

Draft Annual Governance Statement 2022/23

Scope of Responsibility

This Annual Governance Statement (AGS) reflects the activities of the Authority for the year ending 31st March 2023 and up to the date of approval of this Statement and the Statement of Accounts.

West Midlands Combined Authority (WMCA) was established on 17th June 2016 by the West Midlands Combined Authority Order and is made up of constituent and non-constituent members and three Local Enterprise Partnerships (LEPs), observers and a co-opted member.

The Mayor is the Chair of the WMCA and having been re-elected on 6th May 2021, will remain in office until May 2024. The Authority's Constituent member authorities consist of the seven district councils across the region:

- 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

The non-Constituent members of the Authority 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

In the Levelling-Up White Paper in February 2022, Government set out its expectations in relation to the integration of LEPs and their business boards into the Combined Authority. On 31st March 2022 the Departments for Levelling Up, Housing and Communities (DLUHC) and Business, Energy, and Industrial Strategy (BEIS) issued a joint letter and accompanying Guidance to the Chairs of the LEPs in England and to the Mayors of Combined Authorities setting out their proposals for the roles and functions of LEPs to be integrated into local democratic institutions.

Following the letter from Ministers, the three LEP Boards each took decisions on their future status in the autumn following consultation with local public and private partners. While ultimately each LEP has resolved to close, the path for each is specific to local circumstances as summarised below.

Draft Annual Governance Statement 2022/23

- Black Country LEP - Closure by 31 March 2023.
- Coventry & Warwickshire LEP - Closure by 31 March 2023, with some ongoing activities undertaken by Coventry and Warwickshire Growth Hub.
- Greater Birmingham & Solihull LEP - Closure by 31 March 2024, with specific functions transferring or ceasing at milestones during 2023/24 (agreed at the GBSLEP Board meeting on 22/09/22)

The WMCA is a democratically accountable and politically led public/private partnership, combining the insight of private leaders, in depth knowledge of place and accountability with the democratic accountability of elected Local Authority Members. This was reflected in the WMCA Order which specified the three LEP Chairs as business representatives on the WMCA Board. The WMCA has committed, post-LEP integration, to strengthen private sector input across the full breadth of WMCA activity. Strong and meaningful private sector engagement ensures better informed decision making by embedding commercial acumen and business expertise into the process and by allowing the WMCA to better communicate with its business base and focus on the areas that matter most or where real value can be added.

There are four Observers of the Authority. These are:

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

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

- Trade Union Congress (TUC)

The Authority currently has ten 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.	WM5G Limited	100%	Subsidiary
f.	HTO1 LLP	44%	Joint venture
g.	HTO2 LLP	44%*	Joint venture
h.	Midlands Development Capital Ltd	100%	Subsidiary
i.	Network West Midlands Ltd	100%	Subsidiary
j.	WMCA JV Ltd	100%	Subsidiary

*through ownership with HTO1 LLP

For each of the arm's length companies where the Authority owns a 50% or greater share of the organisation, an assurance and governance review is regularly completed to confirm all legal and financial controls have been satisfied. Although the stake in the Growth Company is small, WMCA together with other contracting authorities exercises joint control over the company and therefore ensures legal and financial controls are satisfied.

Draft Annual Governance Statement 2022/23

The Purpose of the Governance Framework

The 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. It 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.

To demonstrate good corporate governance, the Authority carries out its functions in a way that provides accountability, transparency, effectiveness, integrity and inclusivity; enabling the Authority to pursue its vision and secure its agreed objectives in the most effective and efficient manner and in line with the approved Constitution.

In discharging this overall responsibility, the Executive Board (formally Strategic 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 the Authority 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.

The Authority 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.

