



West Midlands
Combined Authority

Audit, Risk & Assurance Committee

Date	15 April 2019
Report title	WMCA Annual Governance Statement
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Report has been considered by	None

Recommendation(s) for action or decision:

Audit, Risk & Assurance Committee is recommended to:

- (1) Approve the draft Annual Governance Statement prior to its inclusion within the financial statements for 2018/19.

Purpose

- 1.1 This report provides members with a draft of the Annual Governance Statement (AGS) for their consideration and to approve sections 3.0 to 9.0.

2.0 Background

- 2.1 The Annual Governance Statement (AGS) is a statutory document which explains the processes and procedures in place to enable the West Midlands Combined Authority (WMCA) to carry out its functions effectively. This AGS is brought as a draft document at this stage for two reasons. The close down of the financial year has not yet been completed and so it is always possible that another issue might arise that requires comment or inclusion. Secondly, approval for the final AGS will be sought as part of the process of approving the annual accounts of the WMCA in June 2019.
- 2.2 The WMCA has continued through a period of change and development since the last AGS was approved. There is now a stable leadership team and structure including a new Director of Investment and Commercial Activities and Director of Strategic Communications and Public Affairs, although there are vacancies and turnover – including the Director of Finance role which at the time of writing is being covered on an interim basis. Work has continued to strengthen and improve governance arrangements, Board Reporting, Forward Planning and the work of the Audit, Risk and Assurance Committee (ARAC) and Overview and Scrutiny Committee.
- 2.4 The WMCA continues to mature and evolve through a period of growth and the operational model is becoming more complex – particularly in light of the existing and potential additions to WMCA functions (within the last 12 months Midlands Metro Operations have come in house and the West Midlands Rail has been established) including some additional statutory transfer of existing services such as the West Midlands Fire Service. These additions will lead to accountability changes and will be reviewed in year with the correct governance arrangements being put in place. This AGS should be seen in this context.

3.0 Scope

- 3.1 This Annual Governance Statement (AGS) reflects the activities of West Midlands Combined Authority (WMCA) from 1st April 2018 to 31st March 2019.
- 3.2 The WMCA is made up of seven district councils, constituent and non-constituent members, three Local Enterprise Partnerships (LEPs), observers and a co-opted member.
- 3.3 The WMCA Constituent Council consists of the seven district councils across the region. They are:
- Birmingham City Council
 - City of Wolverhampton Council
 - Coventry City Council
 - Dudley Metropolitan Borough Council
 - Sandwell Metropolitan Borough Council
 - Solihull Metropolitan Borough Council
 - Walsall Metropolitan Borough Council
- 3.4 The Non-Constituent member of the WMCA are comprised of non-constituent authorities and LEP members.

Non-constituent authorities

- 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

LEP members

- Black Country LEP
- Coventry and Warwickshire LEP
- Greater Birmingham and Solihull LEP

3.5 There are also four Observers of the WMCA. These are:

- Herefordshire Council
- The Marches LEP
- West Midlands Fire and Rescue Authority
- West Midlands Police and Crime Commissioner

3.6 There is one member co-opted on to the WMCA board at the discretion of the WMCA board. They are:

- Trade Union Congress (TUC)

3.7 The WMCA currently has 5 active Arm's Length Company relationships, namely;

No.	Company Name	Stake	Accounting Treatment
a.	West Midlands Rail Limited	50%	Associate
b.	West Midlands Development Capital Limited	100%	Subsidiary
c.	Midland Metro Limited	100%	Subsidiary
d.	West Midlands Growth Company Limited	5.3%	Investment
e.	West Midlands Integrated Transport Authority Pension Fund (closed)	N/A	Administering authority

3.8 The management of the West Midlands Integrated Transport Authority Pension Fund was discharged from the West Midlands Combined Authority to the West Midlands Pension Fund Pensions Committee. Assurance on governance and legal and financial controls are placed on the West Midlands Pension Fund.

