



WMCA Board

Date	22 March 2019
Report title	West Midlands 5G - Structure and Governance Update
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Report has been considered by	WMCA Programme Board - 8 March 2019

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Note the update on early progress and delivery plans of the WM5G project (the **Project**)
- (2) Confirm and approve the governance structure for the **Project** as set out in this report, and grant permission for the Joint Venture to be established and the Delivery Entity to commence operations.
- (3) Confirm and approve the principles against which the governance, assurance, financial delegations and procurement of WM5G Limited will be developed.

- (4) Confirm that the WMCA representative on the Joint Venture will have delegated authority to act on behalf of the Authority on any matters relating to the functions of the JV.
- (3) Authorise the Head of Governance to enter into all necessary agreements to give effect to the proposals set out in this report, as negotiated by the same and/or the Director of Public Service Reform as Project SRO.

1. Purpose

- 1.1 The West Midlands has successfully bid for regional test-bed status as part of the Government's Urban Connected Communities programme (**UCC**). The benefits and implications of this for the region are substantial. This is a national effort to accelerate the deployment of next-generation mobile connectivity in the UK – with the West Midlands leading the way.
- 1.2 The purpose of this report is to provide an update on the early progress of this project, and to propose a governance and delivery structure that will enable the region to generate maximum social and economic benefit over its duration. It also signals the transition from planning and mobilisation into tangible project delivery - including substantial engagement activities and collaboration with LEPs, Constituent Authorities and business and public service sector partners.
- 1.3 WMCA Board approval of the governance structures outlined in this paper will enable this transition into delivery to begin, including the establishment of key roles within the delivery organisation such as the Chair, Board Representatives and Managing Director. The WMCA won this bid because of the strength of underlying collaboration the region presented. This remains the critical underlying principle in how we will deliver from here on in.

2 Background

- 2.1 This is the second paper on 5G that has been brought to WMCA Board. In a previous paper to November 2018 Board, members:
 - (1) approved the participation by the West Midlands Combined Authority (**WMCA**) in the WM5G Project;
 - (2) approved the proposed governance structure for the WM5G Project and grant permission for the Joint Venture and Delivery Entity to be incorporated and the Overarching Grant Agreement entered into (including any associated ancillary documentation) in conjunction with the Department for Digital, Culture, Media & Sport; and
 - (3) approved an allocation of £4.0 million to the Delivery Entity to be allocated to projects using the governance structures set out in the November Board Report.
- 2.2 Since the November Board Report, the interim project team has worked intensively alongside the Department for Digital, Media, Culture and Sport (DCMS) as part of the Project's mobilisation and setup phase. The purpose of this phase has been to prepare long-term funding, contracting and project planning; develop necessary business cases; and build the regional and commercial relationships that will be necessary for success. This phase will conclude with the signing of an overarching grant agreement with DCMS which will enable the draw-down of funding for the project over the three-year period.
- 2.3 The West Midlands 5G vision is ambitious and should be transformative. It brings together the acceleration of 5G-ready infrastructure with the potential to test radical new ways of working in public services, citizen mobility and future industry sectors. It will bring substantial new investment into industry clusters; and is a programme that fundamentally works through collaboration – connecting initial 'test-bed' activity over time to build a platform for 5G across the whole region.

- 2.4 5G is new technology, but the projected benefits are already well understood by the industry. 5G networks will be faster, can carry substantially more data, and has extremely low latency. Early test-bed activity in places like Worcester are showing the specific applications of this technology in manufacturing, for example. In health and public services, it will dramatically improve the speed and reliability of applications like remote care and real-time mobile working in emergency services. It brings 'internet of things' applications into the mainstream; and will improve basic connectivity for citizens to gigabit speeds over wireless networks.
- 2.5 Government investment in this space is designed to prove the business model for 5G at scale, and accelerate its deployment through focused activities that encourage faster roll out of 5G and fibre. The investment of the West Midlands as a region (through the WMCA, our LEPs, LAs and partners) is in a partnership that will create the right conditions for this to happen. So where we need focused activity to build consortia in particular industry sectors, we will bring that focus and investment. In other places, our job will be lighter touch – to work with existing local plans and help accelerate further roll-out of wireless and fibre networks. *The underlying principle is to add value and enable connectivity that benefits the whole region in a way the market may not do by itself.*
- 2.6 This is also a complex space. The over-arching vision is for regional innovation that goes beyond 'demonstrator' projects. It is to change the pace of 5G deployment in a way that benefits the UK as a whole. It involves moving the market; influencing patterns of investment; and making sure that the testing and trialling of new technology leads to sustainable change for our citizens and our regional economy. We are the first place to attempt this at this kind of scale. Early market engagement and activity suggests that our goals to enable faster deployment in the region (for example through 'barrier busting' activity) will be welcomed and we will see some early benefits of this within a very short timescale. But DCMS named this project 'Test Beds and Trials' because there is inevitably an element of innovation and risk involved.