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; evaluating the likelihood of those risks being realised, the impact should they be realised, and managing them efficiently, effectively and economically. To that end, the Authority has been embedding the revised Strategic Risk Management Framework, raising awareness of the structure and the tools available for WMCA staff to ensure consistency in how risks are identified, managed, monitored and escalated. Alongside this activity, the authority continues to focus on providing visibility of risk at strategic level. A strategic risk register is updated quarterly and reported to and reviewed by Audit, Risk and Assurance Committee (ARAC) and the Executive Board.

Annual Governance Statement

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 and include it within its Statement of Accounts.

It is a document which looks back retrospectively over the past year and identifies 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.

The Authority demonstrates compliance with the seven core principles of good governance as set out in the 2016 CIPFA/SOLACE Delivering Good Governance in Local Government Framework.

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.

Draft Annual Governance Statement 2022/23

- (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.

The table below sets out examples of how the Authority has demonstrated compliance with these principles.

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

The Code of Conduct is laid out in the Constitution and was updated in March 2021 following the issue of a revised model of the Code of Conduct by the Local Government Association (LGA) which incorporates recommendations made by the Committee on Standards in Public Life (CSPL); this defines the standards of behaviour for Members and officers working on behalf of the Authority.

Following consideration by ARAC the revised code was adopted by the WMCA Board on 22nd March 2021. The Director of Law and Governance, who holds the role of Monitoring Officer, deals with issues of conduct and promotes high standards among officers, Members and the Mayor. ARAC performs the role of Standards Committee.

The WMCA has undertaken to review the governance of its formal decision-making bodies to ensure that these arrangements reflect the evolving role and remit of the WMCA as it continues to grow from the organisation that was established in 2016. The first review - undertaken has revised and refreshed the decision making in regard to its responsibilities relating to economic growth, culminating in the establishment of a new Economic Growth Board. This was approved by the WMCA Board at its meeting in November 2021. Further governance reviews are in progress within transport and are due to be undertaken in respect of wellbeing and public service reform responsibilities. WMCA will consider whether its current governance arrangements remain suitable following the announcement of the Deeper Devolution Deal in March 2023 and will make recommendations for change if appropriate.

WMCA is committed to a better connected, more prosperous, fairer, greener and healthier region. This is our vision and will be achieved through living the Authority's values which are central to how we work and interact with our wider partners and stakeholders:

Collaborative

- Team Focussed – working as part of a team, managing and leading
- Service Driven – customer, resident and partner focused

Driven

- Empowered and Accountable – taking ownership and leading when needed
- Performance Focused – being ambitious and going the extra mile

Inclusive

- One Organisation Mindset – believe in each other's expertise
- Open and Honest Communication – we do what we say we are going to do

Draft Annual Governance Statement 2022/23

Innovative

- Forward Thinking – embrace change and open to new possibilities
- Problem Solving – go for clear and simple wherever possible

The business of the Authority is also 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.

2. Ensuring openness and comprehensive stakeholder engagement

We have established channels of communication with the community and other stakeholders, ensuring accountability and encouraging open consultation. All formal meetings are held in public and reports are in the public domain unless there are good reasons for confidentiality in individual cases.

All Committee meetings are held in public, (other than in limited circumstances where consideration of confidential information requires the public to be excluded) with agenda and reports being accessible on the WMCA's external website. All public meetings are now recorded and accessible through YouTube on-demand. Following the end of the temporary regulations allowing for hybrid and virtual meetings during Covid-19, all meetings constituted under the Local Government Act 1972 must be held in person and only those members present are considered part of the quorum and are able to vote.

The Authority has in place a committee management system that proactively publishes information relating to public meetings, decisions and the Forward Plan and is designed to make information readily available to the public without the need for specific written requests. Any information not published is available, subject to assessment, under the provisions of the Freedom of Information Act 2000. Details of how to make a request for information are available on our website.

We incorporate good governance arrangements with our partnerships and reflect these in our overall governance arrangements, including the assessment and effectiveness of relationship frameworks in order to identify and implement any changes if required.