3.9 In addition to the above, a new wholly owned subsidiary, WM5G Limited, was incorporated in February 2019 and is expected to remain dormant until summer 2019. Its proposed governance is being discussed with the Department of Digital, Culture, Media and Sport (DCMS).

- 3.10 For each of the arm's length companies where WMCA owns a 50% or greater share an assurance and governance checklist has been completed to confirm all legal and financial controls have been satisfied. In addition confirmation of wider assurance and governance is approved.
- 3.11 WMCA is an enabling body which brings together the political leadership in the region; reinforcing and strengthening existing partnership arrangements to help co-ordinate strategic economic planning and drive forward inclusive economic growth.

4.0 Purpose of Corporate Governance Framework

- 4.1 The West Midlands Combined Authority is responsible for ensuring that business is conducted in accordance with the law and proper standards; that public money is safeguarded and properly accounted for and delivers value for money.
- 4.2 To demonstrate good corporate governance, WMCA carries out its functions in a way that provides accountability, transparency, effectiveness, integrity, and inclusivity; enabling WMCA to pursue its vision and secure its agreed objectives in the most effective and efficient manner and in line with the approved constitution.
- 4.3 In discharging this overall responsibility, WMCA Senior Leadership Team and Statutory Officers are responsible for putting in place proper arrangements (known as a Governance Framework) which comprises the legislative requirements, systems and processes, cultures and values. This enables WMCA to govern its affairs, facilitate the effective exercise of its functions, which includes arrangements for the management of risk, in addition to exercising leadership and being held accountable for its decisions and activities.
- 4.4 The WMCA has put in place a system of internal control designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.
- 4.5 The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of our policies, aims and objectives; and evaluate the likelihood of those risks being realised, the impact should they be realised, and to manage them efficiently, effectively and economically.
- 4.6 WMCA has developed a Risk Management Strategy and strategic risk register, which is regularly reported to ARAC and the WMCA Senior Leadership Team. It provides visibility of risk at strategic, operational, and programme levels. Risk management processes are also being embedded within the organisations performance management framework as it is being developed.

5.0 Annual Governance Statement

- 5.1 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.
- 5.2 WMCA demonstrates compliance with the seven core principles of good governance set out in the latest CIPFA/SOLACE Delivering Good Governance in Local Government Framework (2016).

These seven principles are:

- (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.

6.0 Governance Framework

6.1 Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

6.1.1 The code of conduct is laid out in the Constitution; this defines standards of behaviour for Members and officers working on behalf of the Authority. The Head of Governance who is the monitoring officer deals with issues of conduct and generally promotes high standards among officers, members and the Mayor. ARAC perform the role of the Standards Committee.

6.1.2 WMCA embeds standards of conduct and behaviour through promoting a culture with values:

Be collaborative

- We work with others to reach common goals
- We are respectful and act with integrity
- We communicate clearly, openly and encourage feedback

Be innovative

- We encourage creativity, originality and curiosity from everyone
- We embrace change, and we are open to new possibilities and exploring new ideas
- We adopt best practices and keep up to date with new developments to enhance our work

Be driven

- We have a positive, proactive and a solution oriented attitude
- We set ourselves high standards and strive to exceed these
- We take ownership for our performance and outcomes

Be inclusive

- We care about and treat each other with dignity and respect
- We create a positive working environment
- We value diversity and consider other people's viewpoints ensuring no-one is excluded
- We encourage and support each other

6.1.3 The business of WMCA will also be conducted in accordance with the Seven Principles of Public Life identified in The Nolan Committee Report (1995), and defined as selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

6.2 Ensuring openness and comprehensive stakeholder engagement.

6.2.1 We have established channels of communication with the community and other stakeholders, ensuring accountability and encouraging open consultation. Meetings are held in public unless there are good reasons for confidentiality.

