual Business Plan, Activity Register. Inclusion of all funding streams, not just Investment Programme
Single Assurance Framework	Simplification of flowcharts - to include who is responsible for each stage
Head of Paid Service, S151 Officer, Monitoring Officer	New requirements: Headline Job Description
Transport, Housing and Adult Education Budget	New requirement of NGLAF to document how they are included in the SAF
Change Control Process	New inclusion
State Aid	Now known as Subsidy Control: information provided by Legal

6 Strategic Leadership Team (SLT) Support

6.1 The SAF Implementation project's SRO is the Director of Finance. SLT will receive monthly progress reports of the SAF Implementation project via the Director of Finance.

7. Financial Implications

No implications.

8. Legal Implications

No implications.

9. Equalities Implications

No implications.

10. Inclusive Growth Implications

No implications.

11. Geographical Area of Report's Implications

All areas.

12. Other Implications

N/A

14. Schedule of Background Papers

- Revised WMCA SAF Draft version September 2022

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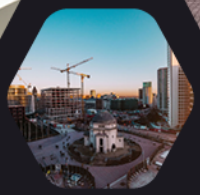
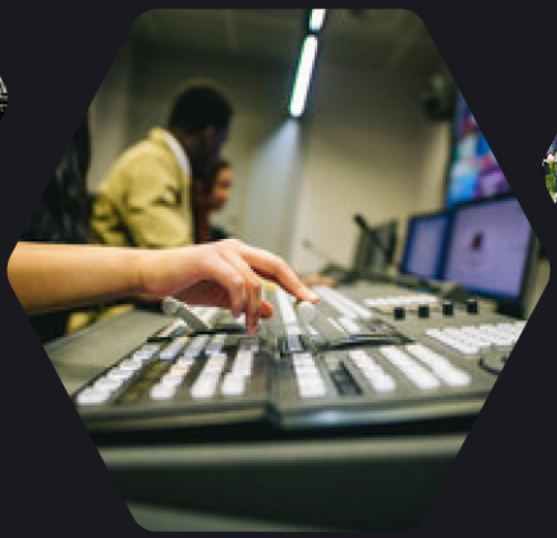
Single Assurance Framework

September 2022





West Midlands Combined Authority

VERSION CONTROL SHEET

Version No.	Date	Approver	Update
V3.0	September 2022		Review to update SAF, to include Appendices on Housing, AEB, and Transport, removal of duplication.

This Framework will be reviewed, as a minimum, annually as per requirements, and also amended in response to Government or organisational changes. Every effort will be made to ensure individual users of this Framework and other key stakeholders are made aware of changes when they occur. The next scheduled review is due to be completed in **September 2023**.

Advice and guidance regarding this policy Framework can be obtained from the West Midlands Combined Authority's Programme Centre of Excellence: ProgrammeAssuranceandAppraisal@wmca.org.uk

West Midlands Combined Authority

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1. INTRODUCTION

HM Treasury define Assurance Frameworks as 'An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organisation.'

The aim of this document is to set out how the West Midlands Combined Authority (WMCA) will spend or invest public money responsibly, both openly and transparently, and achieve Value for Money (VFM). It provides a proportionate and consistent approach to the application and approval of all funding opportunities and the initiation, development and delivery of projects, programmes and activity that places a financial liability onto the WMCA that is not classed as Business as Usual (BAU).

1.1 The Purpose of the Single Assurance Framework

This document outlines:

- The WMCA response to the National local growth assurance framework Sept. 2021
- The respective roles and responsibilities of the WMCA Mayor, the Mayoral Combined Authority (MCA) and other elements of the decision-making.
- The key processes for ensuring accountability, probity, transparency, legal compliance, and value for money
- How potential investments will be assured, appraised, prioritised, approved and delivered, and
- How the progress and impacts of these investments will be monitored and evaluated.

The Single Assurance Framework (SAF) sits alongside the following WMCA governance and policy documents:

- WMCA Constitution WMCA Constitution
- Financial Regulations Financial Regs
- Single Commissioning Framework Investing with us (wmca.org.uk)
- Strategic Risk Framework Risk Management | WMCA
- WMCA Aims and Objectives | WMCA
- Annual Business Planning
- West Midlands Plan for Growth Plan for Growth (wmca.org.uk)
- Inclusive Growth Framework. The Assurance Framework has been written to ensure that projects are developed to deliver inclusive growth in a more balanced West Midlands economy. Health and Equity Impact Assessments | WMCA

The SAF has been developed in response to the 'National Local Growth Assurance Framework' (National local growth assurance framework). It applies to all existing and new funding and projects that place a financial liability onto the WMCA. It provides consistency of approach, standards, assurance, appraisal and decision making. It allows for proportionality within the development of business cases.

The SAF is a set of systems, processes and protocols designed to provide an evidence base and independent assessment of the governance, risk management, and funding processes of a funding or grant application. It enables WMCA to monitor, measure and scrutinise how well Policy

Aims are being met and risks managed. It also implements processes to ensure an adequate response if risks or performance go into exception.

WMCA also operates according to:

- Local Government Financial Framework, as set out in the Department for Levelling Up, Housing and Communities' Local Government System Statement. Local government finance settlements
- HM Treasury Guide to developing the project business case Guide
- HM Treasury Guide to Assuring and Appraising Projects: Green Book
- Orange Book (Strategic Risk)
- Magenta Book (Evaluation)

The Assurance Framework provides assurance to the Departmental Accounting Officer by explaining how funding is granted or devolved to the WMCA is allocated, and that there are robust local systems in place which ensure resources are spent with regularity, propriety and value for money.

Within WMCA, the Single Assurance Framework is a valuable tool to enable the Authority to deliver successful projects and explain the clear rationale through business cases on how objectives will be delivered.

2. ABOUT THE WEST MIDLANDS

2.1 The Mayoral Combined Authority

West Midlands Combined Authority is a Mayoral Combined Authority and is an accountable public body established under Section 103 of the Local Democracy, Economic Development and Construction Act 2009. WMCA was set up on 16 June 2016, with the mission of improving the quality of life for everyone who lives and works in the West Midlands. The functions of the WMCA were provided or delegated to it by the following Orders:

- The West Midlands Combined Authority Order 2016
- The West Midlands (Functions and Amendment) Order 2017
- The West Midlands Combined Authority (Business Rate Supplements Functions and Amendments) Order 2018
- The West Midlands Combined Authority (Adult Education Functions) Order 2018

As and when Government officially devolves further powers to the Combined Authority, in order to deliver against new policy and agenda, this will be reflected in the SAF at review periods.

2.2 Regional and Local Leadership

The leadership of the WMCA disseminates from the Mayor and the seven constituent local authorities, who have full voting rights. These are:

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

There is also non-Constituent representation from Local Authorities outside of the West Midlands Constituent areas which can sign up for more than one Combined Authority. They are:

- Cannock Chase District Council
- North Warwickshire Borough Council
- Nuneaton and Bedworth Borough Council
- Redditch Borough Council
- Rugby Borough Council
- Shropshire Council
- Stratford-on-Avon District Council
- Tamworth Borough Council
- Telford and Wrekin Council
- Warwickshire County Council

2.3 The Economic Strategy

WMCA has adopted the 'Plan for Growth', WMCA Aims and Objectives | WMCA as a strategy to improve the quality of life for citizens of the West Midlands. Underpinning this strategy, and other strategies is the Inclusive Growth Framework, (What we do (wmca.org.uk))

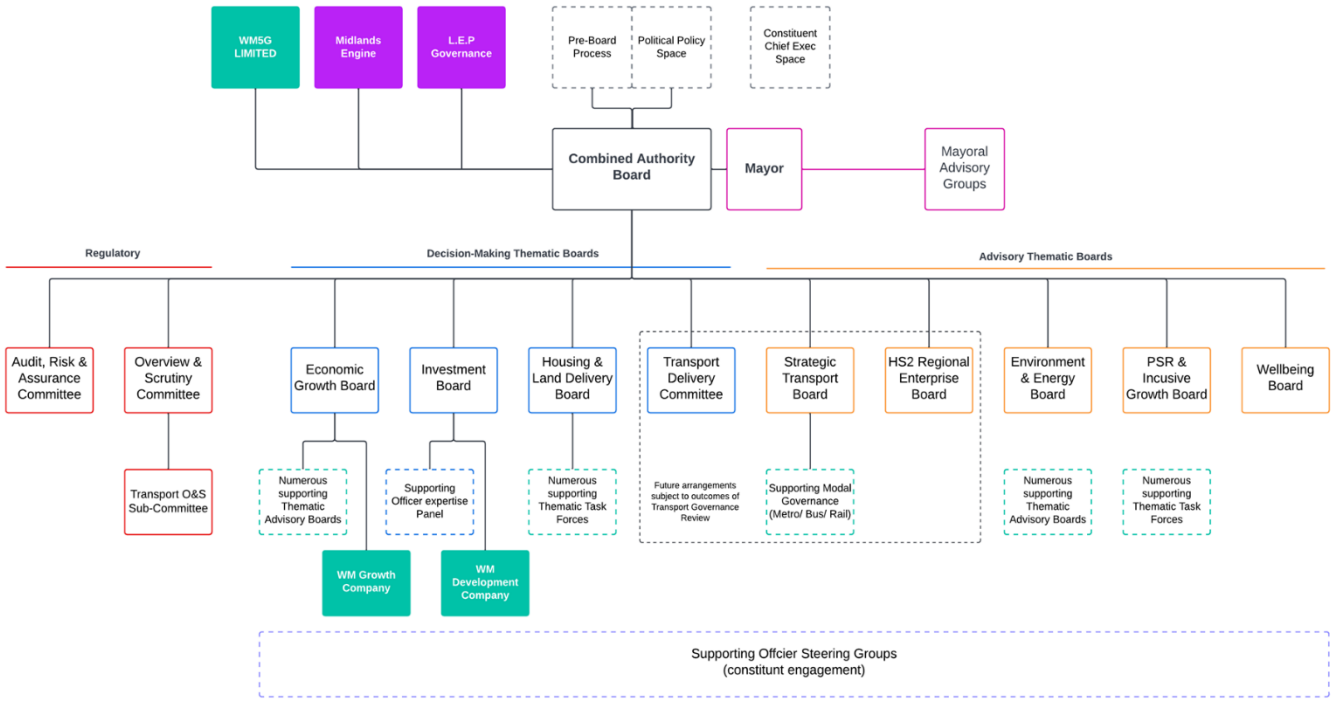
3 GOVERNANCE AND DECISION MAKING

3.1 The Mayor

The WMCA Mayor has a manifesto of commitments on which they were directly elected by the electorate across the West Midlands constituent areas. The Mayor executes certain powers and functions that are devolved to the WMCA by Central Government, to deliver their manifesto of commitments to constituents.
The Mayor is the Chair of the WMCA, and the WMCA Board. The Mayor provides leadership in terms of proposing a Mayoral budget and as part of the Board in agreeing the revenue and capital budgets for WMCA and ensuring the appropriate use of these budgets.

3.2 The WMCA Board

The WMCA Board is the legal and accountable body for funding devolved to the WMCA. It is responsible for a range of functions including transport, housing, skills, economic development, and regeneration functions including post 18 education and training across the West Midlands region.
The WMCA Board exercises all its powers and duties in accordance with the law and the Constitution and agrees policies and delegated responsibilities to conduct its business. WMCA Constitution
Appendix 2.6 (In the Constitution) details WMCA meetings and Boards, which have either decision-making powers or are advisory. Those with decision-making powers have their Terms of Reference which can be found within the Constitution.
The current Governance Review has produced a diagram showing the different Boards and this can be provided.



3.2.1 Recruitment of New Members

Members of the WMCA Board are appointed by the Constituent and Non-Constituent Authorities designated by the Orders establishing the WMCA. Members must be elected Members of their appointing Authority and must be replaced if they are no longer elected Members.
Members of other Committees of WMCA are nominated by their Authority and appointed to Committees by the WMCA Board.

3.2.2 Induction

New Board members will undergo Induction training covering the senior management structure and their roles, the governance structures including the SAF, how the combined authority is funded, risk, and the annual aims and objectives.