Where consultation is required, we adhere to the principles of good consultation of the "Gunning Principles" and a variety of measures are used to seek the views of the public. For example, public consultation is incorporated into any plans where a change to public transport policy is being considered.

Overview & Scrutiny Committee has responsibility to ensure that the decisions of the WMCA have considered all relevant information, are proportionate to the outcomes desired, and have been made in the best interests of the region. It is able to 'call in' any decision for further scrutiny that it considers may not meet these standards. It also conducts Question & Answer sessions with the Mayor twice yearly, with the questioning focusing on policy delivery and budget setting. All of its meetings are held in public, recorded and available through YouTube on-demand. The overview and scrutiny function will be reviewed in 2023 when the requirements of the Deeper Devolution Deal in respect of greater accountability and scrutiny become clearer.

Draft Annual Governance Statement 2022/23

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

The Authority ensures the vision and implications for governance arrangements are regularly reviewed including the monitoring of its achievement of intended outcomes from social, economic, environmental and organisational health perspectives through the budget, performance framework, and project delivery process.

The Authority is focussed on delivering value for money and success, and in this respect reviewed by independent auditors in line with the National Audit Office'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 the Audit Findings Report and, in the Auditor's, Annual Report.

To ensure the purpose and vision of the Authority is clear and well communicated, an Annual Business Plan (ABP) is produced, and closely aligned to the WMCA Aims & Objectives that were agreed by WMCA Board in November 2021. The ABP outlines all activities to be undertaken in 2023/24 to deliver against these objectives, with progress regularly monitored through a number of outcome measures (both High Level Deliverables and profiled milestones) and reported monthly to the Executive Board and bi-annually to WMCA Board. The 2023/24 outcome measures were agreed by WMCA Board in February 2023 as part of the Budget report.

The Aims & Objectives are approved by WMCA Board and are outlined below:

- Aim 1:** To promote inclusive economic growth in every corner of the region and stimulate the creation of good jobs
- Aim 2:** To ensure everyone has the opportunity to benefit as the region recovers from Covid 19, improves resilience and tackles long standing challenges
- Aim 3:** To connect our communities by delivering transport and unlocking housing and regeneration.
- Aim 4:** To reduce carbon emissions to net zero, enhance the environment and boost climate resilience
- Aim 5:** To secure new powers and resources from central government, and demonstrate the strength of our regional partnership
- Aim 6:** To develop our organisation and our role as a good regional partner.

4. Determining the interventions necessary to optimise the achievement of the intended outcomes

The Authority works closely with the relevant Government Departments, local and national stakeholders and constituent and non-constituent authorities to determine the necessary actions to achieve its Aims and objectives.

The Executive Board 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 and the Scheme of Delegation.

Corporate strategic decisions are primarily taken at meetings of the WMCA Board, with Investment Fund decisions up to the value of £20M having been delegated to the Investment Board. Other thematic Boards have roles as set out under the Single Assurance Framework (SAF) in terms of overseeing and reviewing project initiation and delivery. This includes reviewing progress of outcomes against delivery plans.

Draft Annual Governance Statement 2022/23

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

We have defined and documented the roles and responsibilities of the Board, Scrutiny and officer functions within the Constitution, with clear delegation arrangements and protocols for effective communication in place. As the Authority continues to evolve, we will review governance arrangements and revise the Constitution to ensure it remains fit for purpose. A Scheme of Delegations is laid out in the Constitution.

Our Performance Management and Monitoring & Evaluation Frameworks, together with a performance reporting solution using Power Bi dashboards, provide a foundation for the journey towards data-driven and evidence-based decision making. This improves the visibility and transparency of reporting as a 'single version of the truth,' and together with the introduction of a more dynamic business planning process, this enables regular conversations about the activity to be delivered and the resources, both financial and people, required to achieve this. Our behavioural framework is fundamental to our performance framework and will align to our goals – ensuring a 'golden thread' between the corporate aims and objectives through to individual performance management goals, enabling every one of our people to see their contribution to the Authority's vision. This facilitates how we develop a culture that supports us all to be diverse, inclusive, innovative and proud to be part of the Authority.

