

Audit, Risk & Assurance Committee

Date	11 March 2024
Report title	Draft Annual Governance Statement
Accountable Chief Executive	Laura Shoaf, Chief Executive of the WMCA Email: Laura.Shoaf@wmca.org.uk
Accountable Employee	Helen Edwards, Director of Law and Governance Email: Helen.Edwards@wmca.org.uk
Report has been considered by	n/a

Recommendation(s) for action or decision:

Audit, Risk & Assurance Committee is recommended to:

Consider the draft Annual Governance statement for ARAC's approval and inclusion in the 2023/24 financial accounts.

1. Purpose

- 1.1 The Annual Governance Statement is a statutory document which explains the processes and procedures in place to enable WMCA to carry out its functions effectively as defined by CIPFA.
- 1.2 It is prepared for, and considered by Audit, Risk and Assurance committee annually in preparation for its inclusion in the financial accounts. It is a document which looks back retrospectively over the past year, records where the WMCA has demonstrated good governance, and looks forward to areas where focus should be given in relation to governance in the coming year.
- 1.3 Final approval of the 2023/24 Annual Governance Statement will be sought as part of the process of approving the annual accounts of the WMCA in due course.
- 1.4 Close down of the accounts for this financial year will not start until Year End has passed on 31st March 2024, and is to be noted there is a possibility that an unknown

issue may arise which requires comment or inclusion within this statement, prior to its final approval.

2. Background

- 2.1 West Midlands Combined Authority (WMCA) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 2.2 The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the WMCA is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 2.3 WMCA's governance arrangements are consistent with the principles of the CIPFA/SOLACE framework of Delivering Good Governance in Local Government, and this Annual Governance Statement meets the requirements of Regulation 6(1) (b) of the Accounts and Audit (England) Regulations 2015 which requires all relevant public bodies to prepare an annual governance statement each year.
- 2.4 The document demonstrates compliance of how WMCA applies the seven core principles of good governance as set out in the latest CIPFA/SOLACE Delivering Good Governance in Local Government Framework (2016), these being:
 - (a) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
 - (b) Ensuring openness and comprehensive stakeholder engagement.
 - (c) Defining outcomes in terms of sustainable economic, social, and environmental benefits.
 - (d) Determining the interventions necessary to optimise the achievement of the intended outcomes.
 - (e) Developing the entity's capacity, including the capability of its leadership and the individuals within it.
 - (f) Managing risks and performance through robust internal control and strong public financial management.
 - (g) Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.
- 2.5 A review of the 22/23 document has been used as a template for the 2023/24 Annual Governance Statement, with the following amendments having been made:
 - Details on WMCA's governance arrangements in response to the guidance received from Government regarding the integration of Local Enterprise Partnerships (LEPs) into local democratic institutions (page 2).
 - Details of the decision making arrangements introduced in 23/24 and the outcome of the June 2023 meeting of the Independent Remuneration Panel (page 4).
 - An update on the approval of, and arrangements in place for the Single Assurance Framework and the Strategic Risk Management framework. (page 8).
 - Actions taken in response to the key governance improvements identified and recorded in the 2022/23 Statement (pages 10 & 11).
 - Details of key governance improvements to be considered during 2024/25 (page 13).

2.6 The Director of Law and Governance is satisfied that the system of internal control and assurance is robust and provides visibility of risk and reasonable assurance as detailed in this draft Annual Governance Statement.

3. Financial Implications

Not applicable

4. Legal Implications

Not applicable

5. Equalities Implications

Not applicable.

6. Inclusive Growth Implications

Not applicable.

7. Geographical Area of Report's Implications

Not applicable.

8. Other Implications

Not applicable.

9. Schedule of Background Papers

Appendix 1. Draft Annual Governance Statement 2023/24