6.2.2 We incorporate good governance arrangements in our partnerships and reflect these in our overall governance arrangements. This has been developed further this year by working with the arm's length companies to confirm assurance and governance arrangements.

6.2.3 We assess the effectiveness of relationship frameworks in order to identify any changes required.

6.2.4 Our inclusivity work ensures we encourage engagement from all members of society. Commissions have been created to include a cross section of stakeholders so that a wide range of views can be considered.

6.3 Defining outcomes in terms of sustainable economic, social, and environmental benefits

6.3.1 WMCA ensure the vision and the implications for governance arrangements are reviewed including monitoring its achievement of intended outcomes from social, economic and environmental and organisational health perspectives through the budget and performance framework and project delivery process. The performance management framework is currently being refreshed and will evolve as the organisation grows.

6.3.2 WMCA is focused on delivering value for money and success in this respect is reviewed by independent auditors in line with the NAO's Code of Audit Practice and Auditor's Guidance Note AGN03. The results of the Value for Money audit work and the key messages arising will be reported in an Audit Findings Report and in the Annual Audit Letter.

6.3.3 Each of these benefit categories are assessed in major project business case submissions. WMCA wants to ensure strategically important projects with high benefits for the region are progressed.

6.3.4 The WMCA is working to achieve the priorities set out in the Devolution Deals that have been negotiated with Central Government. WMCA's purpose and vision are detailed in the Strategic Economic plan (SEP) and the Mayor's Renewal Plan. Devolution 1 is currently being audited and the results will be monitored and assessed throughout 2019/20.

6.3.5 To ensure the purpose and vision of WMCA is clear and well communicated an annual review titled The Annual Business Plan outlines WMCA activities and achievements. This will be signed off by the WMCA Board in June 2019.

6.4 Determining the interventions necessary to optimize the achievement of the intended outcomes.

6.4.1 The WMCA works closely with the relevant Government Departments, local and national stakeholders and constituent and non-constituent authorities to determine the necessary actions to achieve these priorities.

6.4.2 Senior Leadership Team oversees the corporate decision making process and reports are considered at an appropriate level of the organisation in accordance with the provisions of the Constitution.

6.4.3 Corporate decisions are primarily taken at meetings of the WMCA Board, although each of the Board's thematic delivery committee's exercise a degree of delegated authority in respect of their powers to make decisions on behalf of the Authority. This includes reviewing progress of outcomes against delivery plans.

6.5 Developing the entity's capacity, including the capability of its leadership and the individuals within it.

6.5.1 We have defined and documented in our Constitution the roles and responsibilities of the Board, Scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication. As the Authority develops we are reviewing our governance arrangements and the Constitution to ensure they remain fit for purpose in a growing organisation. A scheme of delegation is laid out in the Constitution.

6.5.2 The collective and individual roles and responsibilities of the Senior Leadership Team, Members and officers have been established. We now have in place a complete and stable leadership team.

6.5.3 The Leadership team is reviewing the structure of Corporate Services in light of senior management changes to ensure its capability continues to meet the future aspirations of the organisation.

6.5.4 We identify and aim to address the development needs of members and officers in relation to their roles and support with appropriate induction and training. In 2018/2019 approximately 30% of the training budget was spent on the leadership of the organisation. Specifically in 2018 ARAC members received finance training to allow them to understand financial accounts, reporting arrangements and pensions accounting.

6.5.5 Training requirements for 2019/20 will be reviewed following ARAC in June when new committee members are decided. Overview and Scrutiny Committee Chairs and leading Members have also participated in external training and events.

6.6 Managing risks and performance through robust internal control and strong public financial management.

6.6.1 Risk management is embedded in the culture; accountabilities and responsibilities defined within roles, and with processes determining ways of working, managing and reporting risk. This continues to evolve and steps are being undertaken to improve the process across the organisation. WMCA risk appetite for the 6 recognised risk categories has been reconfirmed by SLT for 2019/20.

6.6.2 WMCA ensures compliance with relevant laws and regulations, internal policies and procedures. We are rigorous and transparent about decision making and the recording of decisions. The Overview and Scrutiny Committee reviews and challenges the work and decisions of WMCA amidst with policy review and development.

- 6.6.3 The Audit, Risk and Assurance Committee (ARAC) is independent of the executive and scrutiny function. They monitor and review risk and governance processes, and results, in order to provide assurance to the WMCA Board on their effectiveness. Appropriate controls are in place for arms-length companies and as good practice external auditors have been appointed for West Midlands Rail Limited and Midland Metro Ltd.
- 6.6.4 Internal Audit provides the ‘third line of defence’ with the first line being policies, procedures and controls and the second being managers’ own checks of the control environment. Professional advice and good quality information is provided to ensure those making decisions are provided with relevant information that is fit for purpose. In 2018 all WMCA key financial audits received an ‘outstanding’ internal audit outcome.
- 6.6.5 A robust assurance framework consistently ensures governance and process are independently reviewed and reported and the risks have been identified and are being adequately managed. The assurance framework is currently undergoing a refresh to ensure it remains fit for purpose and will be expanded to include assurance requirements for the new and proposed devolution deals. This assurance framework will be approved by Ministry of Housing, Communities and Local Government (MHCLG) and will be aligned to the National Single Pot Assurance Framework.
- 6.7 Implementing good practices in transparency, reporting, and audit, to deliver effective accountability**
- 6.7.1 The WMCA has implemented the WMCA Assurance Framework which was approved by MHCLG (previously Department of Communities and Local Government (DCLG)) in July 2016. This is currently under review and will be refreshed in Autumn 2019 to include new schemes being developed such as the Adult Education Budget, 5G and Housing which will become one Assurance Framework document for the WMCA.
- 6.7.2 The WMCA is working closely with Department for Business, Energy and Industrial Strategy (BEIS) who will review the performance of the Devolution objectives and adherence to the Assurance Framework. The Annual conversation with BEIS and MHCLG is planned for the end of June 2019.
- 6.7.3 The WMCA has a monitoring officer who sits on both SLT and attends WMCA board meetings to ensure all of our activity is legal. Our high level of Governance standards include the publishing of Agendas, minutes and reports in the public domain and only limited use of confidential reporting. The 2019/20 audit plan is approved at the start of the year.
- 6.7.4 A checklist has been implemented for the arm’s length companies of the WMCA to ascertain confidence in governance and assurance arrangements. This action came out of the Audit, Risk and Assurance Committee, to develop a checklist of questions that would provide a mechanism of assurance to the Committee that could provide overall assurance on all of WMCA’s activities. 3 of the 4 have been completed at the time of writing and all relationships will be reviewed at least once a year. WM5G is being established but not currently trading. Governance and Assurance arrangements are being considered by WMCA Board.
- 6.7.5 Arrangements are in place for “whistleblowing” and “counter-fraud” for receiving and investigating complaints from both officers and members of the public. There were no issues raised during 2018/19.

7 Action Plan for the Significant Governance Issues

- 7.1 Table in **Appendix 1** gives an update on those matters that were identified as being significant for the purpose of the 2017/18 annual governance statement and the actions taken to address them.
- 7.2 Table in **Appendix 2** shows matters that have been identified as being significant for the purpose of the 2018/19 annual governance statement. These issues will need addressing in 2019/20 and over the coming year appropriate actions to address these matters and further enhance governance arrangements will be taken.

To help strengthen the assurance confidence provided to support governance arrangements the internal audit plan 2019/20 has increased audit days by 32% (to 185 from 140) and covers all new and existing directorate areas purposely selected to look at high risk areas.