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 addition, statutory training requirements are in place for all officers to ensure our duties under Equalities, Safeguarding, Information Security and GDPR are met.

Each year, after the local elections have been held, the WMCA provides an 'induction day' for newly elected members to provide an introduction to the WMCA, its role and remit, how it operates, and the role of elected members who are attending its boards and committees. This induction also provides further details on the key corporate strategies of the WMCA, along with its current Annual Business Plan.

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

The Strategic Risk Management Framework (SRMF) provides the structure and the tools for WMCA staff to undertake consistent risk management that protects the WMCA and supports the delivery of our objectives. In addition, it documents the risk management roles and responsibilities across the Lines of Defence, helping support the WMCA Board, Chief Executive Officer (CEO), Statutory Officers and Senior Leaders in creating and embedding a strong risk culture within the organisation. The last year has seen a specific focus on supporting an integrated approach to risk management at project and programme level alongside the Authority's Programme Assurance and Appraisal activity. We are now targeting the embedding of good risk management at operational and Directorate level, to similarly support an integrated approach to risk and performance management.

The Authority 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 the Authority with policy review and development.

ARAC is independent of the Executive and Scrutiny functions; it has an independent, external Chair. They monitor and review risk and governance processes in order to provide assurance to the WMCA Board on the effectiveness of these arrangements. Appropriate

Draft Annual Governance Statement 2022/23

controls are in place for arms-length companies and as good practice, external auditors have been appointed for West Midlands Rail Limited, Midland Metro Limited, WM5G Limited, West Midlands Development Capital Limited, HT01 LLP and HT02 LLP, and the newly established Co-Invest.

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, along with independent Risk Management and Programme Assurance activities undertaken as part of the Single Assurance Framework. Professional advice and good quality information is provided to ensure those making decisions are provided with relevant information that is fit for purpose.

The Authority has recognized the need for increased scrutiny of its operations and has strengthened its Internal Audit provision within the past year with the appointment of two Internal Auditor posts in addition of, and to support the existing internal audit services provided by the City of Wolverhampton Council.

The Single Assurance Framework was updated during 2022 and was approved by WMCA Board in December 2022. The review incorporated the National Local Growth Assurance Framework requirement for an annual review and outlined the Authority's specific approaches to Housing and Transport schemes and the Adult Education Budget.

The updated document follows more closely the structure of the National Local Growth Assurance Framework, making a distinction between governance and assurance requirements. Flowcharts contained within the framework, describing key processes, have been simplified and the assurance section within the framework reflects the different stages of the Single Assurance Framework, including change control processes.

The Framework supports good governance with enhanced assurance tools and processes and the appraisal of business cases and change requests to identify any improvement opportunities, together with any ongoing risks to inform the decision-making process. The Single Assurance Framework continues to be aligned to the Department of Levelling Up, Housing and Communities (DLUHC) National Local Growth Framework, issued in September 2021.

The Single Assurance Framework is supplemented by an Investment Panel and Investment Board, whose remit has been expanded to include the review and approval of all investment decisions, not just Investment Programme projects (which was the case prior to 2022). The Investment Board has had its delegated approvals authority increased from £5 million to £20 million and its Terms of Reference have been updated accordingly.

The majority of the Authority's audits of its Key Financial Systems received a 'substantial' internal audit rating during the annual review of all financial systems in 2022/23, with Payroll and Accounts Payable being rated Satisfactory. Actions arising from these reviews are actively being addressed with completion expected by May 2023.

7. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

The Authority is continuing to implement the WMCA Single Assurance Framework which was originally approved by MHCLG (previously Department of Communities and Local Government (DCLG)) in July 2020 and was more recently updated and approved by WMCA Board in December 2022.