3.2.3 Code of Conduct

The Code of Conduct for members is set out within the WMCA Constitution (WMCA Constitution), and reminds members that they act on behalf of the whole region's interest and not just their particular area of the region. The Nolan Principles of Public Life (Nolan) provides a framework for the members and officers of WMCA.

3.2.4 Diversity

The Board is comprised of elected representatives appointed to the Board by the Constituent and Non- Constituent Authorities and so the composition of the Board is outside of the control of the Combined Authority. As of June 2022, the gender breakdown of the WMCA Board as a whole (Mayor, constituent authority representatives, non-constituent authority representatives) is 19 men (70%) and 8 women (30%). There is also currently one vacancy on the board.

3.2.5 Renumeration

WMCA does not pay any allowances to the Board Members other than the Mayor and Deputy Mayor whose allowance is agreed by the Board following the recommendation of an Independent Remuneration Panel.

Members of the Transport Development Committee which has been carried over from the West Midlands Integrated Transport Authority also receive an allowance which is currently subject to review by the Independent Remuneration Panel.

3.3 Audit, Risk and Assurance Committee

WMCA has established and Audit, Risk and Assurance Committee (ARAC) in accordance with the requirements of the Combined Authorities (Overview and Scrutiny, Access to Information and Audit) Regulations 2017. The Authority has delegated to the Committee the following powers to deal with matters concerning internal audit and the Committee has the following role and functions:

- reviewing and scrutinising the Authority's and the Mayor's financial affairs.
- reviewing and assessing the Authority's and the Mayor's risk management, internal control and corporate governance arrangements.
- reviewing and assessing the economy, efficiency and effectiveness with which resources have been used in discharging the Authority's and the Mayor's functions.

- making reports and recommendations to the Authority and the Mayor in relation to reviews conducted under Standing Orders 11.1(a), 11.1 (b) and 11.1 (c).
- to promote and maintain high standards of conduct and ethical governance by the Mayor, Members, and co-opted Members of the Authority.
- to appoint Sub-Committees with delegated power to consider investigation reports; to conduct hearings (including the imposition of sanctions); at the request of the complainant, to review decisions of the Monitoring Officer to take no action on a complaint; and at the request of the subject member, to review findings of failure to comply with the Code of Conduct and action taken in respect thereof.
- to grant dispensations to the Mayor, Members and co-opted Members from requirements relating to interests set out in the Code of Conduct for Members and co-opted Members.
- to exercise any functions which the Authority and Mayor may consider appropriate from time to time.

3.4 Overview and Scrutiny Committee

WMCA has also established an Overview and Scrutiny Committee in accordance with the Regulations with the powers to:

- review or scrutinise decisions made, or other action taken, in connection with the discharge of any functions which are the responsibility of the Mayor and/or the Authority.
- make reports or recommendations to the Mayor and/or the Authority on matters that affect the Authority area or the inhabitants of the area.
- make reports or recommendations to the Mayor and/or the Authority with respect to the discharge of any functions which are the responsibility of the Mayor and/or the Authority.
- Where a decision has been made by the Mayor, the Authority, or an Officer and was not treated as being a key decision and a relevant overview and scrutiny committee is of the opinion that the decision should have been treated as a key decision, that overview and scrutiny committee may require the decision maker to submit a report to the Authority within such reasonable period as the committee may specify.

The members of the Committee are nominated by the Constituent and Non-Constituent Authorities forming the Combined Authority.

WMCA has established a Transport Scrutiny Sub-Committee which has the same powers and functions in relation to transport decisions of the WMCA.

3.5 Investment Board

WMCA has established an Investment Board as a Sub-Committee of the WMCA Board chaired by the Portfolio Lead for Finance and Investment, which makes investment decisions in relation to proposals which are above the level of financial delegation to officers which is set at £5million for the Strategic Leadership Team and below the level of £20million above which all decisions are made by the WMCA Board.

The Committee has delegated authority to take decisions in relation to funding proposals as set out in its Terms of Reference.

3.6 Statutory Officers

3.6.1 Head of Paid Service

It is the role of the Head of Paid Service, also known as the Chief Executive, to ensure that all the authority's functions are properly co-ordinated as well as organising staff and appointing appropriate management.
The duties and responsibilities of the post include:

1. the statutory responsibilities of the Head of Paid Service to manage the budgets and funding allocations available to the Combined Authority, in partnership with the s151 officer
2. leading the Strategic Leadership Team to deliver the strategic direction for the Combined Authority as outlined by West Midlands Combined Authority Board
3. co-ordinate strategy, development and delivery ensuring a joined-up partnership approach to deliver the aspirations of the West Midlands Combined Authority
4. ensure the champion the delivery of the strategic priorities of the Combined Authority and put in place the resources necessary to achieve this. efficient and effective implementation of WMCA's programmes and policies across all services and the effective deployment of the authority's resources to those ends
5. advise the Combined Authority, its Board meetings on all matters of general policy and all other matters upon which his or her advice is necessary, with the right of attendance at all Board meetings and other meetings as appropriate
6. advising the elected Mayor on the delivery of strategic priorities
7. represent the Combined Authority at local, regional and national level in partnership with the Mayor.
8. Act on advice given by the Monitoring Officer on any situations that could put the Combined Authority in jeopardy of unlawfulness or maladministration.

3.6.2 Section 151 Officer

The WMCA Executive Director of Finance and Business Hub fulfils the role of the Section 151 Officer, in accordance with Section 151 of the Local Government Act 1972, extended in Section 114 of the Local Government Finance Act 1988 – England and Wales.
The responsibilities of the Executive Director of Finance and Business Hub reflect those documented are documented in the CIPFA published document 'The Roles of the Chief Financial Officer in Local Government' The Role of the Chief Financial Officer in Local Government | CIPFA It details five Principles:

- The Chief Financial Officer in a local authority is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the authority's Policy Aims sustainably and in the public interest.
- The CFO in a local authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the authority's overall financial strategy.
- The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.
- The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose.
- The CFO in a local authority must be professionally qualified and suitably experienced.

In WMCA the Executive Director of Finance and Business Hub is a member of the Strategic Leadership Team and has oversight of and an ability to influence all major decisions of the

Authority. The Executive Director of Finance and Business Hub has ensured that the Authority has robust systems of internal controls and appropriate separation of duties to ensure the legality and probity of financial transactions.

These processes are set out in the Financial Regulations and Contract Standing Orders and other policies such as the Money Laundering Policy and the Anti-Fraud and Corruption Policy.

All reports to Boards and Committees include the financial, legal and risk implications of proposals. The Executive Director of Finance and Business Hub and the Finance Team review all reports before they are presented to the WMCA Board or other decision-making Committees.

3.6.3 Monitoring Officer

The Director of Law and Governance has been appointed as the WMCA Monitoring Officer and discharges the functions in relation to WMCA as set out in section five of the Local Government and Housing Act 1989. Their responsibilities regarding the Assurance Framework are:

- Providing advice on, and maintaining an up-to-date version of the Constitution and ensuring that it is widely available for consultation by members, employees, and the public
- After consulting with the Head of Paid Service and Chief Finance Officer, report to the Authority if they consider that any proposal, decision, or omission would give rise to unlawfulness or maladministration or if any decision or omission has given rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposed decisions being implemented until the report has been formally considered by the WMCA Board
- Ensuring that decisions, together with the reasons for those decisions and relevant officer reports and background papers are made publicly available as soon as possible
- Advising whether decisions are within budget and policy framework and whether any decisions or proposed decision constitutes a key decision
- Providing advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to the Mayor, members and officers, and generally support and advise members and officers in their roles

Contributing to the promotion and maintenance of high standards of conduct, The Authority has delegated to the Monitoring Officer powers to deal with matters of conduct and ethical standards in accordance with the requirements of the Localism Act 2011:

- Discharging the functions under any enactment (whenever passed) of a Monitoring Officer, proper officer, or responsible officer, concerning the Authority's legal affairs and arrangements, including compliance with the law.

The Monitoring Officer and the Legal Team review all reports to ensure that legal implications are correctly identified before they are presented to the WMCA Board or other decision-making Committees.

3.7 Related Processes and Procedures

3.7.1 Equality and Diversity

A procedure is in place to ensure that WMCA will take into consideration section 149 of the Equality Act, ensuring that any project considers: Policies (wmca.org.uk)

- The need to eliminate unlawful discrimination, harassment, victimisation, and other conduct prohibited by the Act
- The need to advance equality of opportunity between people who share a protected characteristic and people who do not
- The need to foster good relationships between people who share a protected characteristic and those who do not

3.7.2 Whistleblowing

WMCA has adopted a (Whistleblowing Policy (wmca.org.uk) to enable and encourage employees to raise concerns about wrongdoing by the Authority, the Mayor Officers or contractors without fear of reprisal or detriment.

3.7.3 Complaints Process

A procedure is in place to ensure that any complaints relating to the arrangements, processes or decision making associated with a project is dealt with fairly and effectively. This can be found here: (Complaints)

3.7.4 Gifts and Hospitality

A Gifts and Hospitality policy and a procedure is in place to ensure that no WMCA Member or WMCA officer receives remuneration or expenses in relation to its activities, other than their salary and in accordance with policy. It specifies that no gifts or hospitality shall be accepted by Members or Officers other than modest hospitality during their day-to-day business.

3.7.5 Registration and Declaration of Interests

WMCA Board and Committee Members are required to make a declaration of any interest they have in an item of business at Meetings of the Board. Officers are required to declare any interests they have in contracts. The completed registration of Members' interest forms are accessible via the WMCA website: Declarations of interest In addition, elected Local Authority members will have completed their Local Authority's Register of Interest. Where Members have a prejudicial interest in an item of business the WMCA Members Code of Conduct requires that they should leave the meeting while the item is considered.

3.7.6 Freedom of Information

A procedure is in place to manage Freedom of Information requests related to the activities of the WMCA. Appropriate data protection arrangements are in place within this process: (FOI)

3.7.7 Treatment of Risk

A key role of the SAF is to ensure that risk is identified, monitored and managed appropriately, in accordance with HM Treasury Orange Book, both at a strategic level (the risks facing the WMCA as an organisation and at a programme and project level.) A revised Strategic Risk Framework has been developed to provide visibility of risk at strategic, operational, and Programme levels and to ensure consistency across Directorates in how risks are identified, managed, monitored, and escalated.

3.7.8 Transparency

The WMCA is subject to the same Transparency Code that applies to Local Authorities. Transparency. The WMCA website wmca.org.uk contains a comprehensive set of information and there are links to key documents, referenced within this document.

A Mayoral update is distributed to stakeholders throughout the West Midlands informing them of current and planned WMCA activity and how they can get involved. WMCA has a continuous communications strategy, including using social media to provide the public and stakeholders with updates on activity. Stakeholders and the public can contact the WMCA via the website Contact us (wmca.org.uk) and by responding to social media posts. A Calendar of events is available on the WMCA website detailing the dates of all key meetings. Where there is a requirement as a condition of funding, WMCA will ensure that Government (and other funders) branding is used in any publicity material.

3.7.9 Inviting Applications for Funding

WMCA publishes details of its tender opportunities on the Procurement section of its website, In addition, the Housing, Property and Regeneration Directorate has devolved housing and land funds to develop housing and regeneration projects in the West Midlands through equity, loan and grant. Developers and Investors who are interested can contact WMCA on invest@wmca.org.uk More details can be found on Investing with us, Commercial Development Funding - WMCA CIF - FDC (frontierdevelopmentcapital.com). West Midlands Innovation Programme – Innovation Alliance for the West Midlands (innovationwm.co.uk) also offer opportunities, for Innovation Funding.

3.7.10 Publishing Meeting Minutes

The schedule of meetings for the calendar year is published on the WMCA website. The notice of meetings, the agenda and the accompanying papers for formal Board and Committee Meetings are published five clear working days in the advance of the meeting. WMCA includes its Forward Plan in the Agenda of the Board and Overview and Scrutiny Committee Meetings. Where papers contain commercially sensitive information or are subject to one of the exemptions under the Local Government act 1972 Schedule 12A or the Freedom of Information Act 2000, they are categorised as a private item and are not published. The Monitoring Officer will give advice regarding whether the item should be classified as private, but Members have to make a decision to go into private session unless a confidential item has been declared confidential by the Government in which case it must be taken in private.