Progress to Date:

- 2.7 We are moving at pace towards the sign off of an Overarching Grant Agreement by the end of March 2019. This agreement unlocks ongoing funding from DCMS (subject to ongoing business cases), and signals the shift from the planning to delivery stage of the WM5G programme. The basic precondition to reach this milestone is a robust delivery plan that is agreed step-by-step between the region and DCMS, and which includes credible plans to achieve the funding mix (of public and private investment) that the programme requires.
- 2.8 The journey to get this delivery plan finalised reflects the complexity and ambition of the programme. It combines the need for a robust underlying governance and operating model with a forward plan which details specific 'test bed' activity and credible plans for multi-sector investment, co-delivery and regulatory support.
- 2.9 Full plans will be shared with the WMCA Board once these are finalised – brought together in a paper for May WMCA Board which articulates a long-term delivery plan, outcomes and the ecosystem of partnerships that will be required to make this work. It will further articulate early deliverables, test-bed activity and the long term outcomes and underlying infrastructure deployment we expect to enable over the project life-cycle.

- 2.10 Further to conversations with Constituent Authorities, LEPs and project partners, we will also develop a framework which articulates the impact and potential benefits of WM5G to each area of the West Midlands. The WMCA Board can then use this 'dashboard' to monitor progress and understand the interdependencies with other regional commitments such as the Industrial Strategy.

3 Governance Model

- 3.1 The particular focus of this report is the over-arching governance structure for the project – and the relative roles played by the WMCA, DCMS, LEPs and partners within the delivery and over-arching governance and delivery entities.
- 3.2 Note that different test bed areas will be supported to develop their own delivery consortia – with agreements on funding, delivery and IP (for example) subject to the needs of local leaders and the way in which their particular investment cases and industry engagement is built. These Test-Bed activities are not the primary focus and will be addressed in detail at May WMCA Board.

At the November 2018 Board meeting we proposed an over-arching governance model for the project. This was based on a number of underlying principles which remain true:

- a) *Clear joint oversight from central government and local partners in the form of an over-arching joint-venture structure between WMCA and DCMS.*
- b) *The creation of a new delivery entity – initially owned by WMCA, but which has operational autonomy and the ability to operate with agility in a market environment.*
- c) *A number of programme and advisory board sub-structures (including an investment board) which bring assurance to investment, delivery and the range of processes to ensure citizen engagement and technical competency.*
- d) *Engagement of WMCA members and partners in the development of these structures and the individuals involved – including playing a role ensuring the right board representatives, Chair, project team and non-executive delivery board members are recruited.*
- e) *A clear set of underlying principles which articulate collective purpose and the intention to benefit the whole region through the project cycle and beyond.*

- 3.3 Considerable work has been done since November Board to refine the governance approach in light of project realities, guidelines from central government, and the desire for governance to be as robust as possible within a regional context. The result of this is that the over-arching principles remain the same, but one key change to the model is proposed. This is that:

- The over-arching Joint Venture will be a committee-based organisation in lieu of a body corporate. However, if so requested by the members of the Joint Venture, the committee will be converted at a nominated date into a separate legal entity (subject to the requisite approvals from HM Treasury and Cabinet Office (where required)).

- This is being proposed to reflect central government preference for a board - rather than a fully constituted company - structure for the over-arching JV; and concerns that the latter would restrict the pace of set-up (and therefore success) of the project; and to ensure it complies with state aid restrictions and keeps the Project off-balance sheet for DCMS.
- The WMCA legal team (after consulting independent legal advice) is comfortable this provides the region with commensurate ownership and assurances at this stage, with the option (as noted above) of constituting at a later date.
- Subsequent to the above, the Delivery Entity will be a wholly-owned subsidiary of WMCA in lieu of a wholly-owned subsidiary of the joint venture company 'owned' by DCMS and WMCA. It is the long-term intention for this Delivery Entity to become a self-sustaining private sector business subject to the over-arching governance principles outlined above.
- In the immediate term therefore, the Delivery Entity will be regarded as a body governed by public law and therefore subject to the public procurement legislation.

The proposed governance model is thus outlined in more detail below.

4 Proposed Governance Model - West Midlands UCC Joint Venture (the JV), the Delivery Entity and the Investment Sub-Committee

4.1 The over-arching JV will be established as a committee pursuant to a written memorandum of understanding between the members set out below. The general role of the JV remains unaltered and will provide the highest level of governance in the Project, approve strategy and approve grant-funding applications prior to submission to DCMS. The JV will not discharge any statutory functions of the WMCA and therefore will be a non-statutory committee.

4.2 The JV will consist of the following members:

- a WMCA representative (namely, the Chief Executive or an Executive Director of the WMCA with delegated authority from the WMCA Board, who will exercise their function in consultation with the Portfolio Lead for Economic Growth)
- a DCMS representative (namely, the 5G Testbeds & Trials SRO);

The following representatives will be invited in an advisory, non-voting capacity:

- three representatives from the region's LEPs; and
- a representative from another government department (in an advisory non-voting capacity) as relevant.
- The WMCA Portfolio Lead

- 4.3 The Delivery Entity will operate as a private company limited by guarantee, wholly-owned by the WMCA. The general role of the Delivery Entity remains unaltered to that set out in the November Board Report; the role will be to govern the delivery and associated operational aspects of the Project by obtaining private sector investment to match public sector contributions, reviewing/managing business cases before grant of funding and guiding funded business cases. With the approval of the WMCA's Section 151 officer and the WMCA SRO for the Project, the Delivery Entity has been incorporated at Companies House in order to protect the 'WM5G Limited' name. The Delivery Entity has not however undertaken any activity in its own right pending the approval of the WMCA Board herein.
- 4.4 The Delivery Entity will operate as a limited company with an appointed board of directors having autonomy to act in the best interests of the Delivery Entity other than in respect of matters reserved to WMCA as sole member (further detail of which is set out in the Principles Paper referred to below). The Delivery Entity board is proposed to consist of the following directors:
- an independent non-executive chairperson;
 - four independent non-executive directors;
 - two representatives from WMCA (namely, two executive directors from WMCA/Constituent Authorities – to be agreed);
 - two representatives from DCMS (namely, the 5G Programme Director and the Programme Development Lead); and
 - one WM5G Employee representative.
- 4.5 The following representatives will be invited to committee meetings in an advisory, non-voting capacity:
- WM5G Managing Director and other executive directors as necessary (in an advisory non-voting capacity).
- 4.6 An Investment Sub-Committee, which will report to the Board of the Delivery Entity, will be established by way of written memorandum of understanding. The overarching purpose of the Investment Sub Committee is to oversee the allocation of funding and approval of contingency release from the contingency reserve for the portfolio of projects underway within the programme.
- 4.7 The Investment Sub-Committee will be accountable to the Delivery Entity. In addition, some of the matters it will consider and agree will require the authorisation of the individual Local Authorities, LEPs, DCMS or other Government departments. Where such authorisation is required, then the committee's actions will need to be appropriately authorised, either in advance of consideration, or following the conditional agreement, by the Board of the Delivery Entity and within the scheme of delegation and appropriate letters of delegation.
- 4.8 The Investment Sub-Committee will consist of representatives from each funding contributing organisation, plus as many non-executive positions to ensure that there is always an odd number of board members. Initially this will be the following members:
- one WMCA representative (namely, WMCA's Director of Finance);
 - three representatives from the LEPs;
 - one representative from DCMS (Stewardship Official); and

- an independent chairperson.

4.9 The Delivery Entity will enter into an Overarching Grant Agreement directly with DCMS to receive the necessary funding in relation to the Project. It has been agreed that the following advisory taskforces will also be established by the Delivery Entity by to inform the activities of the Delivery Entity:

- Technical Advisory;
- Citizen Advisory;
- Funding and Financing Advisory; and
- LA & LEP Advisory.

4.10 The advisory taskforces will be established by way of written memorandum of understanding between the members (which will include regional, national and international stakeholders and collaborators). Each taskforce will report to the Board of the Delivery Entity.

4.11 Subject to the nature and scope of the Project as time progresses, further subsidiaries may be formed, wholly-owned by the Delivery Entity, to provide further involvement from sector specific experts where necessary. The key here is the flexible nature of the governance structure which may be adapted to meet the needs and requirements of the Project.

4.12 For ease of reference, please see a diagram illustrating the Revised Governance Model at Schedule 2.

5 Governance, Mobilisation, Support and Delegations

5.1 In order to ensure that the Delivery Entity is able to operate efficiently and with sufficient autonomy, the internal WM5G team have liaised with a number of individuals from WMCA and partners during the mobilisation phase in order to develop a set of operational and mobilisation principles (the **Principles Paper**). The Principles Paper is intended to evidence the Delivery Entity's approach to governance as well as provide the WMCA's Corporate Services department sufficient oversight of the back-office support required for this Project. The core elements of the Principles Paper are as follows:

- principles of governance and control;
- financial delegation principles;
- member's agreement and articles of association principles;
- corporate services service level requirements;
- internal mobilisation principles;
- WMCA finance systems mobilisation principles;
- procurement principles; and
- WMCA Assurance Framework Addendum principles.