Draft Annual Governance Statement 2022/23

We continue to maintain close links with all relevant Government Departments and have regular conversations regarding issues including funding, delivery and devolution objectives.

The Authority has a Monitoring Officer who sits on the Executive Board and attends the WMCA Board meetings to ensure all activities are conducted in a legal manner. Our high level of governance standards includes the publishing of agendas, minutes and reports in the public domain and only limited use of confidential reporting. The 2022/23 Internal Audit Plan was approved at ARAC's April 2022 meeting.

An annual review of any arm's length companies of the Authority is completed to assess and provide assurance that these operate with satisfactory governance and assurance arrangements in place. The Monitoring Officer is currently undertaking a review of all companies in which WMCA has involvement, and will strengthen arrangements for oversight of them going forward, in addition to providing additional training for all councillors and officers who act as directors of companies as part of their Combined Authority responsibilities.

A Whistleblowing Policy and procedure is in place, last reviewed in May 2021. The Policy is intended to encourage and enable employees and stakeholders to raise serious concerns about any wrongdoing considered to be in the public interest, with the ability for confidential and anonymous reporting of claims to be made through the WMCA website.

Any issues raised are considered by the Monitoring Officer in conjunction with Internal Audit, the Finance Director and Chair of ARAC to determine the progression of claims.

Key Governance Issues

Last year's Annual Governance statement highlighted a number of areas to be considered for development in 2022/23. The table below sets out the actions that have been taken to address these:

Area	Proposed action	Action taken
Governance arrangements between Midland Metro and WMCA	An independent review of the governance arrangements between both parties is currently in progress with the outcome and recommendations to be considered and implemented as appropriate.	There were two key recommendations from the independent review, both of which we are now implementing. We needed to strengthen the 'Owner's Team' with technical support to oversee and challenge our Operator/Maintainer MML. The head of that new team started in January, and we are currently interviewing candidates for three additional posts reporting to him. We were recommended to add an independent Chair of MML and one or two non-exec Directors. We are preparing for a recruitment process in the coming months.
Safeguarding arrangements	WMCA's safeguarding policy to be reviewed to ensure it continues to meet our obligations and ensures the safety of all young persons engaged with the organisation.	The policy was reviewed and approved by Corporate Management Team and the Strategic Leadership Team in September 2022. The Head of HR is responsible for the role of Chief of Safeguarding with the Head of Legal and Head of Systems, Change and

Draft Annual Governance Statement 2022/23

		<p>Inclusion listed as the Designated Safeguarding Lead Officers.</p> <p>Online safeguarding training is mandatory for all staff. Additional face to face training is commissioned for key roles associated with safeguarding arrangements and for targeted areas that come into contact with vulnerable children and adults.</p>
Single Assurance Framework (SAF)	<p>An annual re-assessment and update of the Single Assurance Framework to be undertaken ensuring it continues to meet all legislative requirements including the introduction of Assurance arrangements for Housing and Transport schemes and the Adult Education Budget.</p>	<p>A review of the SAF has been completed, incorporating the requirements of the National Local Growth Assurance Framework and detailing the approach for Housing and Transport schemes and the Adult Education Budget.</p> <p>The revised framework was approved by WMCA Board in December 2022.</p>
Corporate Aims and Objectives	<p>Continued embedding of a performance management culture, providing management with reporting arrangements to demonstrate its achievement in delivering the Corporate Aims through the Annual Business Plan.</p>	<p>A performance management framework and associated roadmap was approved by the Exec Board in July 2023 and this set out a 3 year plan to move from our current performance measurement approach towards using predictive analytics and trend analysis to a performance improvement state. There are Power BI reports that are shared with Exec Directors monthly for ABP performance and they are encouraged to cascade and share across teams to encourage increased psychological safety around reporting. In addition, improved dashboards on organisational health showing trends, benchmarking and direction of travel are shared with CMT monthly. For 24/25 the ABP dashboards will also show capital funding linked to high level deliverables (HLDs) and we have started to link to strategic risks; this ensures a triangulated view of performance and enables improved data-driven, evidence-based decision making.</p>
Governance review	<p>Recommendations arising from the Governance review undertaken in 21/22 will be implemented as set out in the associated report including the;</p> <ul style="list-style-type: none"> • Rationalisation of decision-making and advisory bodies within service areas • Refinement of reporting and engagement processes 	<p>A report in relation to the rationalisation of decision-making and advisory bodies will be considered by the WMCA Board at the AGM on 9 June 2023.</p> <p>The modern.gov committee management system has been introduced for workflow of reports and will be used for all decision-making bodies from the start of the new municipal year.</p> <p>There is a new role for a Member Relationships Manager that will be</p>