8 Annual Review of Effectiveness of Governance Framework

The Opinion of the Head of Governance 2018/19

- 8.1 CIPFA (The Chartered Institute of Public Finance & Accountancy) defines the role of Governance and the Chief Financial Officer as follows:
- Governance is defined as “The arrangements in place to ensure that an organisation fulfils its overall purpose, achieves its intended outcomes for citizens and service users, and operates in an economical, effective, efficient and ethical manner” and;
 - The Chief Financial Officer is “The organisation’s most senior executive role charged with leading and directing financial strategy and operations.”

These statements have been confirmed and agreed by the Head of Governance and the Interim Head of Finance respectively.

- 8.2 The Head of Governance is satisfied that the system of internal assurance is robust and providing visibility of risk and reasonable assurance to the senior management teams.
- 8.3 The opinion is based on the results of an on-going programme of activities and review, the outcomes of which were considered by the Audit, Risk & Assurance Committee. Activities include:
- External audit
 - Internal audit
 - The Risk Management Process, particularly the Strategic Risk Register
 - Performance information
 - Assurance
- 8.4 During 2018/19, the Treasury Management audit and five other ‘key financial systems’ audits were given ‘Substantial’ rating by internal audit and 100% ‘Green’ in terms of its recommendations, whilst a ‘Satisfactory’ level was achieved by Health & Safety (71% green recommendations), Asset Management (66% green recommendations) and Human Resources Workforce Planning (1 Amber recommendation). None of the audit recommendations were flagged as ‘red’ where imperative action is required. This demonstrates that the systems and processes around audit, risk and governance are effective.

- 8.5 A total of 45 project assurance reviews have been undertaken by the Corporate Assurance Team in this period, covering 32 different projects. These projects follow the WMCA Gateway Project Methodology for minor projects. This is an increase in both number and complexity on the 27 assurance reviews and 19 Projects undertaken last year.
- 8.6 To recognise the increase in transport projects and the Commonwealth Games a Transport Implementation Office has been created to provide greater insight and support in planning and project controls for transport projects.
- 8.7 Progress of the 2018/19 Annual Business Plan is monitored monthly by internal management teams with key risks impacting on its delivery, being escalated to the directorate risk registers. The new Annual Business Plan is being developed and will be approved by the Board in June 2019.
- 8.8 Regular risk management review meetings are now in place across all WMCA activities including all directorates to enable full visibility of key risks having the potential to impact on the organisation. Risk Management and Performance Management is intended to be brought together to provide a strong evidence base to substantiate the risk assumptions.
- 8.9 There are a total of 5 operational Risk Registers feeding into the WMCA Strategic Risk Register with another 2 areas – Economic Risk Register and Strategic & Industrial strategy – being finalised at the time of writing. There are regular meetings in place with both the management team of each business area and the Strategy Director to monitor the status of risks and to ascertain the level of risk exposure in each of these areas to determine the assurance conclusions. Additionally the Strategic Risk Register is reviewed by the Strategic Leadership Team on a bi-monthly basis.
- 8.10 The WMCA is one of England's Combined Authorities to successfully negotiate a further devolution deal. This has helped lead to the Region successfully acquiring the Commonwealth Games in 2022, 5G programme pilot and the new Housing Delivery deal.
- 8.11 The WMCA has set itself a demanding programme of work and is ambitious for itself and the benefits that it hopes to bring to the region. It has been successful in negotiations for a second Devolution Deal and has recruited an able team of experienced professionals to form the leadership team. However there is a significant pressure on resources, particularly in matching staff resources to the tasks in hand and this is being carefully monitored by the WMCA and a plan in place to mitigate these pressures accordingly.

9 Conclusion

- 9.1 In undertaking the review of internal control and governance framework, WMCA is satisfied the systems of internal control that facilitate the effective exercise of the organisation's functions are in place and that all issues raised through the Audit, Risk and Assurance Committee have been appropriately addressed and actions have been assigned an appropriate owner.

10 Wider WMCA Implications

- 10.1 The framework will be subject to continued review to ensure it remains fit for purpose and takes into account the increasing remit of WMCA.

11 Financial implications

11.1 There are no direct costs or other financial implications involved with the production of these statements.

12 Legal implications

12.1 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, demonstrating compliance with the seven core principles of good governance set out in the CIPFA/SOLACE Delivering Good Governance in Local Government Framework (2016).

13 Equalities implications

13.1 There are no equalities implications as a direct consequence of this report.

14 Other implications

14.1 None.

15 Schedule of background papers

15.1 None.

16 Appendices

Appendix 1: Significant Governance Issues identified during 2017/18 which needed addressing in 2018/19 – Updated with actions.

Appendix 2: Action Plan for the Significant Governance Issues identified during 2018/19 which will need addressing in 2019/20.

Appendix 1**Significant Governance Issues identified during 2017/18 which needed addressing in 2018/19 – Updated with actions.**

2018-2019 - Key areas and actions for implementation	Officer Responsible	Original Target Date
<p><i>Review of Constitution</i> In February 2018, the West Midlands Combined Authority Board approved the establishment of a task and finish review group to review the West Midlands Combined Authority's Constitution following its first 18 months of operation. The group will be established in April 2018 with a view completing its review over the spring/summer period to ensure that its recommendations are put in place in time for the preparation of the West Midlands Combined Authority Medium Term Financial Plan for 2019/20 to 2022/23. Audit, Risk & Assurance Committee have asked to be kept apprised about the evolution in the Governance framework, as there is a recognition that now needs updating.</p> <p>2018/19 update: WMCA have brought in dedicated resource to complete this task ahead of the AGM in June 2019. Progress has been slower than anticipated due to the work carried out on PCC and Fire governance which has been time sensitive and had a bearing on the overall constitution. The review of the Constitution is progressing and will be available for further discussion during Q1 2019/20. There is also a separate external review being taken of overview and scrutiny arrangements headed up by the Centre of Public Scrutiny to ensure they are still fit for purpose. The WMCA has recognised that as it grows the overview and scrutiny also needs to adapt and grow.</p>	<p>Head of Governance</p>	<p>September 2018</p>
<p><i>Financial Sustainability</i> The West Midlands Combined Authority Board also approved the establishment of a task and finish review group to review arrangements for developing the West Midlands Combined Authority's Medium Term Financial Plan to provide assurance around future financial sustainability. The intention is to develop jointly and through consensus a new plan for 2019/20 to 2022/23 to ensure Medium Term Financial Planning can continue to provide more certainty for the delivery of objectives within a financial framework that meets the needs of its Constituent Members. Again, the group will be established in April 2018 with a view completing the review over the spring/summer period to ensure that its recommendations are put in place in time for the preparation of the 4 year West Midlands Combined Authority Medium Term Financial Plan for 2019/20 to 2022/23.</p> <p>2018/19 update: WMCA's Medium Term Financial Plan for 2019/20 to 2023/24 was successfully developed during the autumn of 2018 in collaboration with the Leaders, Chief Executives and Finance Directors of the seven Constituent Authorities. The Medium Term Financial Plan was noted by WMCA Board on 8 February 2019 and the 2019/20 Annual Budget Approved. Work has now commenced on development of the Medium Term Financial Plan for 2020/21 to 2024/25, again, in collaboration with Member Authorities, recognising that more could be done to develop the presentation of WMCA's budget as the individual portfolio activities gather pace and to further strengthen collaborative engagement by Portfolio Leads. This will help to develop clearer ownership of the budget proposals being put forward and also a clearer all round understanding of the impact of proposals on the overall forward plan and future financial sustainability.</p>	<p>Head of Finance</p>	<p>September 2018</p>

<p>Information Governance & Cyber Security This will be kept under review during the year by both relevant Officers and Internal Audit. There is a significant amount of activity on going in these areas as the new WMCA Information Assurance Framework is rolled out during this period to strengthen and enhance the Authority's responses in this area. Activity and progress is reported regularly to ARAC.</p> <p>2018/19 update: This is an ongoing work stream but specifically to this action an Information Assurance Framework supported by a number of information assurance polices has been rolled out across WMCA. Assurance responsibilities have been allocated, and an Information Assurance Group has been established. The group meets quarterly and oversees compliance with legislative requirements and good practice around Information Governance & Security.</p>	<p>Head of ICT</p>	<p>December 2018</p>
<p>Delivery of the Devolution Deals & Investment Programme The West Midlands Combined Authority Board also approved the establishment of a task and finish review group to review governance and performance reporting for the Investment Programme including ranking and scheduling, of both funding and costs. The West Midlands Combined Authority is also working towards developing additional potential funding sources including extending existing borrowing powers and using new Mayoral powers to develop a supplementary business rates scheme.</p> <p>2018/19 update: Work was undertaken throughout the autumn of 2018 in collaboration with the Leaders, Chief Executives and Finance Directors of the seven Constituent Authorities to begin to identify viable solutions to delivering the Investment Programme, recognising that although Devolution Deal grant is substantially secured, the remaining income sources originally identified to fund the Investment Programme when it was first conceived will potentially not be realised in full. Work will continue throughout 2019/20 to manage the Investment Programme funding challenge. The Mayor and Leaders recently agreed a set of six strategies designed to help address the short term funding issue, whilst the longer term issues around income generation are being resolved. This piece of work is ongoing and will be reported to Investment Board and WMCA Board during the Summer of 2019. Work around securing a business rates supplement is ongoing and material for the soft consultation phase is being agreed and finalised.</p>	<p>Head of Finance</p>	<p>September 2018</p>

Appendix 2

Action Plan for the Significant Governance Issues identified during 2018/19 which will need addressing in 2019/20.

2019/20 - Key areas and actions for implementation	Officer Responsible	Target Date
<p><i>Mayoral election campaign process</i></p> <p>We are reviewing our processes to make sure there are robust arrangements in place to deliver a successful Mayoral election in 2020. This includes commissioning Coventry and Birmingham City Councils to provide the returning officer process and ensuring that the WMCA has a plan in place for different scenarios and different candidates so that we maintain our political independence and engage appropriately with candidates. Being built into this plan is staff guidance on purdah.</p>	<p>Head of Governance Tim Martin</p>	<p>March 2020</p>
<p><i>Assurance Framework</i></p> <p>A plan to develop and implement an enhanced Governance and Assurance Framework was endorsed by the Investment Board on 10th December 2018. The enhanced framework is scheduled for approval at Investment Board and by MHCLG in August 2019.</p>	<p>Head of Governance Tim Martin</p>	<p>September 2019</p>
<p><i>Programme Management monitoring and Performance Management</i></p> <p>The Performance Management Framework is being reviewed to ensure we are clear on our outcomes and how these will be assessed in terms of delivering economic, social and environmental benefits.</p>	<p>Director of Strategy Julia Goldsworthy</p>	<p>September 2019</p>
<p><i>Significant Governance Transfers</i></p> <p>There will be a significant amount of activity to carry through the programme related to incorporating the West Midlands Fire Service into the WMCA. This includes both operational and strategic considerations. Preparation for this has continued despite a recent pause in the legislative process.</p>	<p>Director of Public Sector Reform Henry Kippin / Head of Governance Tim Martin</p>	<p>March 2020</p>
<p><i>Supplier / Contractor Failure</i></p> <p>At the end of 2018/19 a significant provider of services to WMCA went into administration. The implications of this are yet to be resolved although in the interim services have been secured. At the appropriate time Internal Audit will be commissioned to undertake a review of the WMCA response to be reported to ARAC. The scope of the review to be agreed with the chair of ARAC.</p>	<p>Interim s151 Officer Linda Horne/ Head of Governance Tim Martin</p>	<p>December 2019</p>