5.2 A copy of the Principles Paper is set out at Schedule 3 for the WMCA Board's reference.

6 Timescales

- 6.1 The WM5G UCC funding from DCMS has a finite timescale which concludes on 31 March 2021 but may be subject to a further one-year extension (subject to the appropriate consents from central government departments).

7 Financial Implications

- 7.1 *The overall funding 'package' is outlined in the paragraphs below. A detailed breakdown of how this is likely to be accessed and deployed through the project cycle is being developed in partnership with stakeholders and will be brought in summary form to May 2019 WMCA Board.*
- 7.2 Funding of £25.0 million is initially available from DCMS to support delivery of the 5G project, subject to approval of aforementioned business plans. Regional partners including West Midlands Combined Authority and the region's three LEPs are required to enable £25.0 million match funding. An additional £25.0 million may be made available by DCMS at a later stage. The local 'match' is a mix of cash and in-kind value.
- 7.3 Of this initial tranche of £25.0 million local funding, West Midlands Combined Authority is required to contribute £5.0 million, of which £1.2 million has already been allocated to the mobilisation phase of the project. Therefore £3.8 million is now required to be ring-fenced from West Midlands Combined Authority Investment Programme resources for allocation to the Delivery Entity, following its incorporation. The WM5G team will work closely with the WMCA's Director of Finance (and through existing investment board advisory and executive decision-making forums) on this.
- 7.4 The WM5G team will continue to work with the region's LEPs on a collective plan for the sequencing of funding and support through the project cycle. We are committed to working closely together across the whole West Midlands ecosystem to ensure that overarching goals are aligned, and that we understand respective constraints and opportunities in the securing of matched funding and collective support and engagement throughout the project life-cycle.
- 7.5 Updated advice on the taxation implications of the revised structure has been sought from West Midlands Combined Authority's tax advisors.
- 7.6 On the basis that supplies will be made by WM5G going forwards, and those charges will be liable to VAT at the standard rate, WM5G should be able to register for VAT as an intending trader. An intending trader is allowed where a business is not yet making taxable supplies at the time of applying for registration but intends to do so in the future. HMRC must be satisfied that there is a firm intention to make taxable supplies. Accordingly, a clear intention to make supplies will need to be documented. Provided HMRC are satisfied as to the intention, a VAT registration should be approved. Registration will allow the VAT on the development costs to be reclaimed as they are incurred.
- 7.7 It should be noted however, that if HMRC are not satisfied of the intention, WM5G will not be able to register for VAT and none of the VAT incurred on costs will be recoverable.

- 7.8 If WM5G satisfies HMRC that there is an intention to make taxable supplies, but that intention is never realised, the input tax reclaimed would not normally need to be repaid, however, if the entity subsequently de-registers for VAT it would be necessary to account for output tax on the assets on hand at the time of de-registration. The company's VAT position both pre and post registration for VAT will therefore be closely monitored.
- 7.9 Following its incorporation, WM5G will be liable for Corporation Tax at the current rate on its taxable income and gains. To comply with HMRC requirements, a suitable transfer pricing methodology in respect of corporate services to be supplied to WM5G by West Midlands Combined Authority following incorporation is currently being developed.

8. Legal Implications

- 8.1 The WMCA has authority and would be utilising its statutory powers pursuant to the West Midlands Combined Authority Order 2016 and the Localism Act 2011 in order to incorporate the Delivery Entity as a company limited by guarantee. The reason for this subsequent report is due to the change in the proposal regarding the structure of the JV and Delivery Entity outlined above, which is sufficiently different from that set out in the November Report to require further WMCA Board consideration.
- 8.2 It is acknowledged by the interim 5G team that the Delivery Entity will be subject to public procurement regulations. The team have been working closely with DCMS and Infrastructure and Projects Authority (IPA) colleagues to prepare a range of procurement plans/processes during the mobilisation phase of the Project. These will be brought in summary form to May 2019 WMCA Board.
- 8.3 State aid advice has been procured from external lawyers. The current corporate structure and funding mechanism does not give rise to any state aid concerns. However, state aid advice will be required on a funding drawdown-by-drawdown basis due to the potential for private sector investment. This is a contractual requirement pursuant to the Overarching Grant Agreement.
- 8.4 A Risk Register has been developed covering the operational risks of the Project. These risks are reviewed and updated each week through the Project steering group.

9. Equalities Implications

- 9.1 The equalities implications will be considered on a business case by business case basis.

10. Inclusive Growth Implications

- 10.1 At the heart of the WM5G proposition is a benefit to citizens from improved connectivity; a closing of the 'digital divide' (which is substantial in the West Midlands), and a lowering of the barriers to access for public and private services. We will be explicitly focusing on public services and the potential for inclusive economic growth within our test bed areas, and will be using the Inclusive Growth Framework to analyse potential impacts as the programme rolls out. We are committed to the use of Social Value principles within procurement, in the 5G programme.

11. Geographical Area of Report's Implications

- 8.1 Ultimately the entire WMCA region and surrounding non-constituents' areas will benefit from the investment that will be accelerated as a result of the Project. This will happen through a combination of underlying infrastructure development and geographical test-beds which will give each area of the West Midlands an opportunity to benefit (focused initially on constituent WMCA geography). The long-term benefit to all (constituent and non-constituent authorities) is a rapidly growing 5G market across the region as a whole.

9. Other Implications

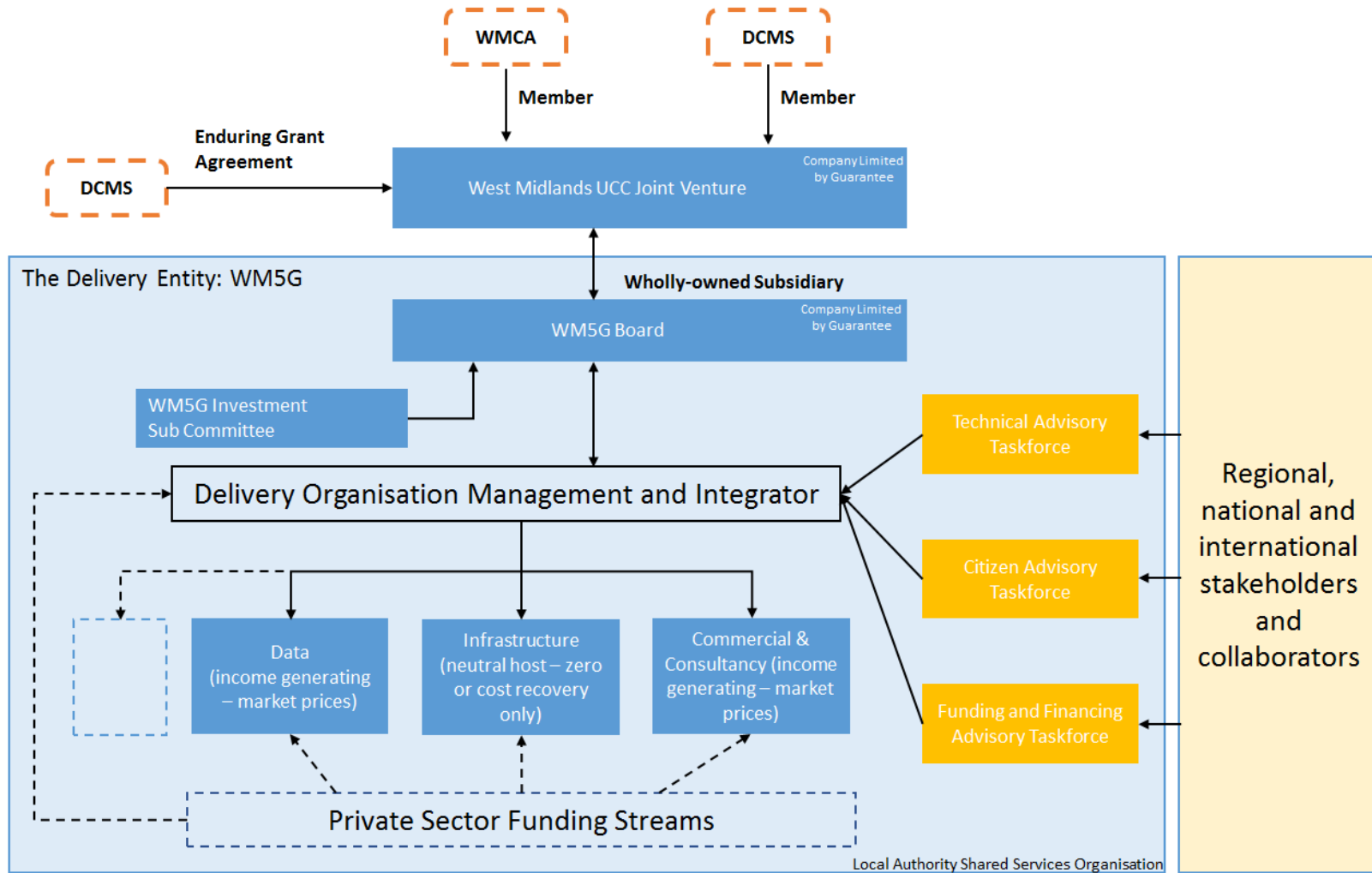
- 9.1 None.

10. Schedule of Background Papers

WMCA Board Report dated 9 November 2018

Schedule 1

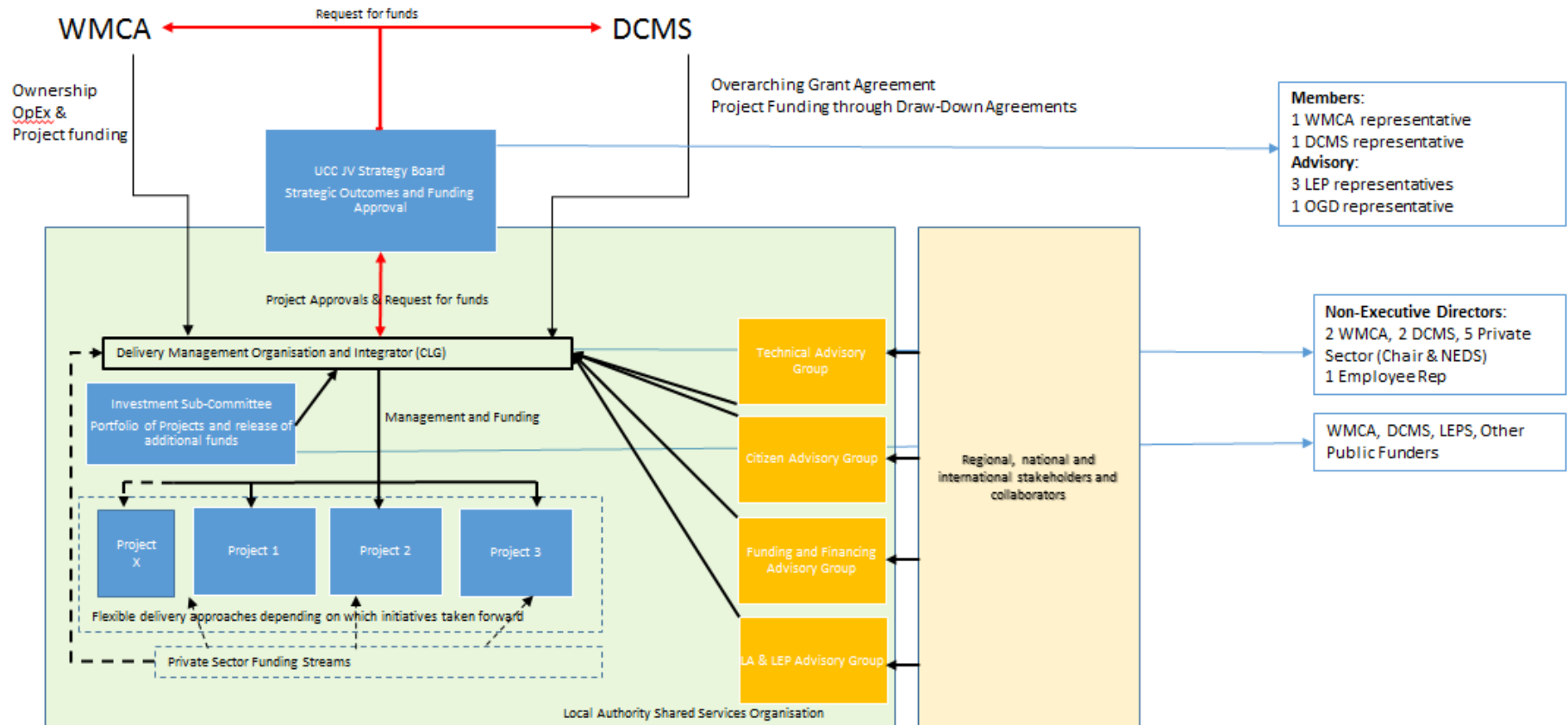
Original Proposed Model



Schedule 2

Revised Governance Model

Governance Structure and Proposed Boards, Committees & Groups



Schedule 3
Principles Paper



**West Midlands
Combined Authority**

**PRINCIPLES PAPER
IN RELATION TO WM5G LIMITED**

Background

The West Midlands has been selected to become the innovative home to the UK's first multi-city 5G test bed. The multi-million pound trial of new high-speed mobile connectivity will pave the way for the future rollout of 5G across the UK, making the West Midlands the first region in the UK ready to trial new 5G applications and services at scale. 5G is short for 'fifth generation mobile networks' and is set to be significantly faster than previous generations, as well as providing reliable and flexible connectivity.

The project will develop a large-scale 5G prototype across the region, with potential hubs in each of the regional clusters of Coventry/Solihull, Birmingham, and the Black Country. A key aspect of the design phase will involve exploring options for shared infrastructure.

Up to £75m of public funding is available for the project, subject to further development and approval of the business plan. This includes £25m from the Department for Digital, Culture, Media and Sport (**DCMS**) and £25m match funding from regional partners. An additional £25m may be made available from DCMS at a later stage.

Purpose

The purpose of this Principles Paper is to evidence WM5G Limited's (the **Delivery Entity/WM5G**) approach to governance as well as provide the WMCA's Corporate Services department sufficient oversight of the back-office support required for this Project. The core elements of this Principles Paper are as follows:

- principles of governance and control;
- financial delegation principles;
- member's agreement and articles of association principles;
- corporate services service level requirements;
- internal mobilisation principles;
- WMCA mobilisation principles;
- procurement principles; and
- WMCA Assurance Framework Addendum principles.

Accordingly, we have considered each point in turn below.

Principles of Governance and Control

The principles of our governance and control are defined in our Assurance Addendum (referred to below) which is aligned to the WMCA Assurance Framework. This enshrines the principles of 'Managing Public Money' and ensuring we have the correct controls in place to manage the authorities delegated to WM5G Limited.

Our structure provides a robust process to ensure we can demonstrate that any spend meets the UCC and WM5G objectives. All project spend will use the 2018 Green Book Five Case Model and Business Case Guidance as appropriate – see table below. The Business Cases provide a framework for:

- the transparent scoping and planning of spending proposals that optimise social value;

- evidence based decision making;
- the identification, mitigation management of risk;
- the accountability for public funds;
- the scrutiny and approval of spending proposals; and
- audit trail

We will also demonstrate that agreed matched funding for all business cases has been committed and is immediately available.

Reporting will be aligned to DCMS and WMCA requirements.

Financial Delegation Principles

The delegations for WM5G are split between project spend (Capex) and operational expenditure (Opex).

While these are to be developed further during the mobilisation phase, it is intended that:

- Project spend below £1m must be approved by a minimum of two members of the Delivery Entity's SLT, one of whom must be the Managing Director.
- Project spend above £1m must be approved at a Board Meeting of the Delivery Entity.
- Opex spend below £5k must be approved by a combination of the Finance Lead and the Commercial and Procurement Lead.
- Opex spend above £5k and below £200k must be approved by a minimum of two members of the Delivery Entity's SLT, one of whom must be the Managing Director.
- Opex spend above £200k must be approved at a Board Meeting of the Delivery Entity.

Board approval is capped for each project at the agreed funded amount as approved by the Joint Venture committee.

Member's Agreement and Articles of Association Principles

The WMCA as the sole member of the Delivery Entity, a company limited by guarantee, will enter into a member's agreement with the Delivery Entity in order to document:

- the obligations on the Delivery Entity in relation to the provision of documents to the WMCA (including, but not limited to, financial documentation, an annual business plan and any other documentation reasonably required by the WMCA);
- the matters which the Delivery Entity cannot progress without the express written consent of the WMCA (**Reserved Matters**). These Reserved Matters remain in draft form but include (amongst other things) diluting or altering the WMCA's position as sole member, financial matters, acquiring/disposing/charging assets

and general business operations outside the ordinary course of business; and

- the requirement on the Delivery Entity to assist WMCA with FOI and EIR requests in a timely manner.

The member's agreement remains in draft form pending discussions with external legal counsel, Tim Martin, Head of Governance and Elisabeth Tomlinson, Legal Services Manager.

In order to protect 'WM5G Limited' as a company name, the Delivery Entity was incorporated with model articles in March 2019 with the consent of the WMCA's Section 151 officer and the Director of Public Service Reform (the Project's SRO). It is intended that the bespoke articles of association, which have been agreed with DCMS, will be a) appended to the Member's Agreement and b) approved by special resolution before execution of the Overarching Grant Agreement.

The current draft of the articles of association for the Delivery Entity are appended to this Principles Paper. This remains subject to final comment from DCMS and review by WMCA Legal and the Director of Public Service Reform.

Corporate Services Service Level Requirements

The intention is that business support is to be provided through WMCA as outlined below:

Finance <ul style="list-style-type: none">- Treasury management- Bank relationship management and reconciliation services- Business World- Accounts payable- Accounts receivable- VAT- Payroll services including pension administration
Risk and Assurance Committee
Procurement Services (limited)
Seconded WMCA Staff
ICT
Data Protection Support
PMO (reporting)
Assets/Estates Provision and Building Security Services on a short-term basis
Brokerage of Insurance Policies (on the assumption that WM5G Limited will be incorporated with WMCA's existing insurance policies)

Internal Mobilisation Principles

A workstream has been established to mobilise the new organisation. This workstream comprises of a team from WMCA, WM5G and DCMS. A mobilisation plan overview has been prepared and shared internally with WMCA colleagues.

WMCA Finance Systems Mobilisation Principles

WM5G will be set up on the finance system (Business World) as a separate entity with the help of WMCA's back office support functions.

A high-level financial mobilisation plan has been drawn up and shared with WMCA Finance. The plan assumes a preparation and implementation period of five months – March to July 2019.

The plan indicates the roles and resources within finance that will be required to carry out implementation and testing activities.

Procurement Principles

The following general principles shall apply throughout the project lifecycles including pre-market engagement to contract award or grant through contract management and then exit:

- **Best Value** - Suppliers and partners shall be generally chosen on a best value basis which takes account of both price and quality.
- **Social Impact** - Since the introduction of the Public Services (Social Value) Act, public bodies in England (and some in Wales) must consider how commissioned and procured services improve the economic, social and environmental well-being of the area. While contracting authorities are required to consider social value in contracts over OJEU financial thresholds, considering social value in lower value contracts is promoted as good practice. EU procurement rules call on procurement officials to use MEAT (most economically advantageous tender) as a criterion for contract award. WM5G will consider wider social and environmental objectives alongside price and cost when evaluating tenders.
- **Impact of being a Contracting Authority** - As a Contracting Authority, WM5G must comply with the Public Contracts Regulations where the contract value stipulates the same. Procurements undertaken by WM5G will therefore be subject to the public procurement legislation. For any procurement under the 'OJEU' level, the WM5G commercial and procurement lead will act in accordance within a procurement matrix below, in order to ensure value for money.

- Accountability - Taking ownership and being responsible to stakeholders for our actions. Principles of applying sound business judgment, abiding by all laws and regulations, maximising competition, practicing due diligence, promoting effective, economic and efficient acquisition and using procurement strategies to optimise values to stakeholders.
- Ethics – Conduct business with honesty and integrity, consistency and meet ethical standards of the profession.
- Impartiality / Non-Discrimination – Use of unbiased decision making and action to include being open, fair, impartial and non-discriminatory in all processes. Treat suppliers equitably, without discrimination, and without imposing unnecessary constraints on the competitive market. Use sound professional judgment within established legal frameworks to balance competing interests among stakeholders.
- Transparency - Exercise discretion in the release of confidential information. Maintain current and complete policies, procedures, and records. Provide open access to competitive opportunities. Provide timely access to procurement policies, procedures, and records.
- All contract opportunities and awards above £25,000 will be published on Contracts Finder.
 - For opportunities as a minimum, WM5G will publish on Contracts Finder the following details: the time by which any interested supplier must respond if it wishes to be considered, how and to whom an interested supplier is to respond, with appropriate contact details and any other requirements for participating in the procurement, (e.g. suitability requirements or explanatory information).
 - For awards, all contracts awarded above £25,000 will be published. This will include contracts awarded following call-offs from Frameworks and for contracts that have not been openly advertised due to WM5G thresholds. Details will include details of; who has won the contract, the contract value and whether the winning supplier is a small business or voluntary organisation or charity for procurements below the threshold.
- Pursuant to Regulation 86 of the Public Contract Regulations 2015, WM5G are required to provide details of the grading and reasons a bid has been unsuccessful within the standstill letter. This will also include the relative advantages of the successful tender. For tenders above £25,000 but below the OJEU threshold, similar information will be provided in the award notice albeit not as detailed. On OJEU procurements of over £1million, an offer of face to face feedback will be offered.

Estimated Value of Contract	Procurement Requirement	Procurement Activity: Undertaken by:
Up to £5,000	One oral quotation (must be confirmed in writing where total value exceeds £500). The verbal quotation details will need to be recorded within procurement systems internally so please provide details.	End user
£5,001-£25,000	3 Written quotations Or Fully signed Exemption Form where no further quotes can be obtained.	End user
£25,000 - £50,000	3 Written quotations Or Fully signed Exemption Form where no further quotes can be obtained.	Procurement Team
£50,0001 – EU Threshold	Invitation to Tender by advertisement to as least three candidates (the opportunity must also be advertised on the UK Government Contracts Finder website within 24 hours of the opportunity being advertised in any other way) ²	Procurement Team
Above EU Threshold	EU Procurement legislation applies	Procurement Team

NOTES: Current EU Procurement Financial thresholds are as below and are subject to change.

£181,302 Supply Services and Design Contracts

£4,551,413 Works Contracts

WMCA Assurance Framework Addendum Principles

The WM5G team is working with the Corporate Assurance team on an addendum to the WMCA assurance framework (to include a suitable drawdown of funds process from WMCA). This addendum will be approved by the WMCA Head of Governance and by any internal boards or committees as required by the WMCA section 151 officer.

This addendum will stipulate how the WMCA and by extension other funding bodies can be assured that WM5G has appropriate processes in place to appraise investment proposals.

The broad principles of delegation and approvals are set out below:

<£1m per funder	Full Business Case	~5 pages	Investment Sub-Committee
£1-3m per funder	Full Business Case	~15-20 pages	WM UCC JV

£3-5m per funder	Full Business Case	15-20 pages	WM UCC JV
>£5m per funder	Full Business Case	Green Book Approach	WM UCC JV