Draft Annual Governance Statement 2022/23

	<ul style="list-style-type: none"> • Engagement with Constituent and non-Constituent members • Review of arrangements for Member Allowances 	<p>recruited to before the start of the new municipal year.</p> <p>A report from the Independent Remuneration Panel will also be considered by the WMCA Board at the meeting on 9 June 2023.</p>
Freedom of Information / GDPR	Review to be undertaken of our data protection and security policies.	An Information Governance Group has been established. Its terms of reference were approved by CMT in (check date) with its first meeting having taken place in March 2023. Part of the terms of reference for this group is to undertake an annual rolling review of all Data Protection and information governance policies. This is currently in progress. Over the first quarter of 23/24, reviews will have been completed and updated policies will be communicated to all staff.

Annual Review of Effectiveness of Governance Framework

The Opinion of the Director of Law and Governance 2022/23

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 Director of Law and Governance and the Executive Finance Director respectively.

The Director of Law and Governance is satisfied that the system of internal assurance is robust and provides visibility of risk and reasonable assurance to the Executive Board.

The opinion is based on the results of an on-going programme of activities and review, the outcomes of which were considered by ARAC. These include:

- a) External audit
- b) Internal audit
- c) The Risk Management Process, particularly the Strategic Risk Register
- d) Performance information
- e) Programme Assurance and Appraisal

As at 23 March 2023 a number of internal audit reviews are nearing completion. Unless anything of significance is raised through these, prior to their completion, and dependent upon the final outcome of an independent investigation into a breach of the Combined Authority’s financial regulations whereby costs on a capital project had exceeded the budget provision, we should be able to provide reasonable assurance that the Combined Authority has adequate and effective governance, risk management and internal control processes.

Draft Annual Governance Statement 2022/23

The Single Assurance Framework (SAF) has been implemented across all WMCA Directorates and oversight of business cases and change requests by the Programme Assurance and Appraisal team, as part of the SAF process, continues to increase; demonstrating improved project controls and consistent processes are being implemented across the organisation. This is helping to manage risks and drive improvements in the quality of business cases and overall project and programme management activity.

Regular reporting on Programme Assurance and Appraisal team activity, together with insights regarding common themes, issues and any recommendations for improvement have been provided to the Executive Board and ARAC throughout 2022/23.

Progress of the 2022/23 High Level Deliverables was monitored on a monthly basis by the Executive Board through exception reporting and against identification of key risks that could impact on delivery. In addition, performance was reported to WMCA Board mid-year and at year end.

The Strategic Risk Management Framework includes an escalation process that allows for risks to be escalated, ultimately to the Strategic Risk Register. Quarterly reporting of the strategic risk register is working effectively, and work has been focussed on collaboration with the Programme Assurance and Appraisal team to improve consistency of risk management across all projects and programmes. As this starts to embed, attention has turned to improving the consistency of Operational or Directorate Risk Registers and to focus attention on enabling Directorates to have full visibility of key risks with the potential to impact on the organisation's ability to deliver its business plan objectives. The aim is for Risk Management, Performance Management and Business Planning activity to provide a strong evidence base to improve decision making.