Draft minutes of meetings are published no more than ten working days after the meetings on the WMCA website. All WMCA Board minutes are signed at the next suitable meeting and published within ten clear working days.

3.7.11 Publishing Decisions

WMCA publish a Forward Plan of key decisions that will be taken by the WMCA at least 28 days before the decision is made to enable members of the public the opportunity to view and comment upon them. Details of all project decisions made by the WMCA are recorded within a log accessible at: Decisions The WMCA maintains a live Activity Register to support the Strategic

Leadership Team, this is in addition to a Contracts register which provides details of all contacts and agreements signed by the WMCA.

4 THE SINGLE ASSURANCE FRAMEWORK: PROJECT LIFECYCLE PROCESS

4.1 Introduction

The SAF is designed to be used as guidance to project developers and sponsors to understand the processes associated with the application and the route to approval of all external funding opportunities. Where financial liability is placed onto the WMCA, the SAF is applicable throughout the four stages of the project or programme lifecycle: initiation, development, approvals and delivery. The SAF provides consistency of approach for Assurance, independent Appraisal, and smart decision-making across all funding pots. Furthermore, it allows proportionality to be applied for the development of business cases via defined development routes. The SAF does not apply to projects or programmes that are defined as corporate, continuous improvement or Business as Usual (BAU) activity.

4.1.1 A Corporate Project

A corporate project is created to address an internal business need, benefitting the organisation, for example, a change to the operating systems of the organisation. Risk Management should be considered with risks reviewed as part of activity. Once a corporate project is completed, it may become 'Business as Usual' (BAU). A Corporate Project should aim to address Corporate Aim six. (Develop our organisation and be a Good Regional Partner). A Corporate project can go through the Change Gateway, a sub-group of CMT where specialists in Finance, Projects, Digital & Data and Human Resources where applicable will review and support the strengthening of the business case and the identified benefits including whether the resources, both financial and people, are in place to deliver.

4.1.2 A SAF Project

Projects and Programmes which follow the SAF are focussed on achieving positive outcomes for the local community. They are typically funded by external sources such as devolution deals and bid applications/grant awards from Central Government, for example, the City Region Sustainable Transport Settlement (CRSTS) and the Investment Programme, where the WMCA is the accountable body. The SAF is applied flexibly and proportionately, dependent upon the level of risk associated with a Project or Programme. The SAF enables an independent assessment and appraisal of an investment opportunity. Programmes and Projects following the SAF route should aim to address one or more of the Corporate Aims (one to five).

The SAF processes enables accountability, including public engagement, probity, transparency, legal compliance and Value for Money (VFM) to be applied, as well as the processes for oversight of projects, programmes and how the progress and impacts of these investments will be monitored, reported on and evaluated.

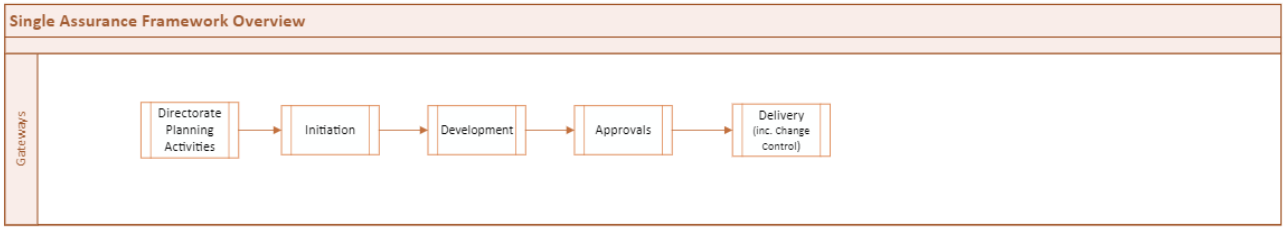
The SAF has been developed to ensure:

- significant financial and governance protections exist for the stewardship of public funds
- delivery of high standards of project development, approval, delivery and oversight
- trust is built in the organisation's officer expertise
- that consistency, controls and clarity are embedded to deliver confidence in the WMCA's decision-making and ability to deliver
- political and reputational risk is effectively managed

- additional funding is secured into the region, by driving continuous improvement of the quality of external funding applications/submissions

The SAF sets out the appropriate process for the risk and investment profile of a Project or Programme and incorporates guidance on business case and supporting project management documentation required together with the standards and criteria that need to be met to help drive effective project management. Out of Directorate second line of defence assurance and appraisal processes are also incorporated within SAF processes together with additional guidance, templates and templates to drive consistency of approach. These are available on Single Assurance Framework (wmca.org.uk) and on the intranet here.

The following diagram demonstrates the end-to-end impact the SAF process.



4.2 Value for Money

A key objective of the Single Assurance Framework is to support the WMCA in making judgements about the Value for Money (VFM) of potential investment and projects etc. All business cases seeking approval are assessed through the SAF process are evaluated against the HM Treasury's 5-case business model highlighted within The Green Book (2022)

4.3 Pre-Initiation

The development of project ideas, and external funding opportunities are Directorate-led and co-ordinated/managed using Directorate Activity Registers and External Funding Application Register. Appendix 5.6 details the External Funding Application Process. This External Funding Application Process ensures that the Section 151 Officer and the Strategic Leadership Team are aware of all potential applications for funding ensuring risks, any conditions of funding, and the resources needed to deliver a project or programme of activity are considered, (with approval given to proceed) should the application be successful.

4.4 Purpose of The Annual Plan

The WMCA Annual Business Plan articulates a 'golden thread' from its overarching economic strategies and priorities through to its organisational objectives to Directorate plans and programme and project activity. The purpose of the Annual Business Plan is to:

- articulate the WMCA priorities for the year so that partners and stakeholders are understand the key areas of focus
- provide a strategic context for the WMCA as an organisation so its plans and operational activity are aligned to the overall vision and priorities
- enable oversight and review of performance against priorities. It helps to demonstrate how High-Level Deliverables (HLDs) contribute towards delivering the overarching WMCA Policy Aims.

4.5 In-Year Proposals for the initiation of Projects/Programmes

Partner organisations may submit in-year Project/Programme Project Initiation Documents that are not included within the current Annual Plan. These will still be considered by the appropriate delegated authority.

4.6 New Funding Opportunities

During the year, there may be further unexpected funding opportunities that need to be pursued because of new or changes to existing Government initiatives and priorities or where there is a need to address emerging priorities. Initially, these opportunities will be discussed at Directorate level and progressed through the Strategic Leadership Team meetings. Where these instances emerge, they will be incorporated within the Directorate Activity Register and enter the SAF Initiation stage. Where necessary and appropriate, processes will be expedited to ensure that funding can be accessed quickly.

4.7 SAF Stage 1: Initiation

The Initiation stage is the first step to developing a Business Case, a proposal, idea or ambition. All proposals will be required to complete a Project Initiation Document (PID) before they can progress to the project development stage.

Project initiation, like the project development process that follows, is a Directorate led process. The Project Initiation Document (PID) contains key information about the proposal including its strategic fit, development route to be followed, affordability/funding requirements and equality assessment. Directorates should engage the following subject matter experts when developing a PID:

- Finance Representative/Business Partner
- Legal Business Partner
- Procurement Business Partner
- Programme Assurance & Appraisal Team Representative

When a PID is developed, the project is also added to Directorate Activity Registers for discussion at Directorate Pipeline Meetings. The decision to proceed is made according to the delegated authorities.

The PID/project proposal will either:

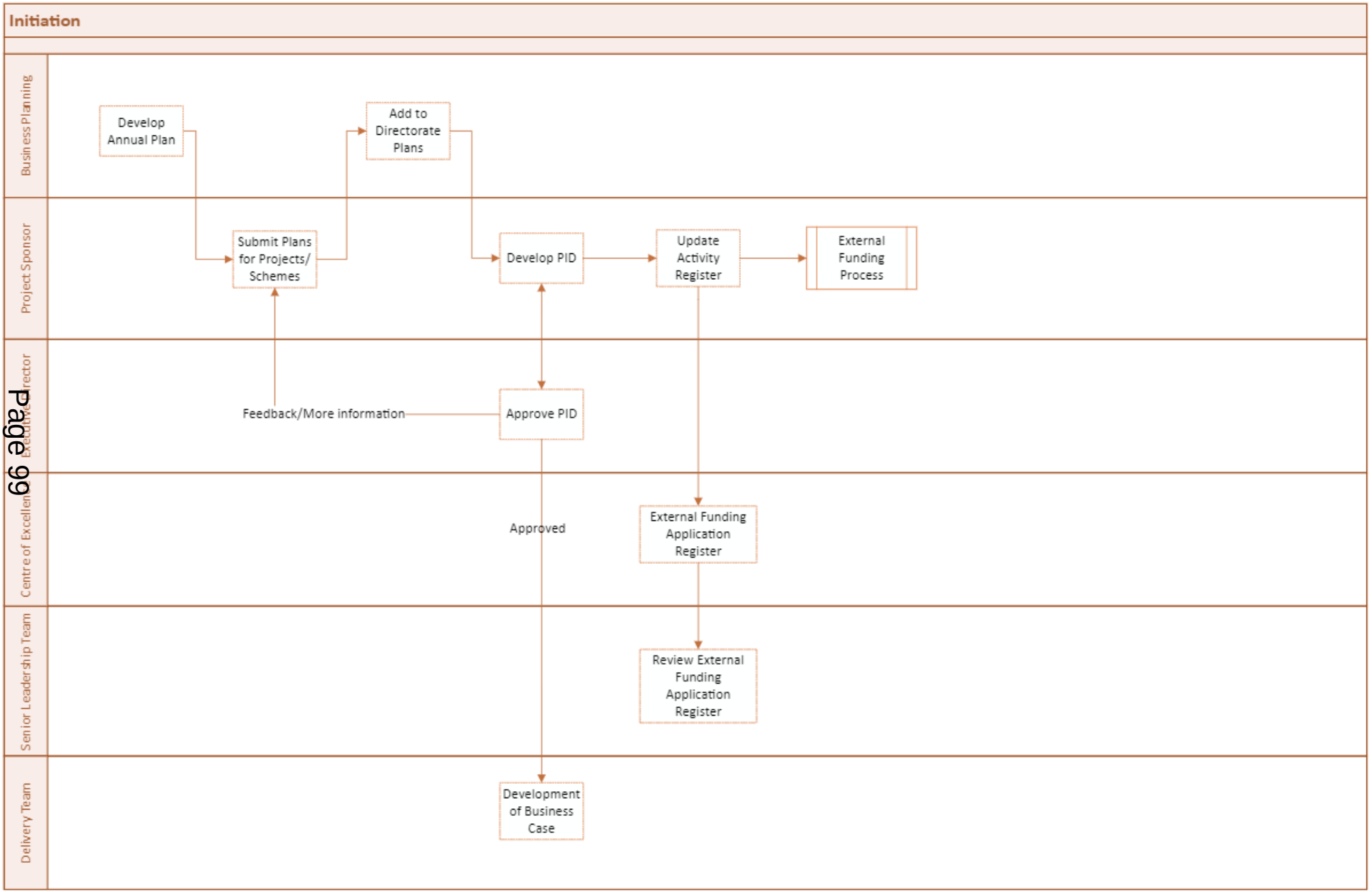
- enter the strategic planning stage, if it is an in-year submission not included in the Annual Business Plan. In such a circumstance the Executive Director can accept the principle of the proposal and submit it to the strategic planning process for consideration for inclusion in future Annual Plans, or,
- be rejected/deferred

A decision to reject will be taken if:

- it is decided that an Annual Business Plan item is no longer is deliverable
- or a strategic fit exists due to changes that have occurred since it was added to the Annual Plan.

- if an in-year submission is not deemed to fit strategically with the WMCAs Strategic Objectives

The PID must be completed and have received Finance (S151) approval, before moving to the development stage. The decision to proceed, also mandates any initial (seed) funding to complete any feasibility study and/or development of the project.


Initiation
Business Planning
Develop Annual Plan
Add to Directorate Plans
Project Sponsor
Submit Plans for Projects/ Schemes
Develop PID
Update Activity Register
External Funding Process
Centre of Excellence Director
Feedback/More information
Approve PID
Approved
External Funding Application Register
Senior Leadership Team
Review External Funding Application Register
Delivery Team
Development of Business Case

4.8 Directorate Pipeline Meetings:

Each Directorate records its project activity on the Directorate Activity Register. The purpose is to log projects that are in one of the stages of development and delivery and, whether external funding is being bid for, or being offered by the sponsoring Government Department. At a Directorate Meeting with the Programme Assurance and Appraisal's Centre of Excellence (CoE), External Funding Applications, grants or projects are reviewed to ensure that the project developers have the information/templates they need to develop the project. The CoE will also provide indicative dates of the stages that the project will go through to approval.

The CoE monitors the progress of projects through the stages:

- in SAF Stage 1: Initiation
- in SAF Stage 2: Development
- in SAF Stage 3: in or going through Approval
- in SAF Stage 4: Delivery: if there is a Change Control request

The Strategic Leadership Team receive a weekly External Funding Application Register for review and approval during their scheduled meetings, and with the appropriate Executive Director held accountable for all Initiation decisions they make.
If a business case crosses several Directorates/Portfolios, then CoE should advise on who the lead Directorate is.

4.9 SAF Stage 2: Development

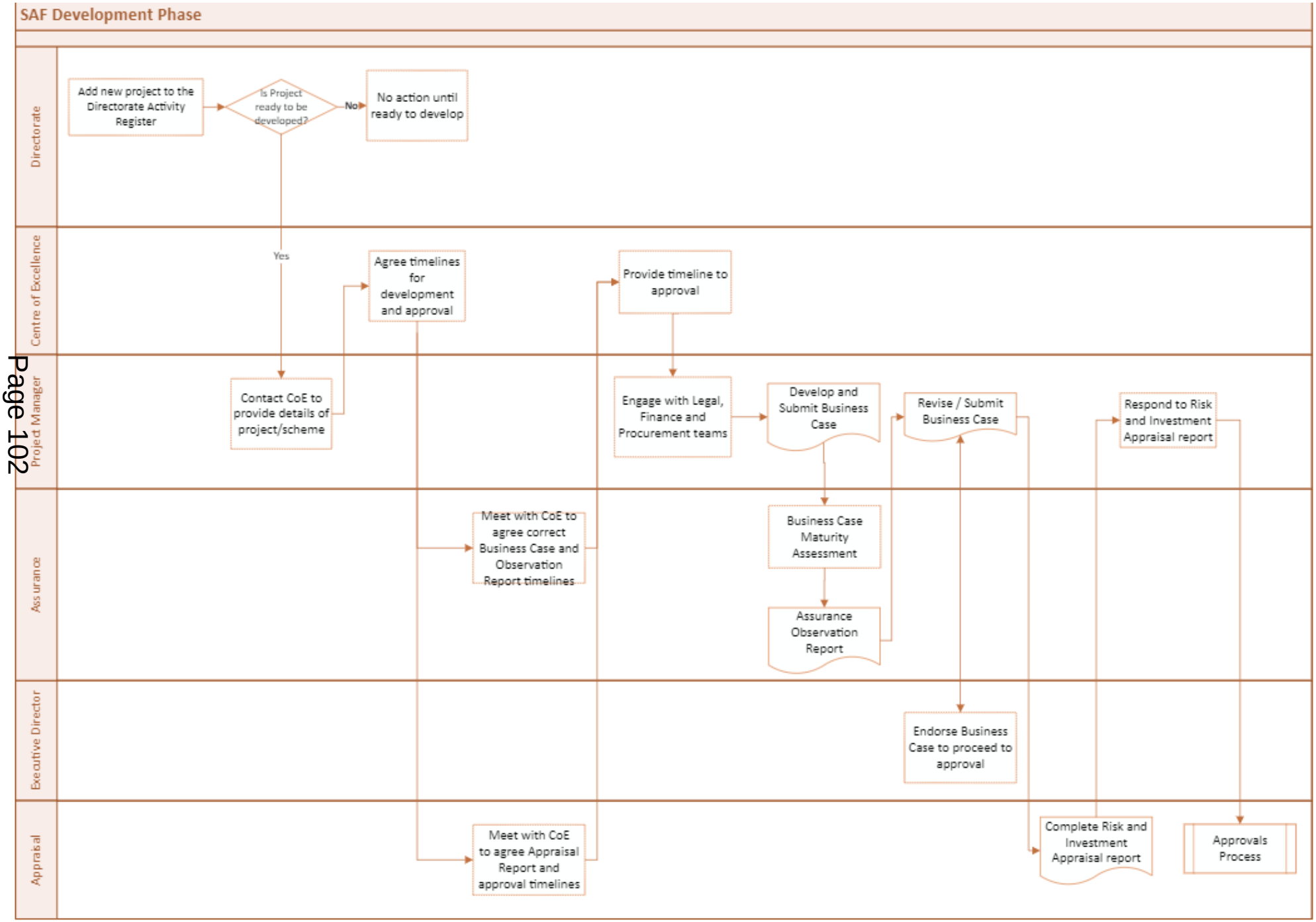
The Development Phase follows Initiation; this is the stage where the relevant business case(s) is/are developed, and where out of Directorate assurance activity takes place prior to the business case progressing onto the approvals stage. This stage needs to be repeated whenever a business case is developed and requires approval. Support and guidance through this stage is provided by the Programme Assurance and Appraisal team. The CoE will provide guidance on the business case development route of a project is, i.e., the number and type of business cases to be completed.

The business case is developed by the sponsoring Directorate, ensuring that its content, meets the required standard defined within WMCA guidance in addition to meeting the requirements of the SAF, HM Treasury's five case model is Green Book compliant as well as meeting WMCA specific requirements on Inclusive Growth and alignment to Policy Aims and Objectives, whilst meeting any funding requirements and/or other milestone dates/requirements. Where the sponsors/delivery partners are external to the WMCA. they will be supported through the process by the lead Directorate within the WMCA. The sponsor will involve the appropriate business case guidance and templates provided. Subject Matter Experts (SMEs) and technical appraisers, using the appropriate proforma. SMEs to be engaged in the development stage include Programme Assurance and Appraisal, Finance, Legal and Procurement Business Partners who should all input into the business case, and it's review prior to approval.

The lead Directorate is responsible for ensuring they, any partners/, or the sponsor meet deadlines, engage the appropriate subject matter experts and technical appraisers and adhere to required formats when developing a business case. The Programme Assurance and Appraisal team can provide advice on the requirements of the SAF if needed, at the start of and during the Business Case development stage. Sponsors must ensure their business case is developed and

is aligned with any external development and assurance requirements (driven by Government Departments), with the aim to eliminate duplication of effort. Where projects are funded through multiple funding streams, the proportionate SAF approach will be agreed by the appropriate delegated authority and implemented.

Early engagement with the Programme Assurance and Appraisal Team is key to ensure any recommendations will be addressed and business cases can be updated within the timescales agreed.


SAF Development Phase
Directorate
Centre of Excellence
Project Manager
Assurance
Executive Director
Appraisal
Add new project to the Directorate Activity Register
Is Project ready to be developed?
No
No action until ready to develop
Yes
Agree timelines for development and approval
Provide timeline to approval
Contact CoE to provide details of project/scheme
Engage with Legal, Finance and Procurement teams
Develop and Submit Business Case
Revise / Submit Business Case
Respond to Risk and Investment Appraisal report
Meet with CoE to agree correct Business Case and Observation Report timelines
Business Case Maturity Assessment
Assurance Observation Report
Endorse Business Case to proceed to approval
Meet with CoE to agree Appraisal Report and approval timelines
Complete Risk and Investment Appraisal report
Approvals Process

4.10 SAF Stage 3: Approvals (Governance)

In order to achieve better decision making, the SAF looks to enable:

- appropriate initiation process that drives strategic fit
- proportionate business case development process that meets national and WMCA standards of best practice development
- expertise within Directorates to be used develop required business cases
- utilises out of Directorate/second line of defence assurance principles and processes to assess the maturity of business cases and undertake risk & investment appraisal
- panel support to focus Board considerations and inform the decision-making process.

In addition to an Assurance Observations Report being produced following the maturity assessment and subsequent update of business cases, and a summary Investment Risk and Appraisal will be produced to the decision-making process of the key risks and opportunities associated with the business case.

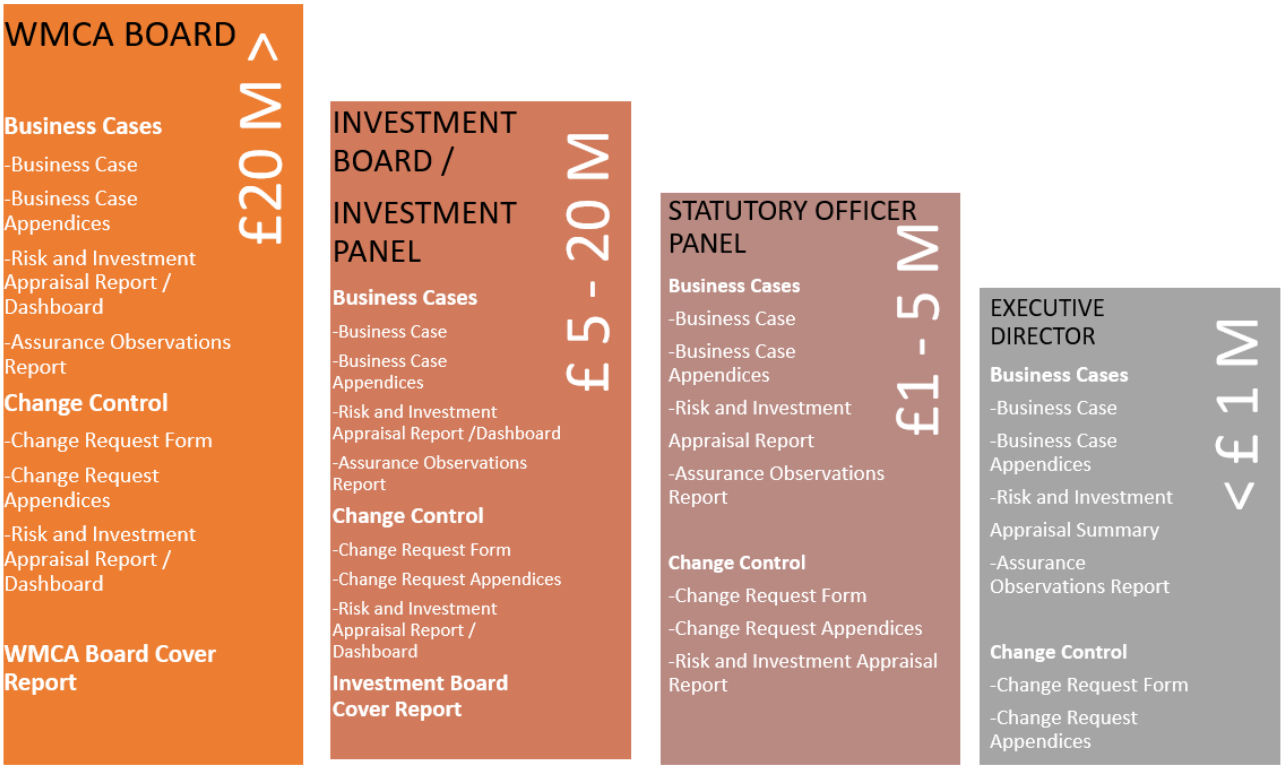
The process enables:

- decision-makers at all levels to base their decisions upon objective, evidence-based out of Directorate findings and recommendations- in turn driving better decision-makings
- increased Executive Director ownership and delegation
- increased Statutory Officer ownership and oversight
- increased levels of Assurance and Appraisal team support to Panels and Boards
- approvals based on proportionate financial delegation i.e., a request of £50,000 will not scrutinised to the same level of a request for £5million.
- The time taken to reach an approval decision being reflective of the level of financial ask.

The business case route is dictated by delegated approval authority/Approval level or the value of the Project. The approval process begins following successful progression through WMCAs Development stage.

4.10.1 Key SAF documentation

The level of approval required is required is determined by the level of financial commitment, The following diagram provides an overview of the documentation is needed depending on the approval route:



Further details regarding the purpose of each template can be found in Appendix 5.5

4.11 Risk & Investment Appraisal

All approvals are required to undergo an independent Risk & Investment Appraisal of a business case that is designed to provide the sponsor/Directorate assessment. The independent Risk & Investment Appraisal is undertaken by Programme Investment Appraisers within the Programme Assurance & Appraisal team, its purpose is to provide a report identifying the risk and opportunities profile to help inform decision-makers. A proportionate approach is applied to the level of Appraisal completed in lieu of the financial ask; a one-day Summary Appraisal is completed for items under £1million whereas a five-day comprehensive Appraisal Report is created for items over £1million.

The Risk & Investment Appraisal involves analysis of information within a business case, providing an objective perspective on:

- analysis of content across HMT's 5-case model as outlined within the Green Book
- validation of the evidence base/ content of the Economic Case
- analysis of Net Present Social Value and Social Impact
- analysis of risks and opportunities associated with delivery/ cost/ time / funding
- analysis of financial, regulatory, investment, reputational and other risks and proposed risk mitigations as outlined within the WMCA's Strategic Risk Framework

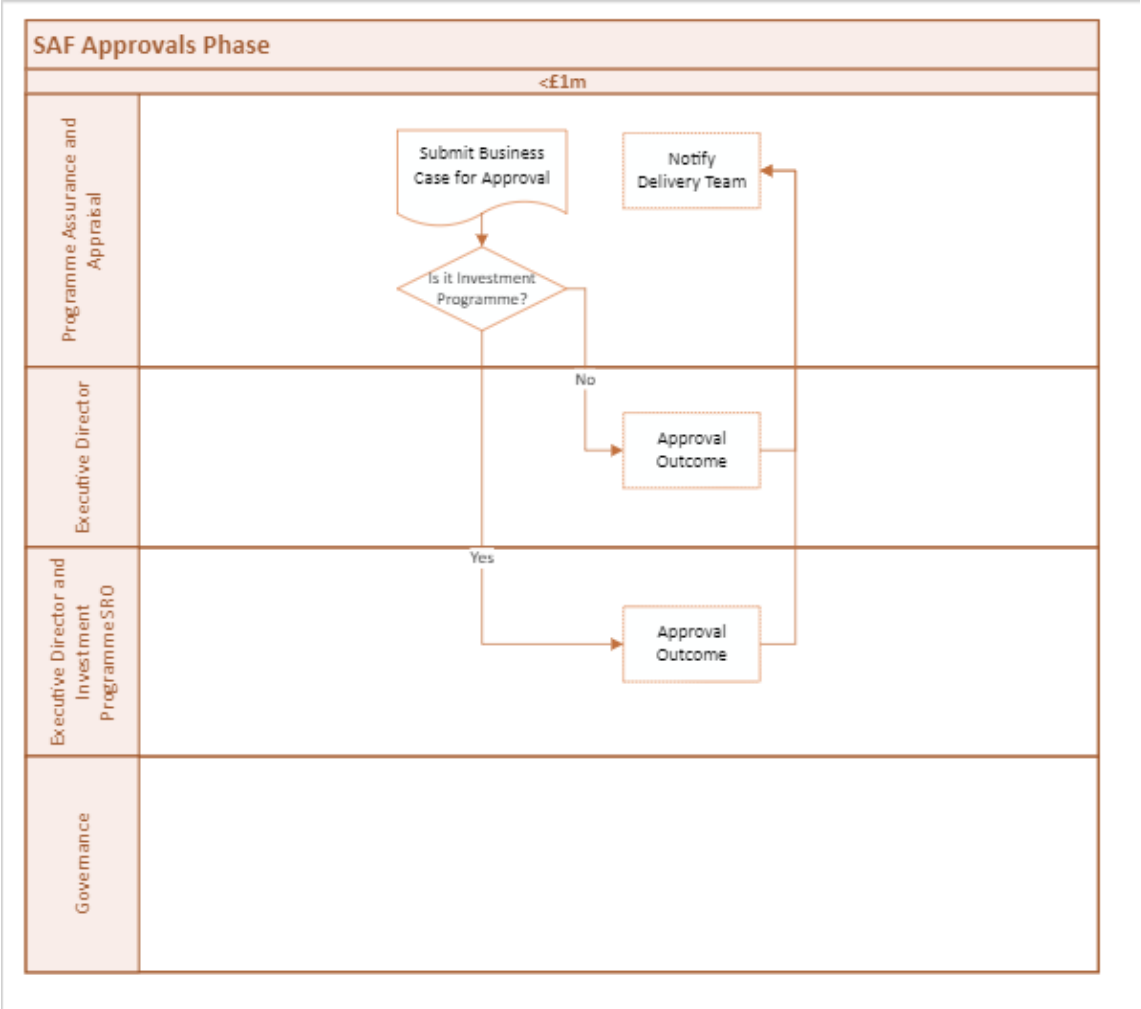
The report will set out:

- an assessment of the level of risks and opportunities in approving that Business Case
- observations on how the level of risk could be mitigated, including cost, including the post mitigation risk level.

4.12 Approval Levels

4.12.1 Approvals Up to £1million

For Project / Programme approvals, the relevant Executive Directors have delegated approval for business cases up to the value of £1million.
For Investment Programme approvals, the relevant Executive Director will also require the approval of the Investment Programme Senior Responsible Officer (SRO). The Programme Assurance & Appraisal team will submit the required papers to the Investment Programme SRO for consideration. At this point, the Investment Programme SRO can request a comprehensive Risk & Investment Appraisal Report to be undertaken and/or that the item is considered by the Investment Panel to provide additional advice, if it is required by the Investment Programme SRO.

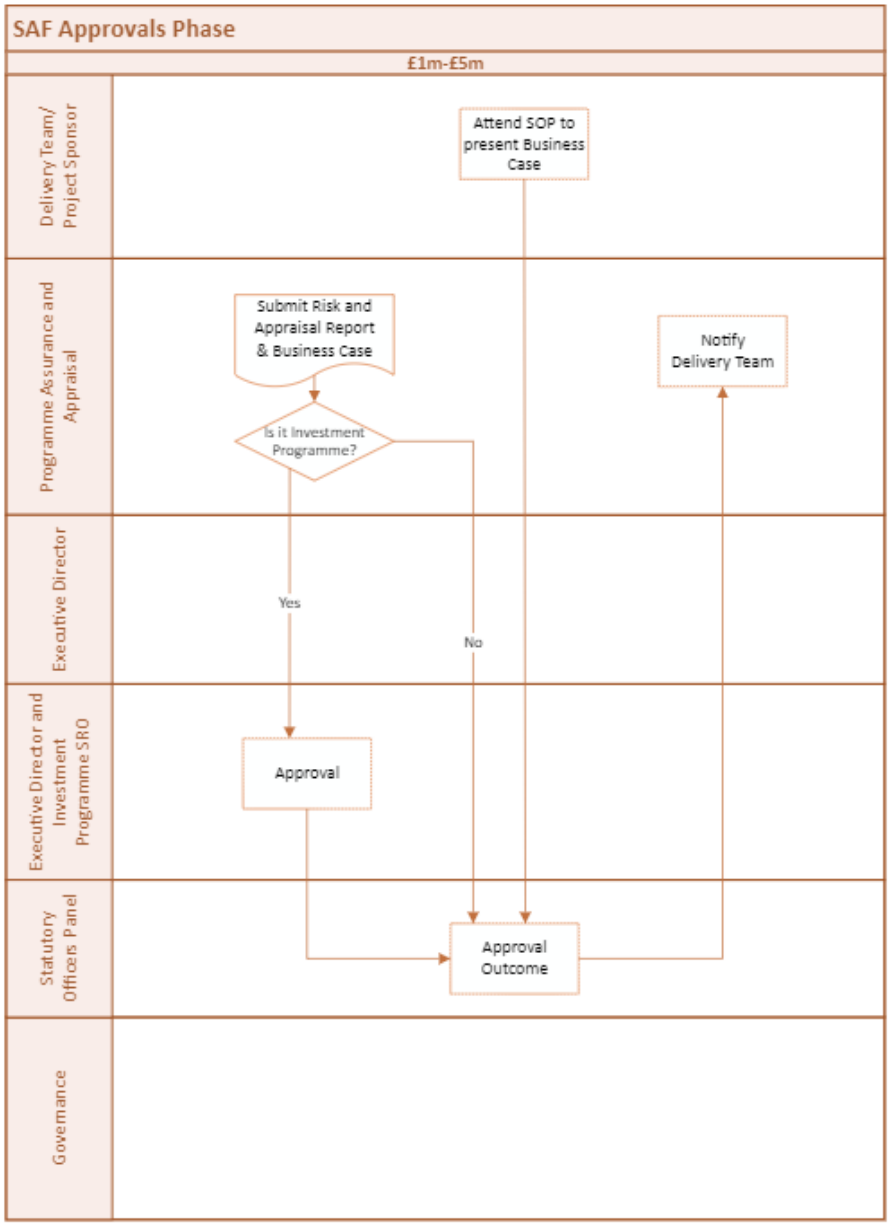


4.12.2 Approvals Between £1million - £5million

Approvals between £1million and £5million are reviewed and approved by the Statutory Officer Panel, this consists of the following WMCA Officers:

- Chief Executive
- Director of Finance (Section 151 Officer)
- Head of Governance (Monitoring Officer)

Non-Investment Programme funded business cases and approvals only require Statutory Officer Panel consideration: however, Investment Programme funded business cases and approvals also require the involvement of the Investment Programme Senior Responsible Officer who, in such circumstances, will sit on the Panel to provide input into the decision-making process. The Risk and Investment Appraisal report and the Assurance Observations Report highlight the key risks for consideration.



4.12.3 Approvals of £5million and above

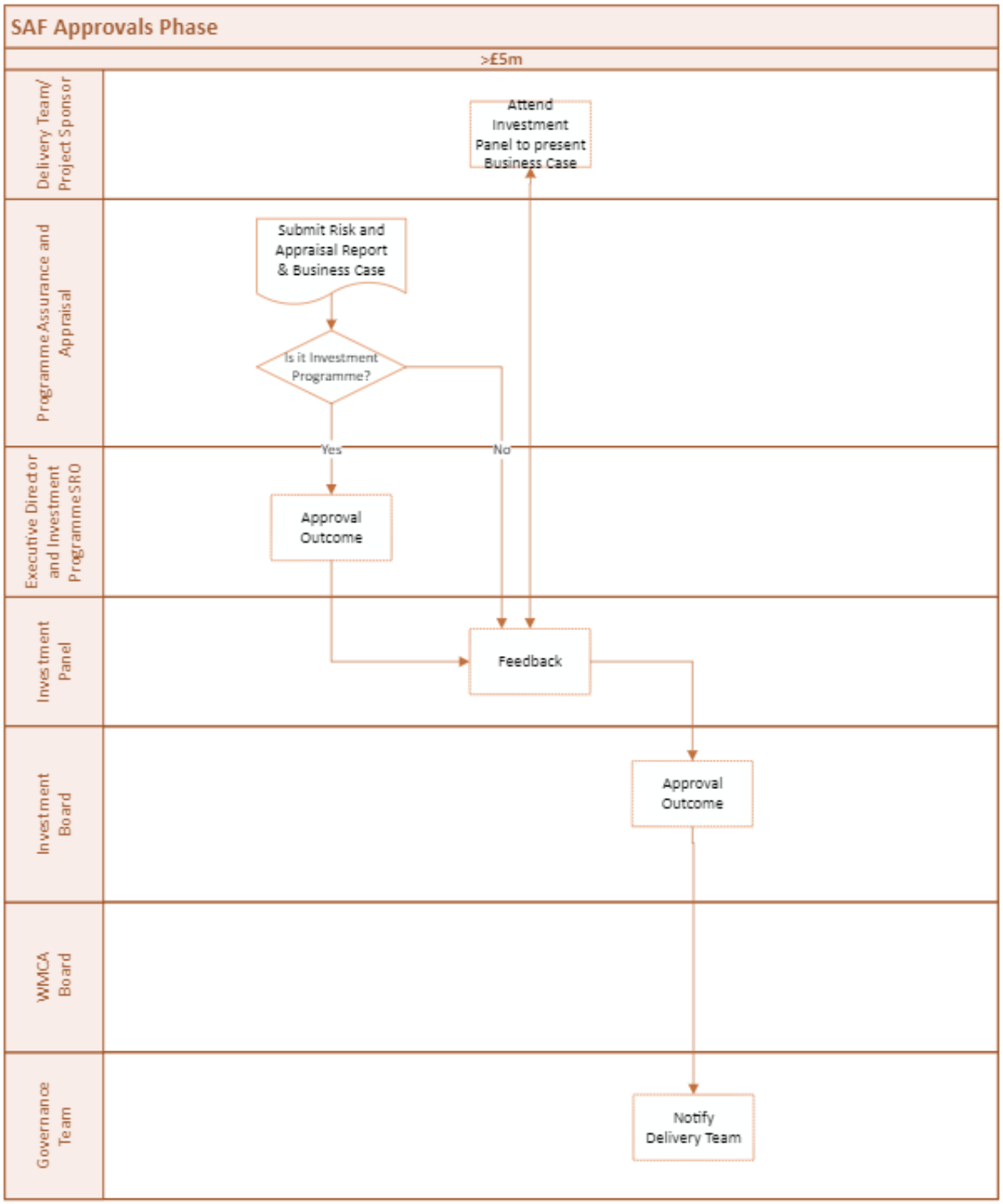
Approvals above £5million are above the levels of officer approval delegations and must therefore be considered and approved by Boards consisting of regional political representatives. Decision-makers are asked to consider the Business Case, Assurance Observations Report, and the Risk & Investment Appraisal report when making a decision.

To support decision-making Boards, advisory support panels will review a business case and supporting documentation and meet with the Sponsor/Executive Director before Board

consideration. The Investment Panel supports the Investment Board by reviewing proposals and will support effective decision-making by:

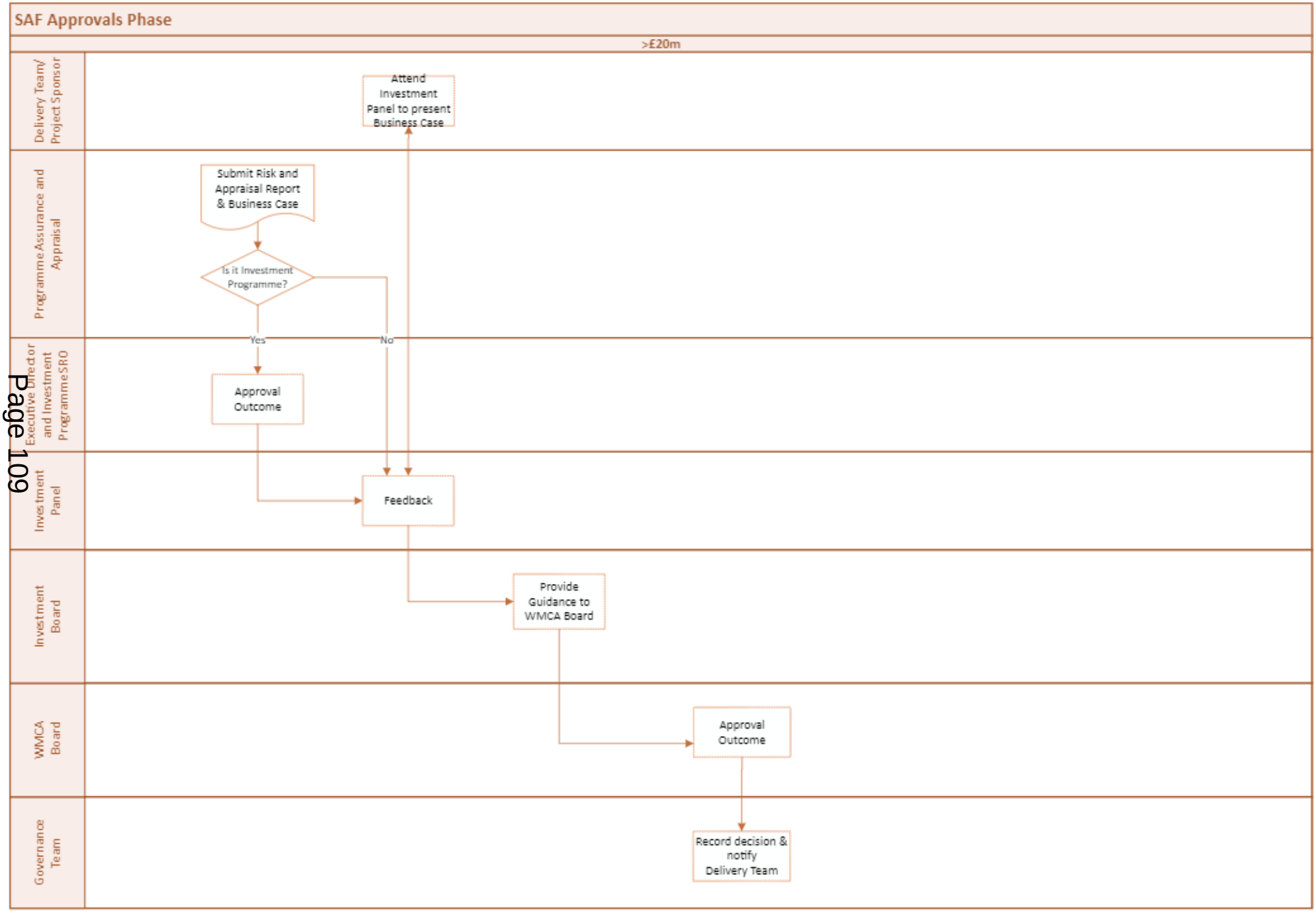
- identifying key lines of enquiry for the Investment Board to focus on
- validating and challenging business case content
- validating and challenging external review of the business case
- validating and challenging the quality and robustness of business case content
- ensuring a consistent approach to challenging HM Treasury's 5 case elements within Business Cases
- examining Assurance Observations Reports produced during development that incorporate an assessment of business case maturity against HM Treasury Green Book and WMCA requirements
- examining key risks and investment appraisal considerations and recommendations

The Investment Panel will provide the Investment Board with a recorded discussion for each proposal, noting observations to consider, including the strengths and weaknesses of a proposal, observations on the level of investment risk and providing any recommendations for improvement or to mitigate risks. This may lead to additional conditions to be added to funding agreements, conditions for withdrawal of support, additions to M&E plans.



4.12.4 Approvals of £20million and above

Additionally, there is a further role for WMCA Board in approving Investment Programme approvals that are above £20million. For these, the proposal will first be considered by the Investment Board who will then make recommendations to the WMCA Board.


SAF Approvals Phase
>£20m
Delivery Team/ Project Sponsor
Programme Assurance and Appraisal
Executive Director and Investment Programme SRO
Investment Panel
Investment Board
WMCA Board
Governance Team
Attend Investment Panel to present Business Case
Submit Risk and Appraisal Report & Business Case
Is it Investment Programme?
Yes
No
Approval Outcome
Feedback
Provide Guidance to WMCA Board
Approval Outcome
Record decision & notify Delivery Team

4.13 Subsidy Control

WMCA will ensure that all projects meet Subsidy Control law. Formerly termed as State Aid is at present primarily governed by the United Kingdom's commitments as set out Chapter 3 of Title XI of Part 2 of the Trade and Co-operation Agreement between the European Union and the European Atomic Energy Community and the United Kingdom as given effect by the European Union (Future Relationship) Act 2020, including commitments on subsidies arising from the UK's membership of the World Trade Organisation (including but not limited to the Agreement on Subsidies and Countervailing Measures, the Agreement on Trade-Related Investment Measures, the General Agreement on Trade in Services and the Agreement on Agriculture).

4.14 Management of Contracts

Following Approval, the Legal Team will send out a Funding Offer Letter, which includes the following: Project Name, Applicant, Maximum Funding Contribution (£), with details regarding when payment was to be issued. (Usually connected to milestones), what is Eligible Expenditure, Commencement and Completion dates. (Example is in Appendix 5.4.) Contracts are managed within the individual Directorates to provide a link to the outputs and outcomes of the projects/programmes.

4.15 Monitoring and Evaluation

The WMCA Monitoring and Evaluation Framework has been developed in accordance with HM Treasury's Magenta (Guidance for Evaluation) and Green (Guidance on Appraisal and Evaluation) Books. The overall approach to monitoring and evaluation is underpinned by the following key principles:

- Reporting requirements are locally defined and reported to our Strategic Leadership Team in a consistent fashion
- Evaluation is meaningful and proportionate
- Data is collected once and used many times to inform other critical documents, such as the Annual Business Plan
- Baseline information is consistent across key initiatives
- Monitoring and evaluation is a core part of all activities
- Lessons learned are used to inform future projects and programmes, especially at the pre-initiation stage

All projects that go through our SAF, will have an effective monitoring and evaluation plan in place which will form a key part of the business case. This will help assess the effectiveness and impact of investing public funds, and the identification of best practice and lessons learnt that can inform decisions about future delivery. The monitoring plan will guide the collection of data from individual projects and will be designed to ensure that it meets the requirements of WMCA and the Government.

This framework aims to ensure that these commitments are delivered by setting out the approach, principles, role and responsibilities for the monitoring and evaluation of projects and programmes both in the Devolution Deal and within any wider Combined Authority activity.

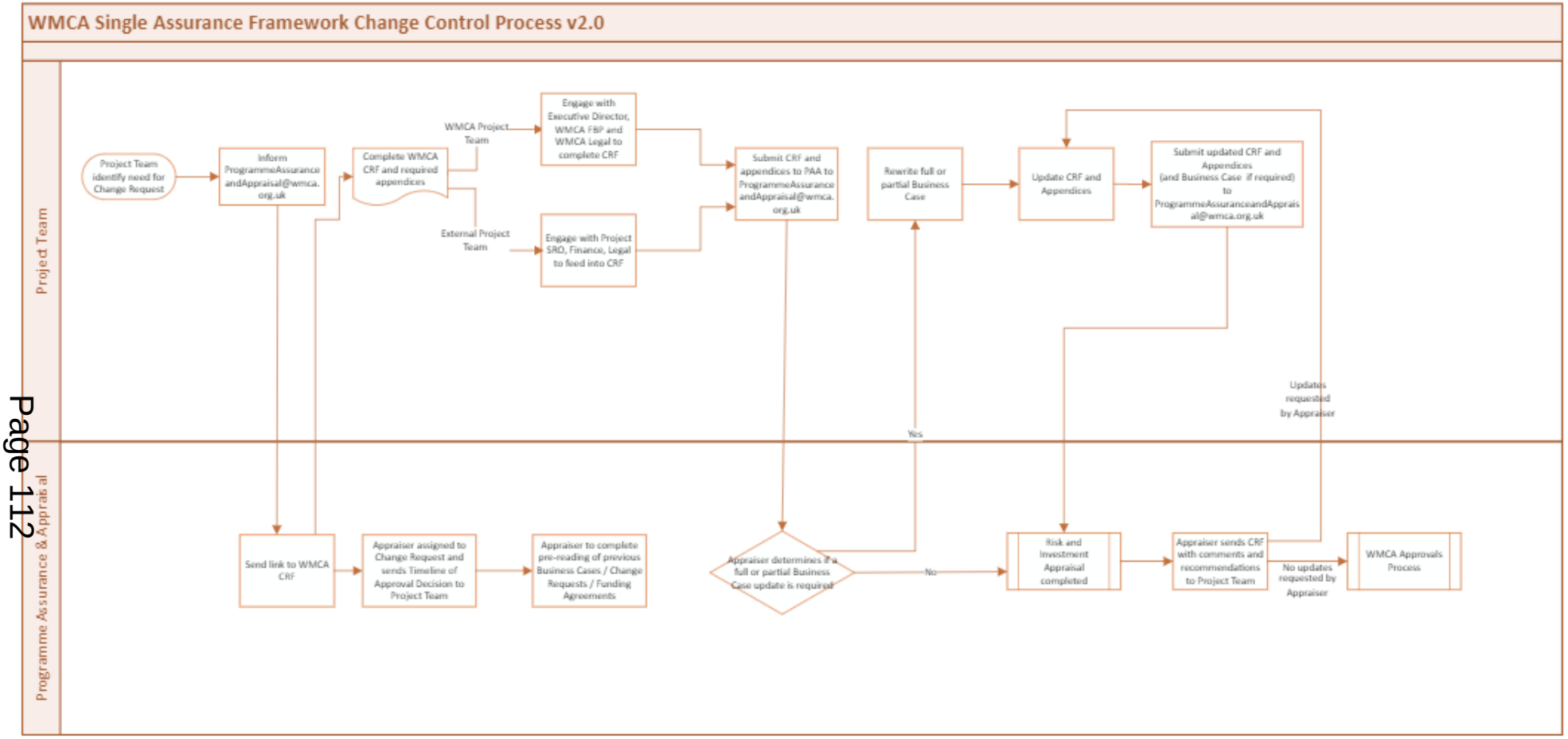
To manage the Investment Programme, AKA West Midlands Investment Fund, WMCA has a Commercial and Investment Monitoring and Evaluation team to perform portfolio monitoring, in

accordance to HM Treasury's Green Book and Magenta Book; Team liaising with the relevant Programme Management Offices of our constituent authorities. Monitoring activities are conducted using the Project Development Plan, Annual Delivery Update and the subjacent M&E plans.

The Investment Programme Monitoring and Evaluation Team also liaises with Project Sponsors, our Appraisal and Assurance, Legal and Finance Teams to develop relevant, actionable information to help us monitor, evaluate, and react to changes on any projects funded through the investment programme.

4.16 Change Requests

Approval routes should always be led by the delegation amount; therefore, Change Requests do not need to be approved by the 'original approver' i.e., if it was WMCA Board it does not need to go back to Board. The reason for this is that for example, there is a Change Request for a minor time extension and no additional funds have been requested. Although the original OBC was approved by Board, there is no need for Board to be sighted on a 'minor' change as this could delay project progress and cause further time delays whilst awaiting the bi-monthly Board meeting. Rarely the change is deemed contentious, for example, the scope of the approved initiative has changed dramatically or more than 10% of the original funding is being requested these may need to be reviewed by Board.



Key	
CRF	Change Request Form
PA&A	Programme Assurance & Appraisal Team
Finance BP	Finance Business Partner
SRO	Senior Responsible Officer

4.17 Evaluation/Project Closure

Investment Programme Projects are evaluated in two stages. The first stage is led internally by the WMCA's Investment Programme Monitoring and Evaluation Team and comprises the production of a Project Closure and Lessons Learnt Report in accordance with HM Treasury's Green and Magenta Books. It reviews the milestones and success factors of the project vis-à-vis its proposed Delivery Plan.

- confirm outstanding issues, risks and mitigations, recommendations, and proposed course of action to resolve them.
- outline outstanding tasks and activities required to close the project, and
- identify project highlights and best practice for future interventions.

As part of the funding agreement, the WMCA is required to undertake 5-year Gateway Reviews to assess the impact delivered by our investments led by an independent National Evaluation Panel.

The purpose of the National Evaluation Panel is to evaluate the impact of locally appraised interventions on economic growth in each locality to inform the Gateway Review and Ministerial decision-making on future funding.

The Programme Assurance and Appraisal Team have developed a Post Implementation Review tool which is being tested with Performance Monitoring and Evaluation leads to ensure a consistent approach is implemented following the closure of a project. The intention of the Post Implementation Review process is to ensure lessons are learnt and applied across the organisation regarding project and programme management practice and that at the end of a project lifecycle, effective systems and controls are implemented to ensure the successful delivery of stated benefits and outcomes.

5 APPENDICES

4.18 Transport Projects

For the CRSTS programme (and other transport led projects, regardless of funding streams) there is a requirement that an Annual Programme Business Case be developed and reviewed and updated annually. The Programme Business Case will be subject to the SAF process. Most schemes will also require a standalone Transport Analysis Guidance (TAG) business case to be developed. This business case will be used to complete the appropriate Board templates or additional documentation checklists.

The Programme Assurance and Appraisal Team will apply a flexible and proportionate approach, to its activities for transport business cases to retain the benefits of local assurance in terms of speed of decision making, where appropriate.

To ensure that the scope of the business case meets the requirements of relevant funding streams, involving Transport for the West Midlands (TfWM) and the Programme Assurance and Appraisal Team will work together to ensure that the project meets strategic and funding requirements.

The Business Case will be clearly articulate how the project/programme will be monitored and evaluated, in collaboration with the national evaluator as part of the development of the national Monitoring and Evaluation framework.

To provide the additional context and evidence required for approval, updated plans, strategies and documents and responses to key questions within the Transport specific additional Appendix across the five-case model will also be submitted with the business case. This appendix provides as a 'checklist' of information which should be provided either with the TAG business case or as separate documents.

It is expected that a transport project will usually have both a TAG business case and a WMCA Board-friendly summary document, plus the required supplementary appendices. With the transport Appendix, there is a table showing the questions completed at each stage of the business case cycle. This does not preclude early completion if the information is available. Information entered in previous stages should be retained and updated where necessary.

4.19 Housing Projects

For the Housing Property and Regeneration Programme (and other Housing, Property and Regeneration led projects, regardless of funding streams) the programmes and projects will be required to develop an Annual Programme Business Case. This Programme Business Case will be subject to local assurance arrangements – in WMCA's case, the SAF. The Programme Business Case will also be updated when new funds become available and individual projects will also be aligned to the Programme Business Case will be required to produce a Project Case, which will be subject to the SAF<

Individual Housing, Property and Regeneration projects will also be subject to the Single Commissioning Framework (wmca.org.uk) Expressions of Interest will be assessed by housing and development internal experts, external advisers and legal and finance business partners to ensure they meet key WMCA priorities and suitability criteria, before being invited to submit an application. Applications are also subject to scrutiny by the same team, to ensure that the project

meets funding and strategic requirements, including a Red Book valuation, development appraisal and other supporting studies, for example, cost assessment, remediation studies.
Project cases going forward will be subject to a maturity assessment against HM Treasury Green Book requirements and Assurance Observations Report will be produced with the aim of driving improvements to the maturity of a business case prior to a risk and investment appraisal prior to approval. The Project Case should be clear about how the scheme will be monitored and evaluated. It will then be subject to Approval at the appropriate level, as outlined above.

4.20 Adult Education Budget Programme

The Adult Education Budget (AEB) will be subject to independent bi-annual assurance health checks (target dates of March and September) undertaken by the programme Assurance and Appraisal team. The health check process is an objective, evidence-based review and will:

- give confidence to senior managers and decision-makers on AEB programme performance
- share best practice, insight, and information
- help drive continuous improvement across the AEB programme
- provide evidence of compliance with ESFA requirements and inform annual Assurance letter(s) contents

A customised health check tool has been developed for AEB utilising the Association of Project Managers (APM) Measures for Assuring Projects, APM Conditions for Project Success and bespoke lines of enquiry taken from Department for Education (DfE) Devolution of adult education functions, from Academic Year 2019/20 Memorandum of Understanding.

The first health check undertaken will be a comprehensive review of the full lifecycle of AEB. The findings will help to establish a more proportionate, efficient and lean process for subsequent health checks, which will include a review of progress against any recommendations previously raised. In addition the Skills Directorate will develop a Programme Business Case detailing all funding streams and delivery arrangements for adult education provision across the region. This Programme Business Case will be subject to local assurance arrangements – in WMCA's case, the SAF., (as detailed above). It is expected that monitoring and evaluation arrangements will be implemented across the Skills Directorate to ensure outcomes and benefits are effectively monitored with performance reported through to the realisation of benefits.

4.20.1 Health Check Format and Approach

An introductory meeting will be held with the AEB Lead/representative and the Programme Assurance Specialist to run through the health check process, agree timings and gain an understanding of the programme and processes in place.
During the health check the Programme Assurance specialist will conduct:

- desk-based reviews of documentation and background evidence, including the skills three-year planning proposal approved by WMCA Board. (Updated annually to reflect Government Policy, and local need).
- stakeholder engagement meetings

Documentation to be reviewed and names of Stakeholders to meet will be identified and agreed during the introductory meeting with the AEB Lead/representative. Should any additional evidence or stakeholders be required during the process of the health check, the Programme Assurance Specialist will inform the AEB Lead/representative.

- Client and Scope
- Governance
- Stakeholder Engagement & Communication
- Risks & Opportunities
- Planning & Scheduling
- Health & Safety, Social Responsibility, Sustainability
- Organisational Capability & Culture
- Supply Chain
- Solution
- Finance
- Performance

4.20.2 Governance

Findings and recommendations following the health check will be detailed within a draft Assurance Observations Report for consideration and agreement by the AEB Lead/representative. There will be no finding/comment attributed to specific individuals and all recommendations made will be in the spirit of ensuring continuous improvement.
The AEB Lead/representative will be required to review the draft Assurance Observations Report and confirm their agreement with it within a suitable timeframe (usually one week), with the aim being to agree a final Assurance Observations Report.
If findings and recommendations cannot be agreed, there will be an opportunity for the AEB Lead/representative to record their response(s) and rationale.

The final/agreed Assurance Observations Report, following each Health Check, will be an agenda item presented to Economies Skills & Communities Payments and Performance Meeting(s). The purpose of the Health Check process is to drive continuous improvement across all AEB project and programme activities.

4.20.3 Timescales

Dates and timings of health checks will be agreed with the AEB Lead/representative and the Programme Assurance Specialist as part of the process. It is expected that the health check will take approximately two weeks to complete.

4.21 Typical Funding Letter

Applicant Address

Dear Sirs,

Project Name:

Applicant:

Maximum Funding Contribution: **£**

Tranche 1 Payment **Payable within 28 days of completion of Milestone 1**
Tranche 2 Payment **Payable within 28 days of completion of Milestone 2**
Tranche 3 Payment Payable within 28 days of completion of Milestone 3
Tranche 4 Payment Payable within 28 days of completion of Milestone 4
Tranche 5 Payment Payable within 28 days of completion of Milestone 5

Eligible Expenditure: See attached Business Justification Case & Schedule 1
Project Details: See attached Business Justification Case & Schedule 1

Availability Period: **The period starting on the Funding Commencement Date and ending on the Funding Completion Date**
Funding Commencement Date:
Funding Completion Date:

I write to confirm that West Midlands Combined Authority (WMCA) will provide the Funding Contribution for the above Eligible Expenditure for the Applicant to conduct the activities in accordance with the Business Justification Case and the Terms and Conditions overleaf.

To drawdown the Funding you will be required to submit your claim to [email address] with evidence of the milestone delivery and details of expenditure.

Yours sincerely

Authorised Signatory
For and on behalf of
West Midlands Combined Authority

I can confirm that **[Applicant]** will use the Funding Contribution in accordance with the Terms & Conditions stipulated within this letter.

Authorised Signatory……..

Name: ……..

Position: ……

4.22 SAF Templates

4.22.1 Project Initiation Document (PID)

The PID is a high-level planning document that will be completed and approved during the Initiation Stage to gather outline information which validates the strategic fit of the intended intervention such as alignment to WMCA Objectives and Aims, potential risks and target benefits. The document will also be used to agree the Business Case development route and provide assurance that key stakeholders at the WMCA have been sighted on the proposal from the outset (Finance, Legal, Procurement and Executive Director).

4.22.2 Business Justification Case (BJC)

The BJC is a single stage business case that is available for schemes that require less development. To use a BJC, projects must not be novel or contentious so options analysis is reduced, where firm fixed prices are available, they should be evidenced from historical delivery. A specific procurement phase is not required as pre-competed procurement arrangement can be utilised.

4.22.3 Programme Business Case (PBC)

The PBC is produced when a strategically linked series of projects requires authorisation to progress. A programme is a series of planned measures, related events and co-ordinated activity in pursuit of an organisations long term goals. The PBC will outline the programme projects dossier including the indicative timeline, costs and the overarching management strategies.

4.22.4 Project Case (PC)

The PC is produced for projects seeking lower level of spend and follow on from a previously approved Programme Business Case. There should be clear alignment to the PBC within the Project Case in terms of how the outputs contribute to the Programme benefits and outcomes.

4.22.5 Strategic Outline Case (SOC)

The SOC or the Strategic Outline Business Case provides the strategic rationale for the intervention and identifies the critical success factors. The preferred option is derived via an options analysis to demonstrate how optimum VFM and social value will be achieved. Stakeholders will understand the robustness of the proposal and the future direction of travel including an updated whole life cost estimation.

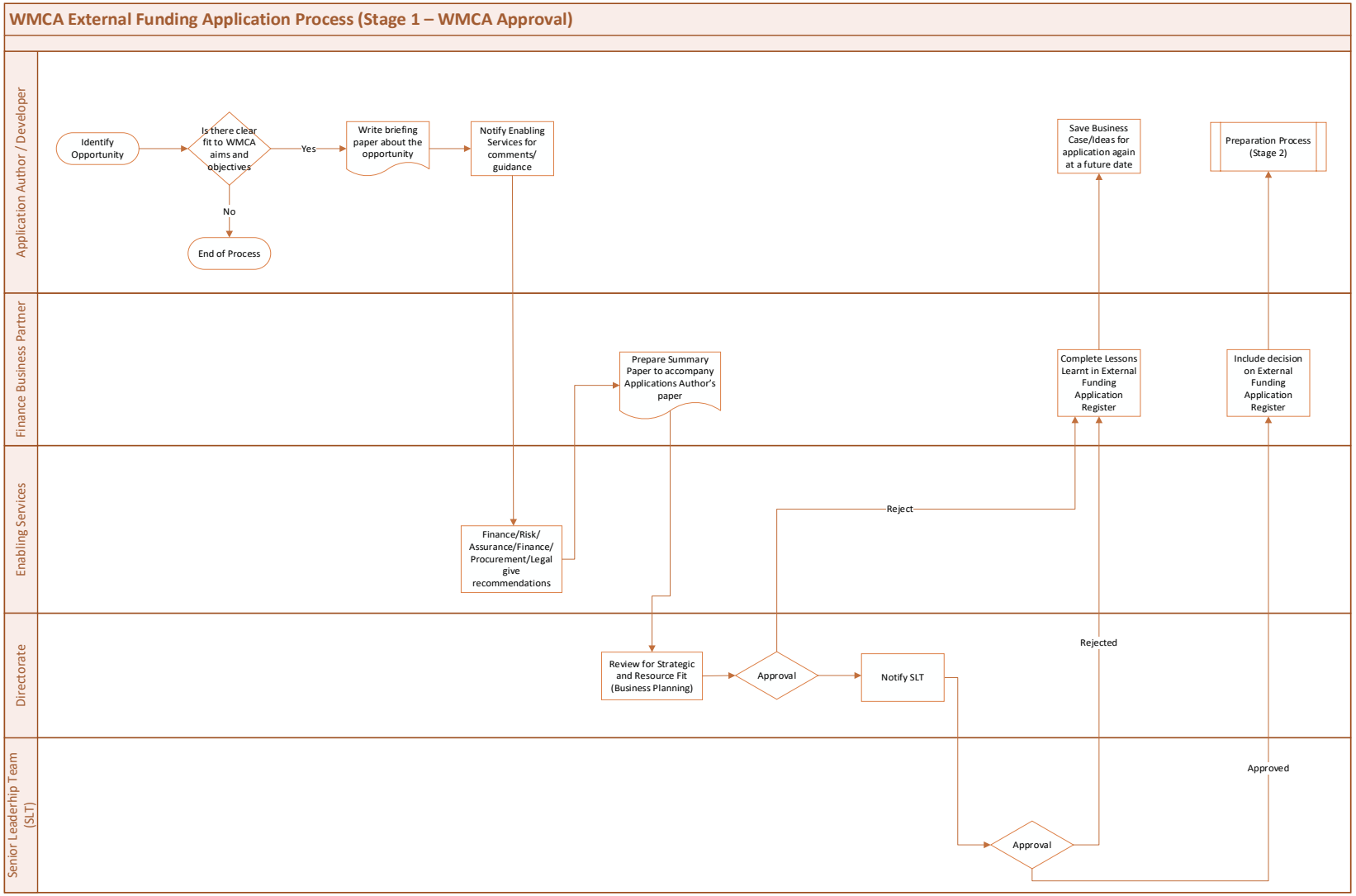
4.22.6 Outline Business Case (OBC)

The OBC determines VFM and prepares for the potential procurement by ascertaining affordability, the procurement proposal and funding requirement. At the conclusion of the OBC stage consent should be able to be established for the procurement phase of the project to go ahead or not.

4.22.7 Full Business Case (FBC)

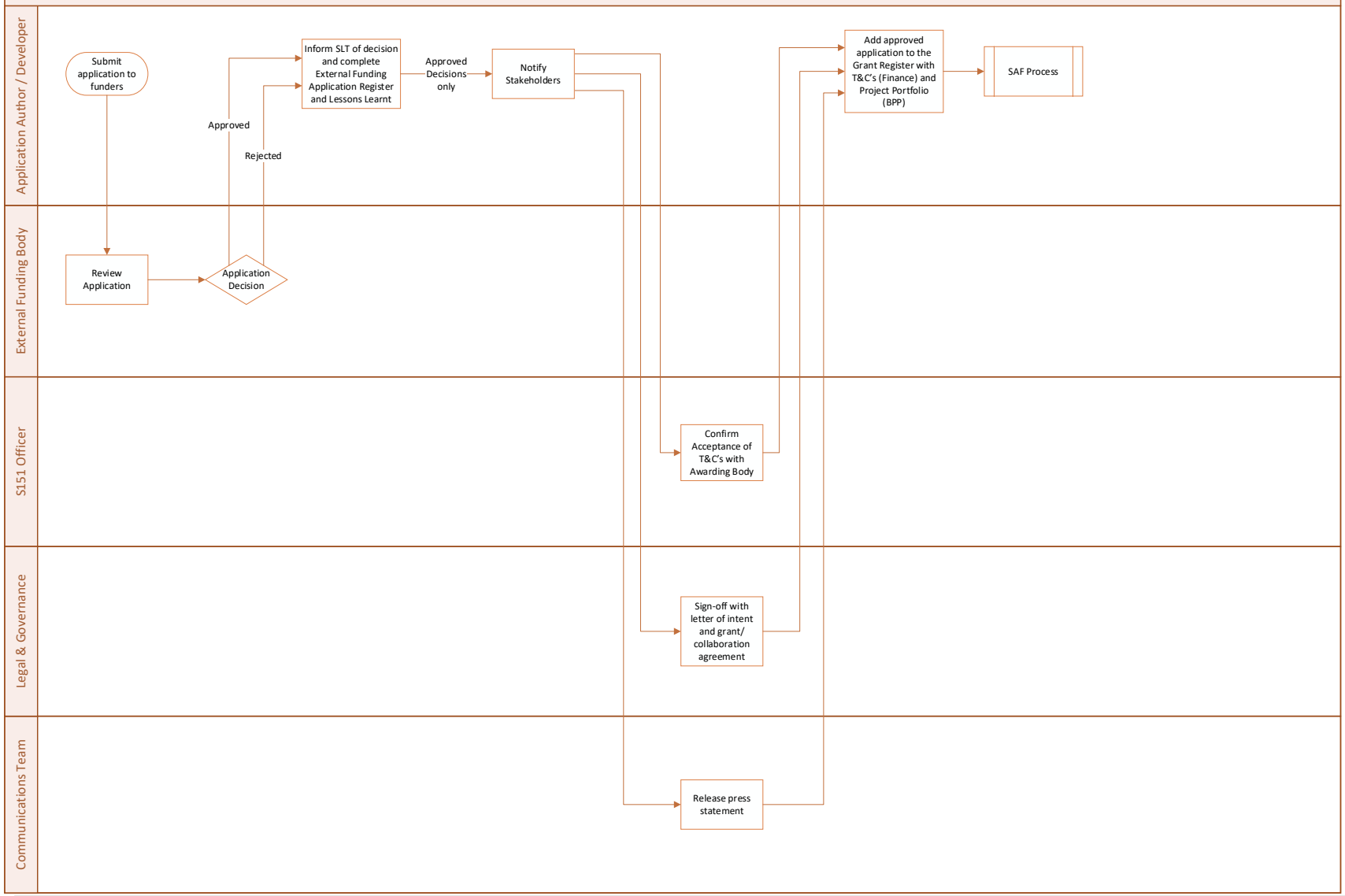
The FBC enables the procurement of the VFM solution, contracting the appropriate deal and planning for successful delivery. At the conclusion of the FBC all dimensions of the five-case model will have been completed and be fully matured including a finalisation of all management arrangements. Key to this is firm fixed and accurate costs, Monitoring & Evaluation arrangements and delivery capability.

4.23 External Funding Process



West Midlands Combined Authority

WMCA External Funding Application Process (Stage 3 – Post Funding)



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Audit, Risk and Assurance Committee

Date	4 October 2022
Report title	Internal Audit Update – October 2022
Accountable Chief Executive	Laura Shoaf, Chief Executive
Accountable Employee	Satish Mistry, Interim Director, Law and Governance
Report has been considered by	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 – October 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 2022 - 2023 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)
2021-2022 Internal Audit Reviews previously reported			
ICT Strategy	High	Final issued - Satisfactory	July 2022
Dudley Interchange	Medium	Final issued - Satisfactory	July 2022
Affordable Housing Delivery Vehicle	High	Final issued - Satisfactory	July 2022
2021-2022 Internal Audit Reviews in progress			
WM2041 Delivery Programme (Environmental Recovery)	High	Draft issued - Satisfactory	November 2022
Investment Programme Monitoring and Evaluation Arrangements	High	Fieldwork in progress	November 2022

Auditable area	AAN Rating	Status and level of assurance	ARAC Meeting (indicative)
Inclusive Growth Investment Toolkit	High	Fieldwork in progress	November 2022
2022-2023 Internal Audit Reviews in progress			
External Funding Applications (Bid Management)	High	Fieldwork in progress	November 2022
Organisational change	High	Fieldwork in progress	January 2023
Information Assurance and Cyber security	High	Fieldwork in progress	January 2023
Bromsgrove Rail Station	High	Fieldwork in progress	January 2023
Single Commissioning Framework	High	Planning commenced	January 2023
Adult Education Budget – Provider Performance Management	High	Planning commenced	January 2023
Key Financial Systems	High	Planning commenced	January 2023

3 Forward plan for 2022-2023 scheduled audits

Auditable area	AAN Rating	Quarter	ARAC Meeting (indicative)
Business Continuity	High	3	April 2023
Environmental Management System	Medium	3	April 2023
Land and tenant management	Medium	3	April 2023
Adult Education Budget – Procurement (deferred from 2021-2022)	High	4	June 2023
Procurement Exemptions	High	4	June 2023
IR35	High	4	June 2023
Corporate Asset Acquisition and Disposal Framework	High	4	June 2023

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, details of reviews completed or commenced by Internal Audit, or progress monitoring updates collated by the Internal Audit Liaison Officer are provided below.

Progress Monitoring Update (Internal Audit Liaison Officer)

Auditable area	Overall Opinion	Report Issue Date	Action Date	Agreed Actions			Number Progressed*
				Red	Amber	Green	
Human Resources Pre-employment checks	N/A	27/11/20	31/12/20		2	-	2
Environmental Management System	Satisfactory	06/01/21	30/06/21	-	1	1	2
Digital Retraining Fund	Satisfactory	10/06/21	01/11/21	-	3	1	4
Corporate Complaints Process	Satisfactory	12/10/21	01/01/22		3	4	7
Key Financial Systems	Substantial / Satisfactory	07/03/22	30/06/22	-	5	4	7
Risk Management	Satisfactory	10/06/21	21/07/22	-	1	3	4
Dudley Interchange	Satisfactory	13/05/22	31/07/22	-	3	-	3
ICT Strategy	Satisfactory	29/03/22	31/08/22	-	1	3	3
WMCA Devolved Adult Education Budget	Satisfactory	07/09/21	30/09/22	-	3	2	5
Longbridge Park and Ride Income Management and Charging Arrangements	Limited	30/03/22	30/11/22	1	2	-	1
Affordable Housing Delivery Vehicle	Satisfactory	20/06/22	30/04/23	-	1	-	0

* Stated number of actions progressed reflects the opinion of the auditee as of 31 August 2022, and where appropriate an independent sense check by Audit will be undertaken in key areas to confirm status of delivery

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