In accordance with the recently ratified Digital and Data Strategy, the organisation has adopted cabinet office levels of protective security. These mandated standards allow for increasing maturity across the business by adherence to articulated mandates and best practice advice and guidance. Any non-conformity constitutes risk and can then be managed appropriately.

The last three years has seen an unprecedented challenge in the shape of the COVID-19 pandemic. This has affected every area of life in the UK and clearly these issues have affected the Authority as with others. Through agile working and the implementation of our corporate resilience arrangements, we have been able to continue to manage workloads and delivery. We worked with public transport providers to ensure that appropriate measures were in place to safeguard the public and took a key role in the regional response and recovery arrangements. We continue to lead on the work needed to ensure that the economic recovery of the West Midlands is put on a secure footing.

The Authority has set itself a demanding programme of work and is ambitious for itself and the benefits that it aims 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. There is significant pressure on resources however, particularly in matching staff resources to the tasks in hand and this is being carefully monitored by the Authority and a plan in place to mitigate these pressures accordingly.

This Annual Governance Statement identifies that WMCA has effective arrangements in place; however, the organisation realises the need to monitor its governance arrangements on an ongoing basis given the ever-changing environment within which it operates, and due to the organisation continuing to evolve. Whilst the organisation has not identified any significant Governance issues, a number of areas for development have been identified for progression in 23/24 and are outlined within the table below.

Draft Annual Governance Statement 2022/23

Area	Action to be taken
Overall governance	The Monitoring Officer has identified a need to review the Constitution, with the aim of making recommendations to the Board during 2023
Overall governance	Informal internal committees and formal decision making committees, together with processes, are to be reviewed during 2023 with a view to streamlining governance procedures to ensure the authority is able to respond to the increased responsibilities of the 2023 devolution deal This will include the continued role out of the workflow functionality in Modern.gov, consideration as to how the Governance and Legal teams are resourced and reconvening the Independent Remuneration Panel to consider member allowances.
Audit, Risk and Assurance	A review of how internal audit is provided at WMCA has been initiated.
Governance and Accountability in the new devolution deal	Work is commencing in partnership with Department for Levelling Up, Housing and Communities, the Centre for Governance and Scrutiny and Greater Manchester Combined Authority in relation to a new scrutiny protocol as detailed in the new deal.
Strengthening Scrutiny	Work is commencing in partnership with Department for Levelling Up, Housing and Communities, the Centre for Governance and Scrutiny and Greater Manchester Combined Authority in relation to strengthening scrutiny and in particular in relation to members of parliament scrutinising the Mayor and portfolio lead.
Engagement with constituent and non constituent local authorities	Work is ongoing to strengthen governance relationships with the local authorities. A west midlands governance network has been set up where forward plans and areas of best practice can be shared and joint working initiatives explored where appropriate.
Member Induction and Engagement	A new member induction programme will be developed for the start of the new municipal year. This will seek to ensure that all members sitting on WMCA meetings are fully briefed as to the role of the WMCA and how it links and works with the Local Authorities and other regional partners.
Awareness raising as to the role of a CA and governance arrangements.	The Head of Governance is working with ADSO to produce a new training course to raise awareness of what CAs do and how they link with both local authorities and central government. Updated training slides on CAs will be included in all ADSO training as it is developed.
Webcasting of meetings – openness and transparency	Investigations are commencing as to options for improving out facilities in Summer Lane in relation to hosting public meeting meetings and in particular our ability to host hybrid meetings and to webcast public meetings.

Draft Annual Governance Statement 2022/23

Conclusion

In undertaking this review of internal control and governance framework, the Authority 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.

On behalf of the West Midlands Combined Authority

Andy Street

Mayor and Chair of the West Midlands Combined Authority

Date:

Laura Shoaf

Chief Executive

Date: