Public Document Pack

A meeting of the

WECA Audit Committee

will be held on

Date: **Wednesday, 16 October 2019**

Time: **10.00 am**

Place: **The Boardroom, WECA Offices, 3 Rivergate, Temple Quay, Bristol, BS1 6EW**

Notice of this meeting is given to members of the West of England Audit Committee as follows

Cllr Geoff Gollop, Bristol City Council
Cllr Andy Wait, Bath and North East Somerset Council
Cllr Tom Davies, Bath and North East Somerset Council
Cllr Tim Kent, Bristol City Council
Cllr Mark Bradshaw, Bristol City Council
Cllr Cleo Lake, Bristol City Council
Cllr Brenda Massey, Bristol City Council
Cllr Donald Alexander, Bristol City Council
Cllr John Ashe, South Gloucestershire Council
Cllr John O'Neill, South Gloucestershire Council
Cllr Brenda Langley, South Gloucestershire Council

Enquiries to:

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West of England Combined Authority Committee
Agenda

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- Inspect background papers used to prepare public reports for a period public reports for a period of up to four years from the date of the meeting. (A list of background papers to a report is given at the end of each report.) A background paper is a document on which the officer has relied in writing the report.
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Guidance for press and public attending this meeting

The Openness of Local Government Bodies Regulations 2014 mean that any member of the public or press attending this meeting may take photographs, film or audio record proceedings and may report on the meeting including by use of social media (oral commentary is not permitted during the meeting as it would be disruptive). This will apply to the whole of the meeting except where there are confidential or exempt items, which may need to be considered in the absence of the press or public.

If you intend to film or audio record this meeting please contact the Democratic Services Officer named on the front of the agenda papers beforehand, so that all necessary arrangements can be made.

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1. EVACUATION PROCEDURE

In the event of a fire, please await direction from the West of England Combined Authority staff who will help assist with the evacuation. Please do not return to the building until instructed to do so by the fire warden(s).

2. APOLOGIES FOR ABSENCE

To receive apologies for absence from Members.

3. DECLARATIONS OF INTEREST UNDER THE LOCALISM ACT 2011

Members who consider that they have an interest to declare are asked to: a) State the item number in which they have an interest, b) The nature of the interest, c) Whether the interest is a disclosable pecuniary interest, non-disclosable pecuniary interest or non-pecuniary interest. Any Member who is unsure about the above should seek advice from the Monitoring Officer prior to the meeting in order to expedite matters at the meeting itself.

4. MINUTES OF THE LAST MEETING 5 - 10

To consider and approve the minutes from 31 July 2019 meeting of the West of England Combined Authority Audit Committee.

5. ITEMS FROM THE PUBLIC

Questions:

Any member of the public can submit a maximum of 2 written questions. Questions should be addressed to the Chair of the committee and sent to democratic.services@westofengland-ca.gov.uk

For the 16 October 2019 meeting, questions must be submitted and received by the deadline of **5.00 pm on Thursday 10 October 2019.**

Under the direction of the Chair, wherever possible, written replies to questions will be sent to questioners by the end of the working day prior to the meeting.

Petitions / statements:

If you wish to present a petition or make a statement at this meeting, you are required to submit this in writing by 12 noon on the working day before the meeting to democratic.services@westofengland-ca.gov.uk

For the 16 October 2019 meeting, this means that your petition/statement must be submitted and received by **12 noon on Tuesday 15 October 2019.** Please note that one statement per individual is permitted.

Statements will be listed for the meeting in the order of receipt. In presenting a statement at the meeting, members of the public are generally permitted to speak for up to 3 minutes each if they so wish. The total time available for the public session at committee meetings is 30 minutes. Within the time available, every effort will be made to enable individuals to verbally present their statements; at the discretion of the Chair, speaking time may sometimes be reduced depending on how many public items are received.

Please note that all public items will be circulated in advance of the meeting to the committee members.

6. PETITIONS

Any member of the public in the West of England Combined Authority may present a petition at a West of England Combined Authority Audit Meeting.

7. STATUTORY ACCOUNTS 2018/19 11 - 158

The purpose of this Report is to present to Members of the WECA Audit Committee the West of England Combined Authority Annual Statement of Accounts for 2018-19 for their review and approval.

Next meeting: Monday, 25 November 2019

West of England Combined Authority
WECA Audit Committee

Wednesday, 31 July 2019, 10.30 am - 12.20 pm
The Library, Bristol City Council Offices

Present:
Cllr Geoff Gollop, Bristol City Council
Cllr Andy Wait, Bath and North East Somerset Council
Cllr Tom Davies, Bath and North East Somerset Council
Cllr Tim Kent, Bristol City Council
Cllr Mark Bradshaw, Bristol City Council
Cllr Cleo Lake, Bristol City Council
Cllr Brenda Massey, Bristol City Council
Cllr Donald Alexander, Bristol City Council
Cllr Brian Allinson, South Gloucestershire Council
Cllr John Ashe, South Gloucestershire Council
Cllr James Arrowsmith, South Gloucestershire Council (as substitute for Cllr John O'Neill)

Officers In Attendance:
Malcolm Coe, Director of Investment and Corporate Services
Selonge Russell, Head of Finance
Jeff Wring, Audit West (Internal Audit)
Mark Wheeler, Audit West (Internal Audit)
Barrie Morris, Grant Thornton (External Audit)

Apologies:
Cllr John O'Neill, South Gloucestershire Council
(Cllr James Arrowsmith attended as substitute)

Minutes

As this was the first meeting of the WECA Audit Committee for the 2019/20 Municipal Year, the clerk opened the meeting and presided over all items up to and including the Election of Chair (item 3)

1	**EVACUATION PROCEDURE** The evacuation procedure was set out.
2	**MEMBERSHIP OF COMMITTEE - TO NOTE** The membership of the Committee for municipal year 2019/20 was noted.
3	**ELECTION OF CHAIR** It was moved by Cllr John Ashe, seconded by Cllr Andy Wait, and **Resolved**: That Cllr Geoff Gollop be elected as Chair for the WECA Audit Committee for 2019/20. (Councillor Gollop was in the Chair for all subsequent items)
4	**ELECTION OF VICE-CHAIR** It was moved by Cllr Kent, seconded by Cllr Cleo Lake, and **Resolved**: That Cllr Tom Davies be elected as Vice-Chair for the WECA Audit Committee for 2019/20.

5	**APOLOGIES FOR ABSENCE** An apology for absence had been received from Cllr John O'Neill (Cllr James Arrowsmith attended as substitute)
6	**DECLARATIONS OF INTEREST UNDER THE LOCALISM ACT 2011** There were no declarations of interest declared under the Localism Act 2011.
7	**COMMITTEE TERMS OF REFERENCE - TO NOTE** The Terms of Reference for the WECA Audit Committee were noted.
8	**MINUTES OF PREVIOUS MEETING - TO CONFIRM AS A CORRECT RECORD** The minutes of the meeting held on 21 February 2019 were agreed as a correct record and signed by the Chair.
9	**ITEMS FROM THE PUBLIC** There were no items from the public.
10	**PETITIONS** There were no petitions received.
11	**STATUTORY ACCOUNTS 2018/19** Malcolm Coe, Director of Investment and Corporate Services, presented a report on the 2018/2019 Statutory Accounts. He explained that the WECA Audit Committee would not be able to formally agree the 2018/2019 accounts due to a delay in the auditing. He confirmed that the draft accounts had been published on the Authority's website by the statutory deadline of 31 May 2019. It would therefore be necessary to hold an additional meeting of the Audit Committee in September 2019 for final sign-off of the accounts. Barrie Morris, Grant Thornton, the Authority's External Auditors, tabled the Audit Findings updated as at 12noon the day prior to the meeting and summarised the main points. The following points were raised: • The audit work had not identified any issues in respect of pension fund net liability and consideration of the McCloud judgement had been taken into account; • The Authority had been recommended to formalise a Medium Term Financial Plan. However, as the Authority's activities were evolving the Plan would be formulated when projects had been timetabled and funding confirmed. It would be a 'living' and 'evolving' document that would be constantly updated. Any such plan would be agreed and scrutinised in the usual ways. The Chair asked whether an action plan could be brought to the next meeting. Malcolm Coe stated that an intended direction of travel could be reported; • The Chair asked that accounts be published through Mod.Gov; • The Chair queried the provision for the NNDR (National Non-Domestic Rates) appeals., e.g. whether the provision was adequate. It was confirmed that the amount had been agreed with the three billing authorities; • The Chair also asked for an explanation on how LEP accounts were audited. It was confirmed that WECA acted as LEP's banker and this is reflected in WECA's

	accounts. All transactions had been correctly disclosed. Clarification was requested in the final version of the accounts; • It was stated that the Authority's imminent move to a new IT system was crucial to ensuring the robustness of the financial systems and making regular updates; • The Authority was waiting for legal sign-off for the memorandum of understanding for the allocation of risk to the IBB function; **Agreed**: (1) That the latest Audit Findings be noted; (2) That an Action Plan/intended direction of travel be brought to a future meeting of the Audit Committee; (3) That an additional meeting be arranged for September 2019 for sign-off of the final accounts.
12	**TREASURY MANAGEMENT OUTTURN REPORT 2018/19** The Director of Investment and Corporate Services introduced a report providing a review of performance to 31 March 2019. The report stated that the CIPFA Treasury Management guidelines required the Authority to approve a Treasury Management Strategy before the start of each financial year, review performance during the year and approve an annual report after the end of each financial year. The report provided a review of performance to March 2019. The average rate of investment return for 2018/19 was 0.97% which was 0.41% above the benchmark rate. The Authority's Prudential Indicators for 2018/19 were agreed by the Authority at its meeting on 2 February 2018 (Minute 11 refers) and performance against those key indicators was set out in Appendix 1. All indicators were within target levels. The Authority did not have any external borrowing. Gross interest earned on all investments for the period April 2018 to March 2019 was £1,852k. The following points were raised during the debate: • The Authority had to be cautious and had constraints on possible investments but could push for better rates of returns with some medium-term options such as property investments which could offer better value for money; • The Committee were keen to see the detail of a Medium Term Financial Plan when available although were conscious that the demands and timetable of the capital schemes were not yet known in the medium term; • Checks were made on all potential investors; the Authority mainly invested with other Local Authorities, again appropriate checks were made, but it was felt that the investments were relatively low risk, although all investments did have an element of risk; **Agreed**: 1. That the Treasury Management Report to 31 March 2019, prepared in accordance with the CIPFA Treasury Code of Practice, be noted; 2. That the Treasury Management Indicators to 31 March 2019, as detailed in the report,

	be noted.
13	**EXTERNAL AUDIT PROGRESS REPORT** The Committee received a report from Grant Thornton, the Authority's external auditors, setting out the progress on delivery, key findings and recommendations and scale of fees. The following had been appended: Appendix 1 – progress report and sector update; Appendix 2 – fees letter 2019/20; Appendix 3 – IAS 240 letter and Audit Chair response. A fuller briefing was given at the meeting. The following points were raised during the debate: • A query was raised in respect in response to Q20 regarding possible litigation or claims that may affect the financial statements, specifically 20 NHS foundation trusts' claiming charitable relief from 49 local authorities, including B&NES. The LGA were confident that the chances of the claim being successful were low. No financial provision had been included in the accounts. An outcome was expected before the end of the year. It was expected that the Government would have to intervene were the claims successful. **Agreed**: That the updates from the external auditor be noted.
14	**INTERNAL AUDIT ANNUAL REPORT 18/19** The Committee received a report from Jeff Wring, Internal Audit (Audit West) setting out the annual report of the Internal Audit Function, detailing progress against the Plan, a summary of audit performance and key issues, as well as the formal opinion on the Internal control framework. The report stated that the performance dashboard showed that 100% of the plan had been 'substantially completed'. This included work that was either finalised or at reporting stage. Appendix 1 recorded the estimated status of each audit review within the 2018/19 Audit Plan at the end of the year. This stated that six formal audit reviews had been finalised along with seven follow-up audits and eleven further pieces of targeted audit work. The percentage of audits completed within the initial allocated days was recorded at 100%. The number of allotted days was reported at the meeting as 80, although it was noted that this may need to increase as the number of functions carried out by the Authority increased. The Chair stated that he felt that the Committee's role was to challenge and guide the Authority in these areas, including highlighting areas where the Committee believe there to be a potential risk. There may be some overlap therefore with the WECA Overview and Scrutiny Committee. **Agreed**: That the Internal Audit Annual Report 2018/19 and the formal opinion on the internal control framework be noted.
15	**INTERNAL AUDIT PLAN 19/20** Jeff Wring, Internal Audit (Audit West) introduced a report presenting the Internal Audit Plan for 2019/20 for approval. The Committee was asked to consider the areas included within the

	Audit Plan and the core assurances it required from its audit function on its core systems and governance framework. The Committee was further asked to ensure it could rely on the independent assurance given by its Internal Auditor's as laid out within the Audit Charter. The Internal Audit Plan for 2019/20 was attached at Appendix 1. **Agreed**: That the report be noted and the Internal Audit Plan, as attached at Appendix 1, be approved.
16	**COUNTER FRAUD STRATEGY** The WECA Audit Committee, following a recommendation by Internal Audit, received a report requesting endorsement of the adoption of a Counter Fraud Strategy as detailed in Appendix 1 to the report. In response to a question raised it was noted that any whistle blowing incidents would be reported through internal audit, who ensured the policies were closely aligned, and include in their reports in the usual way. Internal Audit would also ensure the actions in the Counter Fraud Strategy were being followed. The Chair stated that it was more difficult for staff to 'whistle blow' in a small organisation with a small number of employees and asked that the policy be brought to the Committee during in 2019/20. **Agreed**: That WECA's Counter Fraud Strategy, as attached at Appendix 1, be endorsed.
17	**DATES OF FUTURE MEETINGS** Further to Minute 11 it was noted that an additional WECA Audit Committee would need to be arranged for mid-to-late September 2019 to sign-off the final accounts. If possible, this meeting would also contain a training session and pre-meeting prior to the public meeting. Further meetings to be arranged for November 2019 and February 2020.

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ITEM: 07

REPORT TO: **AUDIT COMMITTEE**

DATE: **16 OCTOBER 2019**

REPORT TITLE: **STATUTORY ACCOUNTS 2018/19**

DIRECTOR: **MALCOLM COE, DIRECTOR OF INVESTMENT & CORPORATE SERVICES (s73 OFFICER)**

AUTHOR: **MALCOLM COE**

Purpose of Report

1. The purpose of this Report is to present to Members of the WECA Audit Committee the West of England Combined Authority Annual Statement of Accounts for 2018-19 for their review and approval.

Recommendations

That the committee:

(a) note the content of the External Auditor ISA 260 Audit Findings report and

(b) approve the West of England Combined Authority Annual Statement of Accounts for 2018-19.

Background / Issues for Consideration

2. The Accounts and Audit Regulations (England) 2015 require the Annual Statement of Accounts to be certified by the Chief Financial Officer no later than 31 May each year. This statutory deadline was met with the accounts placed on the WECA website on this date.

   https://www.westofengland-ca.gov.uk/wp-content/uploads/2019/05/WECA-financial-statements-31.3.19-310519-FINAL-Unaudited-V2.pdf

3. The Statutory Statement of Accounts have been produced in accordance with the CIPFA Code of Practice on Local Authority Accounting based on International Financial Reporting Standards.

4. Due to limited capacity, as per the previous financial year, PriceWaterhouseCoopers (PWC) were commissioned by WECA to prepare the primary financial statements, based on the transactional information and supporting documents provided, and support the overall accounts closedown process.

5. The audit of the Accounts by the Authority's external auditors, Grant Thornton, was initially planned for July 19 when some initial work was undertaken. However, due to the incompleteness of information within the financial statements, the full audit was delayed until September 2019.

6. The Audit Committee considered an initial draft of the External Auditors report on audit findings, (ISA 260 Report), ion 31 July 2019. This draft has been updated into a final report which is now detailed in Appendix 1.

7. The Accounts and Audit Regulations 2015 require the Statement of Accounts to be approved by a resolution of a Committee of the relevant body and that following approval, the Statement of Accounts be signed and dated by the person presiding at the Committee.

8. WECA will continue to review the lessons learnt from the 2018/19 accounts closedown process and implement various improvements over the coming months. A high-level action plan itemising planned improvements, giving consideration to the external auditor findings, is detailed in Appendix 3. One such action refers to WECA's transition to a new provider for ICT services with an implementation plan, detailing key milestones, included as Appendix 4.

Consultation

9. The draft accounts for 2018-19 were published on the West of England Combined Authority website on 31 May 2019 and made available for public inspection as required under the Accounts and Audit Regulations (England) 2015.

Risk Management/Assessment

10. The publication of the Authority's Financial Statements forms a core part of WECA's governance and risk management processes. As required by statue, an Annual Governance Statement has been published and is integrated within the core Statement of Accounts document.

11. The Authority's has been assessed as a viable 'going concern' although future uncertainty on volatile funding streams, such as 100% Business Rate Retention and Mayoral Capacity funding, remains a risk that is kept under regular review.

Public Sector Equality Duties

12. The public sector equality duty created under the Equality Act 2010 means that public authorities must have due regard to the need to:

    - Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by the Act.
    - Advance equality of opportunity between people who share a protected characteristic and those who do not.
    - Foster good relations between people who share a protected characteristic and those who do not.

13. The Act explains that having due regard for advancing equality involves:

    - Removing or minimising disadvantages suffered by people due to their protected characteristics.
    - Taking steps to meet the needs of people from protected groups where these are

different from the needs of other people.

- Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

14. The general equality duty therefore requires organisations to consider how they could positively contribute to the advancement of equality and good relations. It requires equality considerations to be reflected in the design of policies and the delivery of services, including policies, and for these issues to be kept under review.

15. There are no direct implications arising from this report.

Finance Implications, including economic impact assessment where appropriate:

16. The Statement of Accounts reflect the financial accounting position of the Combined Authority as at 31 March 2019 (as required by legislation). Management Accounting reports are published throughout the year evidencing progress and spend against the authority's set budget.

Legal Implications:

17. The publication and audit of the Authority's Financial Statements is in accordance with the Accounts and Audit Regulations (England) 2015.

Appendices:

Appendix 1 – Grant Thornton (ISA 260) Audit Findings Report

Appendix 2 – Statement of Accounts For Year Ended 31 March 2019

Appendix 3 – Letter of Representation

Appendix 4 – WECA Statement of Accounts high level improvement plan

Appendix 5 – WECA ICT implementation plan

Background papers:

WECA Draft Statement of Accounts 2018-19

https://www.westofengland-ca.gov.uk/wp-content/uploads/2019/05/WECA-financial-statements-31.3.19-310519-FINAL-Unaudited-V2.pdf

External Audit ISA 260 Draft Audit Findings Report – presented to Audit Committee on 31 July 2019

West of England Combined Authority Contact:
Any person seeking background information relating to this item should seek the assistance of the contact officer for the meeting who is Ian Hird / Tim Milgate on 0117 332 1486; or by writing to West of England Combined Authority, 3 Rivergate, Temple Way, Bristol BS1 6ER; email: democratic.services@westofengland-ca.gov.uk

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Grant Thornton

The Audit Findings for West of England Combined Authority

Year ended 31 March 2019

8 October 2019

Contents

Section	Page
1. Headlines	3
2. Financial statements	5
3. Value for money	14
4. Independence and ethics	19

Appendices

A. Action plan

B. Follow up of prior year recommendations

C. Audit adjustments

D. Fees

E. Audit Opinion

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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Headlines

This table summarises the key findings and other matters arising from the statutory audit of West of England Combined Authority ('the Authority') and the preparation of Authority's financial statements for the year ended 31 March 2019 for those charged with governance.

Financial Statements	Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Authority's financial statements: • give a true and fair view of the financial position of the Authority and its income and expenditure for the year; and • have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. Our audit work commenced on site during July 2019, draft accounts were published in accordance with the statutory deadline by the 31 May 2019. However, when our audit visit began on the 15 July 2019, we identified that the published primary statements were not finalised. We were unable to agree the accounts to a working trial balance and whilst an updated version of the trial balance was supplied on the 23 July, we identified that there were likely to be further amendments arising. Following regular discussion with officers we agreed to defer the audit until September 2019 when a full set of accounts that both the Authority and accounts preparation team (PWC) had confidence in. During July and August the finance team and PWC worked on understanding potential errors within both the debtors, creditors and agency liability note and corresponding impact on the comprehensive income and expenditure statement (CIES) and other disclosures throughout the accounts.	A revised statement of accounts and supporting working papers were provided to us on 9 September 2019. Our additional audit work was undertaken in September and October 2019. Our findings are summarised on pages 5 to 14. We identified adjustments to the financial statements that have resulted in a £139k adjustment to the Authority's Total Comprehensive Income and Expenditure Statement and Balance Sheet including a £37k increase in the reported surplus on provision of services. A number of changes were also made to the supporting statements and disclosure notes as a results of the adjustments referred to above. Audit adjustments are detailed in Appendix C We have also raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B. Our work is now substantially complete except for following outstanding matters: • outstanding query in respect of the agency liability note • receipt of management representation letter and • review of the final set of financial statements. We have concluded that the other information to be published within the financial statements is consistent with our knowledge of your organisation and the financial statements we have audited The delays and issues outlined above have resulted in additional audit work we will require a variation to the scale fee to be charged to the Authority. This fee variation will also be subject to approval by PSAA.

Headlines

This table summarises the key findings and other matters arising from the statutory audit of West of England Combined Authority ('the Authority') and the preparation of Authority's financial statements for the year ended 31 March 2019 for those charged with governance.

Value for Money arrangements	Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion').	We have completed our risk based review of the Authority's value for money arrangements. We have concluded that West of England Combined Authority has proper arrangements to secure economy, efficiency and effectiveness in its use of resources. **We therefore anticipate issuing an unqualified value for money conclusion, as detailed in Appendix E. Our findings are summarised on pages 15 to 19.**
Statutory duties	The Local Audit and Accountability Act 2014 ('the Act') also requires us to: • report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and • to certify the closure of the audit.	We have not exercised any of our additional statutory powers or duties. We have completed the majority of work under the Code and expect to be able to certify the completion of the audit when we give our audit opinion.

Acknowledgements
We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Summary

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management and will be discussed with the Audit Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Authority's business and is risk based and, in particular, included:

- an evaluation of the Authority's internal controls environment, including its IT systems and controls; and
- substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have not had to alter or change our audit plan, as communicated to you on 21 February 2019.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit Committee meeting on 16 October 2019.

Our proposed draft audit opinion is set out in Appendix E.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality calculations remain the same as reported in our audit plan We detail in the table below our determination of materiality for the Authority.

	Value £	Qualitative factors considered
Materiality for the financial statements	994k	Materiality determined equates to 2% of the Authority's total expenditure.
Performance materiality	696k	This is determined by applying 70% to headline materiality
Trivial matters	49k	This is determined by applying 5% to headline materiality
Materiality for senior officer remuneration	20k	We believe that these disclosures are of specific interest to the reader of the accounts. We consider that using an absolute materiality value is appropriate, rather than applying a % of any other benchmark, because the magnitude of the disclosures does not vary greatly with the size of the organisation or any similar factors.

Significant findings – audit risks

Risks identified in our Audit Plan	Commentary
Improper revenue recognition Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper revenue recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition. Having considered the risk factors sets out in ISA 240 and the nature of the revenue streams at the Authority, we have determined the risk of fraud arising from revenue recognition can be rebutted, because: • There is little incentive to manipulate revenue recognition • Opportunities to manipulate revenue recognition are very limited • The culture and ethical frameworks of combined authorities, including West of England Combined Authority mean that all forms of fraud are seen as unacceptable.	**Auditor commentary** There are no changes to the assessment reported in the audit plan that we do not consider this to be a significant risk for West of England Combined Authority. Our audit work has not identified any issues in respect of revenue recognition.
Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. We therefore identified management override of control, in particular journals, management estimates and transactions outside the main course of business as a significant risk.	**Auditor commentary** **We have:** • gained an understanding of the accounting estimates, critical judgements applied and decisions made by management and consider their reasonableness • evaluated the design effectiveness of management controls over journal entries for appropriateness • obtained a full listing of journal entries, identify and tested unusual journal entries for appropriateness and corroboration • evaluated the rationale for any changes in accounting policies or significant unusual transactions. We set out later in this section of the report our work and findings on key accounting estimates and judgements. Our audit work at the Authority has not identified any issues in respect of management override of control.

Significant findings – audit risks

Risks identified in our Audit Plan	Commentary
Valuation of pension fund net liability The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£2.6 million in the Authority's balance sheet) and the sensitivity of the estimate to changes in key assumptions. We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.	**Auditor commentary** We have: • updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuations; • assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability; • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing additional procedures suggested within the report. This has included: - review of the scope of the actuary's work; - review of the source data provided to the actuary to confirm its validity and completeness - performing checks on accounting policy disclosures in relation to IAS 19 - reviewing the duration of liabilities of the Authority to ensure assumptions used are appropriate to the asset and liability profile of the authority; - reviewing if there are any departures from the actuary's recommended assumptions – one departure noted for duration of liability (weighted average of when future cashflows will be paid), which is a measure of how mature the employer is. The actuary have used an assumption of 26 years which is outside of the normal range identified by our auditor's expert (PWC), however as the majority of WECA pension fund members are active rather than pensioners, they will have a longer duration of liabilities and the assumption seems reasonable. See page 10 for consideration of other assumptions. - performing additional tests in relation to accuracy of contribution figures, benefits paid, and investment returns to gain assurance over roll forward valuation. - obtaining assurance from the auditor of Avon Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. See also detailed review of estimation process in key judgement and estimates section. Our audit work has not identified any issues in respect of valuation of pension fund net liability, see page 8 for consideration of the impact of the McCloud judgment.

Significant findings – audit risks

Risks identified in our Audit Plan	Commentary
Potential impact of the McCloud judgement The Court of Appeal has ruled that there was age discrimination in the judges and firefighters pension schemes where transitional protections were given to scheme members. The Government applied to the Supreme Court for permission to appeal this ruling, but this permission to appeal was unsuccessful. The case will now be remitted back to employment tribunal for remedy. The legal ruling around age discrimination (McCloud - Court of Appeal) has implications not just for pension funds but also for other pension schemes where they have implemented transitional arrangements on changing benefits.	**Auditor commentary** Discussion is ongoing in the sector regarding the potential impact of the ruling on the financial statements of Local Government bodies. The Authority has requested an estimate from its actuary of the potential impact of the McCloud ruling. The actuary's estimate was a possible increase in pension liabilities of £99k and an increase in service costs for the 2019/20 year of £20k. A £35k adjustment will also be made to reflect the actual investment performance in the financial year of the fund (the original IAS 19 calculation was based on an estimate). The Authority has agreed to incorporate the revised actuarial valuation into its 2018-19 financial statements. We have assessed the reasonableness of the adjustment and are satisfied that the approach and assumptions used by the actuary in the calculation of the estimate are reasonable.

Significant findings – key judgements and estimates

Accounting area	Summary of management's policy	Audit Comments	Assessment
Provisions for NNDR appeals- £2.8m	Under the 100% Business Rate Retention Pilot, the Authority are responsible for repaying a proportion of successful rateable value appeals. The NNDR appeals provision is for appeals made to the Valuation Office Agency in respect of NNDR valuations. These estimate of reductions to NDR income are made by officers at the three billing authorities participating in the 100 % Business Rate Retention Pilot. The estimate has been made using Valuation Office Agency data and analysis of successful appeals. The provision has increased by £205k in 2018/19.	• We have agreed the amounts which make up the appeals provision to the NNDR3 return submitted by the three billing authorities • We have undertaken further testing on the reasonableness of these estimates including a review of the utilisation of the provision at the three billing authorities. • Assurance gained that the provision is accurately stated and is adequately disclosed in the financial statements.	● Green

Assessment

- ● We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- ● We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- ● We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- ● We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Significant findings – key judgements and estimates

	Summary of management's policy	Audit Comments	Assessment
Net pension liability – £2.6m	The Authority's net pension liability at 31 March 2019 is £2.6m (PY £1.7m) comprising the Avon Pension Fund Local . The Authority uses Mercer actuary to provide actuarial valuations of the Authority's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in 2016. A roll forward approach is used in intervening periods, which utilises key assumptions such as life expectancy, discount rates, salary growth and investment returns. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £0.9m net actuarial loss during 2018/19.	• We have assessed the Authority's actuary, Mercers, to be competent, capable and objective. • We have performed additional tests in relation to accuracy of contribution figures, benefits paid, and investment returns to gain assurance over the 2018/19 roll forward calculation carried out by the actuary and have no issues to report. • We have used PwC as our auditor expert to assess the actuary and assumptions made by the actuary – see table below for our comparison of actuarial assumptions.	● Green

Assumption	Actuary Value	PwC range	PWC comments	Assessment
Discount rate	2.5%	2.4% to 2.5%	Assumption is reasonable and towards the more optimistic end of expected range.	● Amber
Pension increase rate	2.3%	2.2% to 2.3%	Reasonable	● Green
Salary growth	3.7%	3.1%-4.35%	Reasonable	● Green
Life expectancy – Males currently aged 45 / 65	26.3 / 23.7	24.8 – 26.3 / 22.2 - 23.7	Assumption is based on the CMI 2015 model and allowance is towards the more prudent end of the expected ranges. Overall we are comfortable they are reasonable	● Green
Life expectancy – Females currently aged 45 / 65	29.0 / 26.2	27.9 - 29.0 / 25.0 - 26.4	Assumption is based on the CMI 2015 model and allowance is towards more prudent end of expected ranges. Overall we are comfortable they are reasonable	● Green

Assessment

- ● We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- ● We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- ● We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- ● We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Significant findings – key judgements and estimates (continued)

	Summary of management's policy	Audit Comments	Assessment
Net pension liability – £2.6m (continued)		• We have confirmed the controls and processes over the completeness and accuracy of the underlying information used to determine the estimate. • We have confirmed there were not significant changes to the 2018/19 valuation method. • We conducted an analytical review to confirm reasonableness of the Authority's share of Avon Pension Fund's pension assets. • Our work confirms that the increase in IAS 19 estimate is reasonable. • Disclosure in respect of estimate in the financial statements is reasonable.	● Green

Assessment

- ● We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- ● We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- ● We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- ● We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Going concern

Our responsibility

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570).

Going concern commentary

Management's assessment process	Auditor commentary
Management's assessment concludes that the Combined Authority was established under the West of England Combined Authority Order 2017 and could therefore only be discontinued by Statutory prescription. Even if this were to occur, the statutory services it provides would need to continue to be provided to the local population and the assets would remain in the public domain. The Code is clear that in a similar scenario of Local Government reorganisation, where services are expected to transfer from one authority to another, the presumption that the authority is a going concern is not negated. Management has considered the Combined Authority's medium term financial plans and future cash flows to July 2020 in considering that no material uncertainties need to disclosed.	• Management's view is that the Combined Authority is a going concern with no material uncertainties that would require disclosure. We would concur with this view. • The Chief Finance officer has prepared the going concern assessment.

Work performed	Auditor commentary
We reviewed management's assessment of going concern provided to us, in conjunction with our knowledge and understanding of the Combined Authority.	We did not identify any material uncertainties that would require additional disclosure.
Concluding comments	We did not identify any issues with the Combined Authority's use of the going concern assumption. Management's assessment of the appropriateness of the going concern assumption concluded that the Combined Authority was a going concern with no material uncertainty. We concur with this judgement. Our audit opinion is unmodified in respect of going concern.

Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

	Issue	Commentary
1	**Matters in relation to fraud**	We have previously discussed the risk of fraud with the Chair of the Audit Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
2	**Matters in relation to related parties**	We are not aware of any related parties or related party transactions which have not been disclosed
3	**Matters in relation to laws and regulations**	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
4	**Written representations**	A letter of representation has been requested from the Authority, which is included in the Audit Committee papers.
5	**Confirmation requests from third parties**	We requested from management permission to send confirmation requests to all the Authority's bank and investment counterparties. This permission was granted and the requests were sent. All requests received were returned with positive confirmation, however one request was not received. In substitution of receiving this confirmation alternative procedures have been carried out to confirm this balances. We can conclude that the balance is accurately stated.
6	**Disclosures**	A number of disclosure amendments have been identified and reported within Appendix B.
7	**Audit evidence and explanations/significant difficulties**	As highlighted on page 3. Following regular discussions with officers we agreed to defer the audit until September 2019 when a full set of accounts that management have confidence in together with appropriate supporting documentation, was made available. This enabled us to complete our testing and resolve outstanding queries. We now have a small number of queries outstanding.

Other responsibilities under the Code

	Issue	Commentary
1	**Other information**	We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. No inconsistencies have been identified. We plan to issue an unqualified opinion in this respect – see appendix E.
2	**Matters on which we report by exception**	We are required to report on a number of matters by exception in a numbers of areas: • If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit • If we have applied any of our statutory powers or duties We have nothing to report on these matters
3	**Specified procedures for Whole of Government Accounts**	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. However, we have not undertaken this work at the Combined Authority as it is not required as the Authority does not exceed the threshold.
4	**Certification of the closure of the audit**	We intend to certify the closure of the 2018/19 audit of West of England Combined Authority in the audit opinion, as detailed in Appendix E.

Value for Money

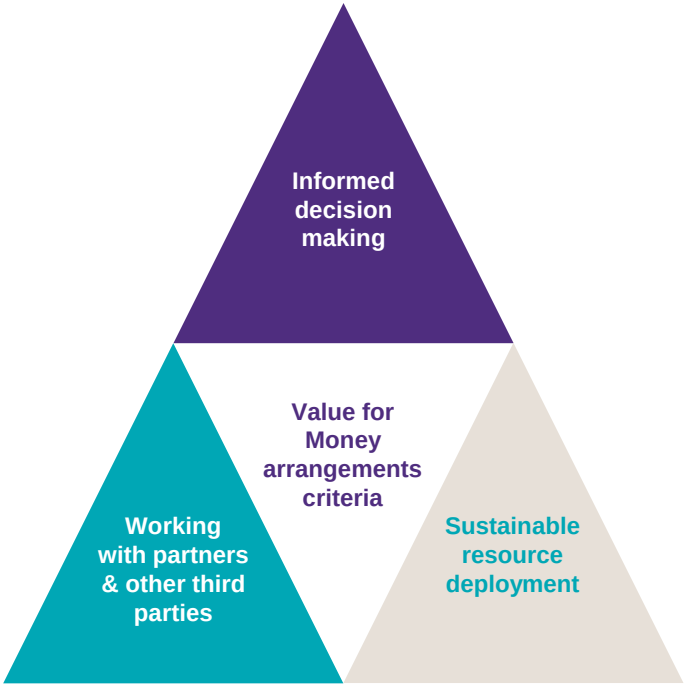
Background to our VFM approach

We are required to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Authority. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in November 2017. AGN 03 identifies one single criterion for auditors to evaluate:

"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."

This is supported by three sub-criteria, as set out opposite:



Risk assessment

We carried out an initial risk assessment in January 2019 and identified a number of significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan dated 8 February 2019.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

We carried out further work only in respect of the significant risks we identified from our initial and ongoing risk assessment. Where our consideration of the significant risks determined that arrangements were not operating effectively, we have used the examples of proper arrangements from AGN 03 to explain the gaps in proper arrangements that we have reported in our VFM conclusion.

Value for Money

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Authority's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Authority's arrangements. In arriving at our conclusion, our main considerations were:

- The development of the 2019/20 medium term financial plan (MTFP) (informed decision making and sustainable resource deployment)
- The progress made by the Authority measuring and monitoring performance (informed decision making)

We have set out more detail on the risks we identified, the results of the work we performed, and the conclusions we drew from this work on pages 17 to 20.

Overall conclusion

Based on the work we performed to address the significant risks, we are satisfied that the Authority had proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The text of our report, which confirms this can be found at Appendix E.

Recommendations for improvement

We discussed findings arising from our work with management and have agreed recommendations for improvement.

Our recommendations and management's response to these can be found in the Action Plan at Appendix A

Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Findings and Conclusion
Medium Term Financial Plan (MTFP) The Combined Authority is an evolving organisation taking on more responsibilities as it becomes more established and new opportunities arise. Consequently there are a number of emerging factors which will have an impact on it's financial sustainability and medium term financial plan. We will review the revised MTFP prepared as part of the 2019/20 budget process to assess the clarity of the information provided and the factors used to inform the assumptions that underpin the strategy	The proposed budget for 2019/20 and MTFP was presented to the West of England Combined Authority Committee in February 2019. This included a four year capital programme of £118 million which includes both approved and proposed capital schemes. The indicative schemes will need to be brought back to the WECA committee for further approval before they can be progressed and enables officers a guide to prioritising resources to work up schemes for future consideration. At the same meeting approval was provided for a prioritisation process to develop an indicative 20 years financial allocation for capital investment. The mayoral budget also included a 5 year medium term forecast for running costs based on reasonable assumptions in respect of pay and inflation. Due to the uncertainty that surrounds the future funding and timing of responsibilities of the Combined Authority, in February 2018 a narrative MTFP was presented to the West of England Combined Authority Committee which detailed key assumptions and known increases in income and expenditure. This summarised the financial considerations for the next three years and included the sustainability of funding, alignment of investment proposals with the strategic plan and the key financial challenges and opportunities. This was not formally updated within the 2019/20 budget papers although financial considerations in terms of known income and expenditure for the medium term and were included along with known risks. The draft 2018/19 financial statements contain a narrative section in relation to WECA's medium term financial outlook highlighting the potential risks which could affect WECA finances over the short and medium term including the end of the 100% business rate retention pilot, housing capacity funding which has been allocated over three years to 2020/21 and £2m of funding which has only been allocated to 2019/20 to provide programme management and delivery capacity specifically within the Combined Authority. Nationally, a reformed system of Local Government Finance, including 75% Business Rates Retention and a review of Fairer Funding, will be introduced in 2020/21. Unless the Combined Authority is included in some way in that system of financing, the direct capital grants from DfT will need to be re-instated. The narrative statement also includes details of WECA's new responsibilities from 2019/20 and the relevant grant allocations for Adult Education and Public Transport policy and delivery across the next two years. Also outlined are details of future investment opportunities to bid for government funding aligned to WECA's priorities, including a £4.5m bid to the European Social Fund (ESF) to establish a Skills Innovation Fund with provisional allocation of £1m in 2019/20 and £3.5m in 2020/21. WECA have developed a four year prioritised Investment Programme to the period 2023, linked to both its Investment Fund and Transforming Cities Fund. Allocations are linked to WECA's strategic objectives and regional priority outcomes and objectives as set out in the WECA operating framework. In June 2019, allocations of Investment Programmes to 2023 total £253m, leaving a balance of £96m still to allocate. A report presented to the July 2019 WECA committee meeting approved the allocation of £350m to progress a significant number of projects to the delivery stage. £20m is also set aside to respond to future opportunities and challenges. **Conclusion** • We recognise that WECA is an evolving organisation meaning that there are a number of emerging factors which will have an impact on it's financial sustainability and medium term financial plan. • Now that plans are being developed to prioritise resources and develop detailed projects, WECA should look to formalise a MTFP which reflects known and agreed projects and associated funding streams once they are confirmed. The plan should remain flexible as new opportunities for projects and funding are identified.

Key findings (continued)

Significant risk	Findings and Conclusion
2 **Measuring and Monitoring Performance** Recognising 2017/18 was the first full year of operation, good progress was made to develop priorities, objectives and tasks from which the performance of the Combined Authority can be measured in future years. The Authority should ensure that it monitors the performance of the Combined Authority through the performance management framework. The performance management framework should ensure that all objectives have measurable metrics, either based on inputs, outputs or outcomes, against which the Authority can measure its impact and effectiveness and be accountable to stakeholders and tax payers.	The Authority has published an Operating Framework and business plan centred around WECA's objectives of: - Driving inclusive growth; - Supporting the region's businesses to grow; - Fostering innovation; and - Investing in infrastructure. The activities that will be performed to achieve the objectives are set out in detail in the Authority's Annual Report. This provides a summary of key projects and activities delivered during 2018/19 and includes a detailed section on each of the activities included in the 2018/19 business plan, outlining progress made against individual projects. It also includes details of the LEP delivery plan focused on specific metrics for LEP-funded activity including Local Growth Fund, Growth Hub and Invest in Bristol and Bath. The LEP delivery plan references relevant indicators for LEP funded activities including businesses supported, jobs created, funding provided and leveraged. The Authority's Business Plan sets out the activities that WECA will deliver over the 2018-2020 period, including plans to bring further investment into transport, infrastructure to enable more homes, businesses and skills to ensure the West of England is at the forefront of growth and innovation. The 2019/20 business plan was agreed by WECA and the Joint Committee in February 2019. Progress in delivering the business plan is reported quarterly to WECA and Joint Committee. A monitoring and evaluation framework has been updated during 2018/19 which was presented to the November 2018 Audit Committee. This sets out WECA's overall approach to monitoring and evaluation. This updated document brings together all of WECA's reporting requirements into one place and to provide a clear structure for reporting focused on three levels: • Delivery of Annual Business Plan. This includes in-year activities that support WECA, the LEP, implementation of the devolution deal and elements of longer term project and programme delivery delivered through the Investment Fund and One Front Door Programme. • Project and Programme delivery, which focuses on schemes funded through the WECA Investment Fund and West of England One Front Door Programme. Evaluation criteria is established for each project/programme, progress is monitored during project and evaluation undertaken once projects are completed. • Longer Term Organisational Impact. Measured through five-year gateway reviews. WECA's fist Gateway Review is due in December 2020. As the Authority's main source of funding, the Investment Fund is the most flexible in terms of timing and availability of both revenue and capital. The process of prioritisation has been more involved and a substantial focus of the fund so far has been on feasibility and business case development work across a number of projects and programmes, it is therefore difficult at this stage to monitor performance through measurable metrics.

Key findings (continued)

Significant risk	Findings and Conclusion
2 **Measuring and Monitoring Performance (continued)**	WECA have recently produced a four year, prioritised investment programme, each approved scheme business case has it's own monitoring and evaluation plans. An economic model has been developed which will enable different types of investment (transport, housing, employment land, and other land use changes) or a programme of investment to be considered on a consistent basis, against the criteria of economic output, as measured by the GVA generated by the investment alongside other 'balancing' social, environmental and geographic metrics. WECA's overall aim of achieving clean economic growth will require longer term measurement which takes into account the impact of key schemes that are yet to be delivered. WECA has commissioned an economic model which is providing a baseline against which to evaluate longer term progress and which can be used to evaluate the economic impact of potential schemes. A baseline has been developed in a number of areas although some are in the process of being identified. It will be important to be able to provide some robust evidence of outputs both to the public and as part of the first government gateway review scheduled to report in December 2020 on the impact achieved by the Investment Fund. Three projects have been identified which will provide the focus for the first gateway review. **Conclusion** Progress has been made during 2018/19 to develop a performance framework and regular performance reporting. The emphasis of the main source of WECA funding has been on feasibility and business case development for various programmes and projects. It is now important that a baseline is formalised and SMART objectives developed against key projects and key metrics against which the Authority can measure its impact and effectiveness and be accountable to stakeholders and taxpayers.

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Authority's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Authority's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D

Audit and Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority. No non-audit services were identified which were charged from the beginning of the financial year to end of July 2019.

Action plan

We have identified four recommendations for the Authority as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2019/20 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

	Assessment	Issue and risk	Recommendations
1	● Red	• Draft accounts that the Authority or accounts preparation team (PWC) had confidence in was not available from the start of the audit and, consequently, the delivery of the audit was deferred by mutual agreement, to September 2019. • This resulted in delays in the progress of the audit.	The 2019/20 account closedown process should be improved to ensure the draft accounts published by 31 May 2020 are complete and have been subject to review by senior officers. The structure of the General Ledger (Chart of Accounts) should be reviewed to enable the accounts to be prepared directly from the general ledger. **Management response** We fully recognise this issue. The substantial growth in transactions within the ledger during 2018/19 has also affected the ability to produce the statement of accounts. As a priority both the close down process and the current chart of accounts and mapping to the ledger will be reviewed to ensure the processes going forward are improved and streamlined.
2	● Amber	• A detailed MTFP has not yet been developed. We recognise that WECA is an evolving organisation meaning that there are a number of emerging factors which will have an impact on its financial sustainability and medium-term financial plan. • Plans have been developed to prioritise resources to 2022/23 and detailed projects are developing.	WECA should look to formalise a MTFP which reflects known and agreed projects and associated funding streams once they are confirmed. The plan should remain flexible as new opportunities for projects and funding are identified. **Management response** The Investment Fund report to the 19 July 2019 WECA committee details a regional investment programme of £350m up to March 2023. Having finalised this, WECA will revise its future funding assumptions and formalise an MTFP as an integral part of setting the 2020/21 budget (at which point we are expecting more clarity/certainty on future revenue streams)

Key

- ● High priority – Significant effect on Authority's control systems or financial environment that requires urgent attention
- ● Medium priority – There is some impact on Authority's control systems or financial environment that requires attention to address in the medium term
- ● Low priority – To move the Authority to best practice

Action plan (continued)

	Assessment	Issue and risk	Recommendations
3	Amber	Progress has been made during 2018/19 to develop a performance framework and regular performance reporting. The emphasis of the main source of WECA funding has been on feasibility and business case development for various programmes and projects this has meant that SMART objectives have not yet been developed.	It is now important that a baseline is formalised and SMART objectives developed for key projects and key metrics against which the Authority can measure its impact and effectiveness and be accountable to stakeholders and taxpayers. **Management response** Each individual project is evaluated and prioritised against defined assessment criteria. Outcomes and metrics are in place at individual project level. In addition, longer term metrics are specified in core strategic documents such as the Local Industrial Strategy. What we now need to develop is SMART objectives and planned outcomes linked to our £350m Investment Programme up to March 2023 – demonstrating the forecasted impact of a combination of projects against each strategic theme. This will be developed by the end of 2019.
4	Amber	The memorandum of understanding which sets out the operation and allocation of risk for the IBB has not been formally updated to reflect the fact that the West of England Combined Authority is now the accountable body. A 'deed of novation of contract' is currently in the process of being drafted by the Authority's legal department.	The novation of contract between the IBB, the Combined Authority, Bristol City Council and Bath and North East Somerset Council should be finalised to reflect the fact the West of England Combined Authority is now the accountable body. **Management response** This is currently with our legal team.

Key

- High priority – Significant effect on Authority's control systems or financial environment that requires urgent attention
- Medium priority – There is some impact on Authority's control systems or financial environment that requires attention to address in the medium term
- Low priority – To move the Authority to best practice

Follow up of prior year recommendations

We identified the following issues in the audit of West of England Combined Authority's 2017/18 financial statements, which resulted in four recommendations being reported in our 2017/18 Audit Findings report. We have followed up on the implementation of our recommendations and note three are still to be completed.

	Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
1	X	Due to the uncertainty that surrounds the future funding and timing of responsibilities of the Combined Authority, a narrative MTFP has been presented to the West of England Combined Authority Committee which details key assumptions and any known increases in income and expenditure for the next three years including a three year capital programme. A more detailed medium term financial should be developed based on current knowledge and existing funding streams – with potential future schemes and funding separately identified once funding streams and responsibilities are agreed.	• A detailed MTFP has not yet been developed. We recognise that WECA is an evolving organisation meaning that there are a number of emerging factors which will have an impact on its financial sustainability and medium-term financial plan. • Now that plans have been developed to prioritise resources to 2022/23 and develop detailed projects, WECA should look to formalise a MTFP which reflects known and agreed projects and associated funding streams once they are confirmed. The plan should remain flexible as new opportunities for projects and funding are identified. See page 18.
2	✓	The risk management framework continues to be developed The risk management framework should become embedded across the Authority.	• Further work has been undertaken during 2018/19 to embed risk management arrangements within the organization. A risk management framework is now in place. • Risk management is embedded both at a strategic and operational levels with a Corporate Risk Register, Directorate Risk Registers are reviewed and updated on a regular basis. • Risk management is an integral part of all activities and is considered as a standing item in all committee reports and decision making. • Risk management is regularly considered and updated at Directorate and Senior Management team meetings.

Assessment
✓ Action completed
X Not yet addressed

Follow up of prior year recommendations

We identified the following issues in the audit of West of England Combined Authority's 2017/18 financial statements, which resulted in four recommendations being reported in our 2017/18 Audit Findings report. We have followed up on the implementation of our recommendations and note three are still to be completed.

	Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
3	In progress	The performance management framework is being developed and whilst some of the Authority's objectives have clear measurable targets and metrics, others have yet to be defined. Work is underway, through a process of consultation with key stakeholders, to develop appropriate measures for each of the objectives The performance management framework should ensure that all objectives have measurable metrics, either based on inputs, outputs or outcomes, against which the Authority can measure its impact and effectiveness and be accountable to stakeholders and tax payers.	Progress has been made during 2018/19 to develop a performance framework including regular performance reporting. It is now important that a baseline is formalised and SMART objectives developed for key projects and key metrics against which the Authority can measure its impact and effectiveness and be accountable to stakeholders and taxpayers. (see p 18-19)
4	In progress	The West of England partnership agreement and memorandums of understanding which set out the operation and allocation of risks for the LEP and IBB should be updated to reflect the fact that the West of England Combined Authority is now the accountable body.	A 'deed of novation of contract' in relation to the IBB is currently in the process of being drafted by the Authority's legal department. See action plan at Appendix A. The West of England partnership agreement has formally novated to the Combined Authority. The accountable body responsibility has been incorporated within the revised Assurance Framework which has been approved via the joint committee.

Assessment
✓ Action completed
X Not yet addressed

Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2019.

	Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
1	Pooled property fund has been misclassified as 'Fair value through Other Comprehensive Income and expenditure' rather than as Fair Value through profit and loss' as required by IFRS 9	141 – Other comprehensive income and expenditure (141)- Financing and Investment Income and expenditure	9,621 – Financial Assets at Fair Value - P&L (9,621) – Financial Assets at Fair Value – Other Comprehensive Income and Expenditure'	0
2	A transfer to earmarked reserves of £388k for election costs has been incorrectly transferred to reserves via the Comprehensive Income and Expenditure Account (CIES) rather than directly from the general fund via the Movement in Reserves statement (MIRS)	(388) Mayoral Fund	388 – General Fund	(388)
3	Accrued interest in respect of short term investments, long term investments and cash equivalents had been incorrectly allocated.	0	(63) - Long term investments (139) - Short term investments 202 - Cash and cash equivalent	0
4	The Authority requested an estimate from its actuary of the potential impact of the McCloud ruling. The actuary's estimate was a possible increase in pension liabilities of £99k and an increase in service costs for the 2019/20 year of £20k. A £35k adjustment will also be made to reflect the actual investment performance in the financial year of the fund (the original IAS 19 calculation was based on an estimate). The Authority has agreed to incorporating the revised actuarial valuation into its 2018-19 financial statements.	99 Cost of services 35 Remeasurement of net defined benefit liability	(134) Pension Liability 134 Pension Reserve	134

Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2019.

	Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Following a review of the draft statement of accounts and re- mapping of trial balance the following adjustments were made to the draft accounts by officers:				
5	Combined Authority Services gross expenditure - review of draft accounts by officers identified errors in the mapping of gross expenditure and income.	(983) - Combined Authority Services Gross Expenditure		(983)
6	Combined Authority Services gross income – review of draft accounts by officers identified errors in the mapping of gross income and grants	1,371 – Combined Authority Services Gross Income		1,371
7	Trade and other debtors – review of draft accounts by officers identified errors in the analysis of debtor and creditor control accounts and accrued interest.		(1,315) - Trade and other debtors	
8	Trade and other creditors – review of draft accounts by officers identified errors in the analysis of debtor and creditor control accounts		(5,639) - Trade and Other Creditors	
9	Agency Creditor – review of draft accounts by officers identified an error in the presentation of income received in advance and the analysis of debtor and creditor control accounts		6,949 – Agency Creditor	
	Overall impact	£3	£139	£134

Audit Adjustments

Impact of unadjusted misstatements

Our audit findings report dated 30 July 2019 reported an unadjusted extrapolated error of £295k in respect of an under accrual of £225k in relation to 5G REFUCS expenditure. We believed that the accrual had excluded material costs that had not been foreseen. Our subsequent testing identified that the accrual had actually been made and we were not made aware of this at the time. The original unadjusted misstatement is therefore no longer valid and has been removed from this updated version of our report.

Audit Adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Detail	Auditor recommendations	Adjusted?
Narrative report	The narrative report did not include any detail in relation to the performance of the Authority. The narrative report should provide balanced performance as well as financial information.	Narrative report expanded to provide detail in relation to the performance of the Authority.	✓
Senior officer remuneration	Note 11 does not disclose the costs of all expected senior officers and Directors.	Expand note 11 to include disclosure in respect of all Senior officers/Directors including details of any secondments.	✓
Movement in Reserves Statement – total column	The Movement in Reserves Statement does not include a total usable reserves and total unusable reserves column as required by the CIPFA code.	Include a total useable and total unusable reserves column within the Movement in reserves statement.	✓
Note 5, Expenditure and income analysed by nature	Expenditure relating to temporary staff, seconded staff and recharges from LEP totalling £844k were incorrectly classified as 'Other Service Expenditure' rather than 'Employee Benefits Expenses' within note 5	Amend note 5 to ensure expenditure analysed by nature is correctly classified across employee benefits and other services expenditure	✓
Note 5, Expenditure and income analysed by nature	We received an updated trial balance on July 19 that included substantial reclassification of amounts disclosed in note 5. Most notable items were a reduction in other service income of £5.587m with majority (£4.724m) being reclassified as 'Local authorities business rates growth and contributions', and £1.54m netting off 'other service expenses' as were expenditure credits and not gross income.	Note 5 income and expenditure be reclassified to reflect updated trial balance	✓
Note 18 and 20	Note 18 and 20 should be disclosed as debtors and creditors rather than trade receivables and trade payables per the CIPFA code.	The final statement of accounts and notes will be amended to reflect classification used within the CIPFA code.	✓
Note 22, Provisions	The note does not provide detail as required by the CIPFA code.	Note 22 should be expanded to disclose; - Increase in existing provisions; - Amounts used in year; and - Unused amounts reversed	✓

Audit Adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Detail	Auditor recommendations	Adjusted?
Note 28, Financial Instrument	The interest income disclosed are incorrectly split between investment assets and cash and cash equivalent.	Note 28 should be updated to reflect the misclassification of investment income in relation to investment assets and cash and cash equivalent.	✓
Critical Judgements	Grants and contributions are accounted for on an accruals basis and recognised immediately in the Comprehensive Income and Expenditure Statement, except to the extent that the grant or contribution has a condition that the Combined Authority has not satisfied. The critical judgements note does not include details of the judgement made by the Authority in relation to the recognition of Investment fund income (Gainshare – revenue and capital). .	The critical judgement note should be expanded to disclose the basis for determining when to recognise Investment Fund (Gainshare) income.	✓
Various	There were a number of other minor presentational adjustments made to improve the quality of disclosure in the accounts.	Presentational adjustment identified should be corrected in the final version of the statement of accounts.	✓
Note 28, Financial Instruments	Disclosure in relation to the fair value hierarchy of financial assets was not included in the draft statement	The revised statements (note 28) include narrative in relation to the fair value hierarchy of financial instruments.	✓
Financial assets at Fair Value through Income and Expenditure (Balance Sheet and Note 28, Financial Instruments)	The draft accounts did not classify the Authority's investment in the CCLA Property Fund and Money Market Funds as 'Fair Value through Income and Expenditure'	The revised statements disclose the Authority's investments in the CCLA Property Fund as 'Fair Value through Income and Expenditure'	✓
Note 26 (Defined benefit pension scheme) and Note 28 (Financial Instruments)	Note 26 did not include a sensitivity analysis of the potential impact of changes in key actuarial assumptions Note 28 did not include a sensitivity analysis of the potential impact of changes in property price movement and interest rate changes on both investment income and fair value.	A sensitivity analysis has been included in both note 26 and note 28 of the final version of the financial statement.	✓

Audit Adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Detail	Auditor recommendations	Adjusted?
Changes to various notes following adjustments made within the CIES and Balance Sheet	Following a review of the draft statement of accounts and re-mapping of trial balance adjustments were made to the draft accounts by officers for the following statements and notes Movement in Reserves Statement Cash flow statement Expenditure and Funding Analysis and supporting notes Note 5 Income and Expenditure analysed by nature Note 6, Combined Authority Services Agency Creditor (note 21) Financial Instruments (note 28)	The revised notes have been reviewed as part of our audit testing and have been correctly restated.	✓
Contingent Liability	Details of a contingent liability were disclosed in the draft accounts but no monetary amounts were disclosed.	Disclosures in respect of contingent liabilities are only required to be disclosed if amounts involved are expected to be material to the accounts. We are satisfied that amounts could not be material and therefore agreed with officers that narrative could be removed.	✓
Note 32, Post Balance Sheet Events	A post balance sheet event note should be Included within the final version of the statement of accounts to reflect the impact of the McCloud ruling.	The revised accounts include a post balance sheet event note in respect of the impact of the McCloud ruling	✓
Glossary	The statement of accounts incudes a large number of technical terms.	We agreed with officers that the final statement of accounts should include a glossary of technical terms and acronyms.	✓

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Fees

We confirm below our fees charged for the audit. We have discussed and agreed with officers the nature and extent of additional work that has been required to complete the audit due to delays in receiving the draft accounts and additional testing arising from the issues we identified. The proposed additional fees are set out below and are subject to approval by PSAA Ltd.

Audit Fees

	Prior Year (2017/18) Fee	Planned (2018/19) Fee	Final (2018/19) Fee
Authority Audit – scale fee	24,200	18,634	18,634
Pensions – IAS 19 The financial reporting Council has highlighted that the quality of work by audit firms in respect of IAS 19 needs to improve across local government audits. Accordingly, we have increased the level of scope and covering in respect of IAS 19 this year.			1,500
Additional fees due to delayed information The scale fee is based on the assumption that a full statement of accounts is available together with appropriate supporting schedules at the commencement of the audit. As identified earlier in this report, this has not been the case for the Authority in 2019-20 and additional audit work has been undertaken to progress the audit within a reasonable timescale and ensure that sufficient evidence has been gained to provide assurance over the accuracy of the figures within the financial statements. This work is above and beyond the expectations set out within the Audit Fee Letter. Consequently, additional audit fees will be levied in respect of this additional work. This has been discussed and agreed with officers. The additional fee is subject to approval by PSAA Ltd.			17,000
Total audit fees (excluding VAT)	**24,200**	**£18,634**	**£37,134**

Non Audit Fees

No non-audit or audited related services have been undertaken for the Authority.

Audit opinion

We anticipate we will provide the Authority with an unmodified audit report

Independent auditor's report to the members of West of England Combined Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of West of England Combined Authority (the 'Authority') for the year ended 31 March 2019 which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2019 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director of Investment and Corporate Services and Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director of Investment and Corporate Services and Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Audit opinion

Other information

The Director of Investment and Corporate Services and Chief Finance Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, the Narrative Report, and the Annual Governance Statement, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the Authority obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, the Narrative Report, and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Audit opinion

Responsibilities of the Authority, the Director of Investment and Corporate Services and Chief Finance Officer and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities set out on page 13 the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Investment and Corporate Services and Chief Finance Officer. The Director of Investment and Corporate Services and Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19, for being satisfied that they give a true and fair view, and for such internal control as the Director of Investment and Corporate Services and Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Investment and Corporate Services and Chief Finance Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Audit Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Audit opinion

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of the West of England Combined Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

[Signature to be added}

Barrie Morris, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

[Date to be added]

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West of England Combined Authority (WECA)

UNAUDITED

Statement of Accounts

For the year ended 31st March 2019

West of England Combined Authority (WECA)

Contents

	Page(s)
Narrative Report	1 – 14
Statement of Responsibilities	15 - 16
Annual Governance Statement	17 - 30
Independent Auditors' Report	31 - 33
Comprehensive Income and Expenditure Statement	34
Movement in Reserves Statement	35
Balance Sheet	36 - 37
Cash Flow Statement	38 - 39
Notes to the Financial Statements	40 - 94
Appendix I - Glossary of Financial Terms	Appendix I

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West of England Combined Authority (WECA)

Narrative Report

These financial statements provide the reader with a view of West of England Combined Authority's (WECA) financial performance and its effectiveness in its use of resources during 2018/19. They are a key element in demonstrating how the Authority has delivered economy, efficiency and effectiveness in its use of resources, as well as ensuring that key stakeholders understand the financial position of the Authority.

The Narrative Report provides an outline of the activities for the year, providing both a guide to the WECA's financial statements and to its achievements in delivering inclusive economic growth through transport, skills and economic development in its second full year of operation.

Organisational overview and external environment

The West of England Combined Authority was formed in 2017, to champion the region and drive clean and inclusive economic growth. Our ambitious councils – Bath and North East Somerset, Bristol and South Gloucestershire – came together to push for devolution because they could see the value in this new way of doing things, looking beyond council boundaries to benefit all of us who live and work in the region.

The West of England is one of the UK's most prosperous regions with an economy worth over £33.2 billion a year. A net contributor to the national purse, with a population of over 1 million and over 43,000 businesses, our region competes on a global scale. Our business plan for 2019-2020 clearly sets out our aspirations for the West of England region with the activities within the business plan aiming to ensure that people benefit from more job opportunities, a stronger economy and a high quality of life.

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Political leadership of the WECA comes from the Mayor and the leaders of the three constituent authorities. Their policies are implemented by the leadership team, comprising the Chief Executive and three Directors, supported by officers. The WECA also provides support to the activities of the West of England Local Enterprise Partnership (LEP), (including North Somerset Council), and also employs the Invest in Bristol and Bath (IBB) Inward Investment team. The LEP is the business and university voice into WECA and works with us to deliver our ambitions; it also secures significant funding from government.

The WECA employed 84 (2017: 41) people including LEP and IBB staff as at 31 March 2019, as well as several staff being seconded from the constituent councils.

As a result of devolution, significant powers and funding have been transferred to our region through WECA and the West of England Mayor. These new powers mean we can take positive action here in the region to address our challenges. We are making decisions about those important things that affect our residents every day – transport, homes, jobs and skills, decisions previously made by central Government.

We have ambitious plans and there are many opportunities in our region, ranging from local to global in scale. To ensure success, we have to work at a regional level. By working together, we can achieve so much more. Our long-term Investment Strategy proposes to invest £580 million over the next 20 years to support clean and inclusive economic growth across the region.

Since we were established, and Regional Mayor Tim Bowles was elected in 2017, we have secured over £180 million in extra funding from government to invest in our region; this is in addition to the £1 billion over 30 years agreed in the devolution deal.

West of England Combined Authority (WECA)

Narrative Report

Aims, Objectives and Achievements

The WECA is organised under the following Departments:

- Infrastructure – delivering our ambitions around housing, planning and transport.
- Business and Skills – attracting inward investment, supporting businesses and developing an ambitious skills agenda.
- Chief Executive's Office - policy and strategy, legal, democratic services and communications.
- Investment and Corporate Services – finance, human resources, investment, ICT, property and procurement.

Its objectives are centred around the following three core themes:

1. Infrastructure

We need joined-up and reliable transport, to reduce congestion and help people move around the region. This includes suburban rail services, road schemes and improved public transport, as well as better connections for motorbikes, cyclists and pedestrians. This will support the delivery of new homes, as set out in the Joint Spatial Plan (JSP). Better, more affordable and resilient transport will also support inclusive growth by improving access to jobs and linking new homes and communities with employment areas.

We will continue to work closely with Government to develop an ambitious Housing Deal, to secure extra investment to accelerate the delivery of new homes, including affordable homes, particularly over the early years of the JSP.

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Activities are aligned with five objectives:

1. Better links to reduce congestion and connect people
2. Improve national and international connections
3. Enabling the required housing growth in the region promoting affordability and an appropriate housing mix
4. Employment spaces to meet the needs of all businesses
5. World-leading digital connections across the region

2. Business Growth

We are an economically successful region and one where businesses start, grow and thrive in high numbers. We have a good business support system in place – but there is more we can do to support and promote an innovative and inclusive economy. We want to find better ways to work with existing businesses to achieve their potential as well as attracting more businesses to our region. We need to build on our strengths, supporting our key sectors including aerospace, creative and digital, and professional services. We also need to build on the diversity and collaboration between sectors and communities that makes us unique. Increasing productivity and exports are key areas of focus, along with continuing to find new ways to support innovation and promote inclusivity, which is at the heart of so much of our success.

Activities are aligned with four objectives:

1 Helping businesses to start-up, grow and flourish, nurturing inclusive growth
2 Supporting businesses to make the most of export opportunities
3 Supporting an innovative economy
4 Protecting and promoting our region's culture

West of England Combined Authority (WECA)

Narrative Report

3. Skills

We have high employment and a skilled workforce in the region, but there is more to be done to address regional inequalities and generate prosperity for all. We need to continue work to better align workforce skills with the skills that business in our region need, not only now, but for the future. We must also take advantage of the opportunities that joint working presents, through better planning of the education, employment and skills system – for example, ensuring greater access to a range of skills development opportunities to support an inclusive economy. We will also begin to take advantage of the benefits of devolution as we move closer to taking control of the Adult Education Budget for the WECA area. This will help address core skills required for a productive workforce, enabling us to direct resources in a way that best meet the needs of all learners and our economy.

Activities are aligned with three objectives:

1 Improving skills and knowledge supply to meet existing and future demands
2 A joined-up education, employment and skills system that meets the region's business needs
3 Provide residents with support, information, advice and guidance to unlock their career potential

These key objectives, and the activities that will be performed to achieve them, are set out in detail in the Authority's Annual Report, which is published on the WECA's website.

Performance Management

The Combined Authority has published an Operating Framework, as part of its Business Planning process, which summarises the high-level vision and objectives demonstrating what we are setting out to achieve through structured long term interventions:

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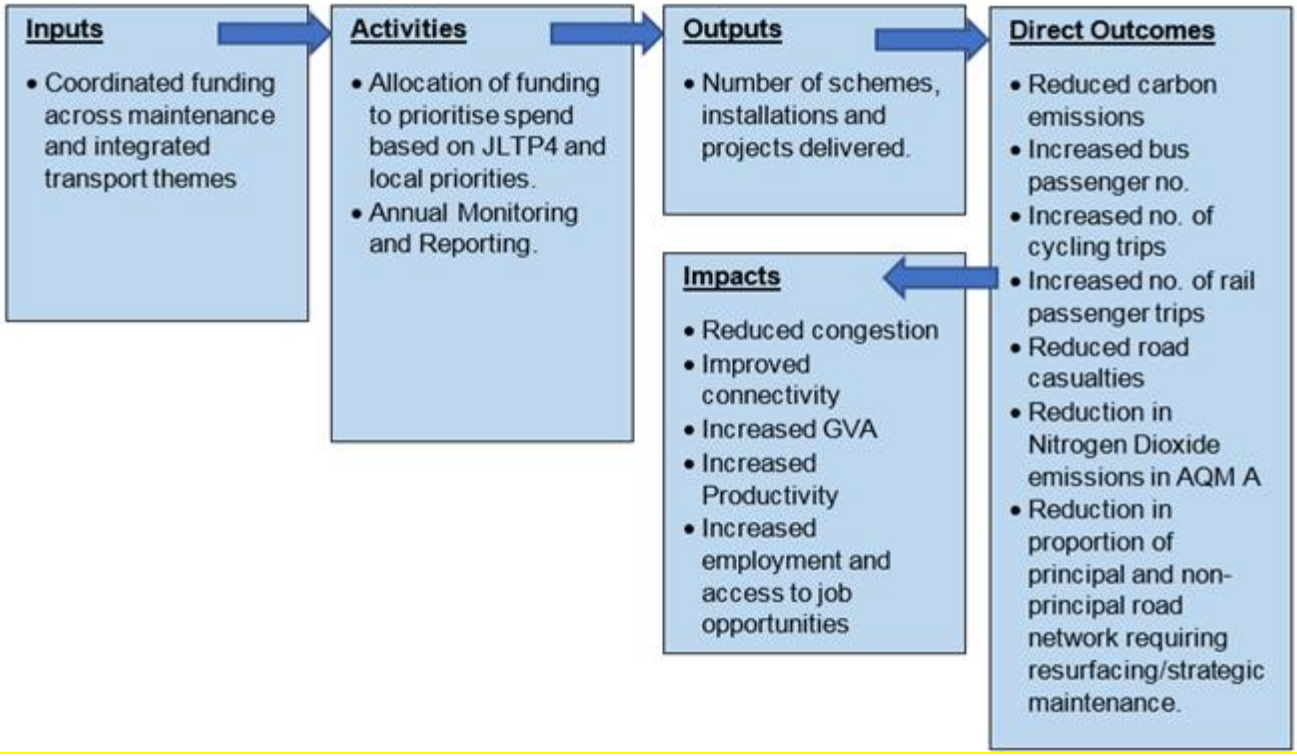
Supporting this framework we have developed, and published, clear criteria to determine how individual projects will be prioritised for investment. Whereas GVA and growth feature strongly within this criteria, there are a number of other scoring elements that reflect and align to the core strategic documents of:

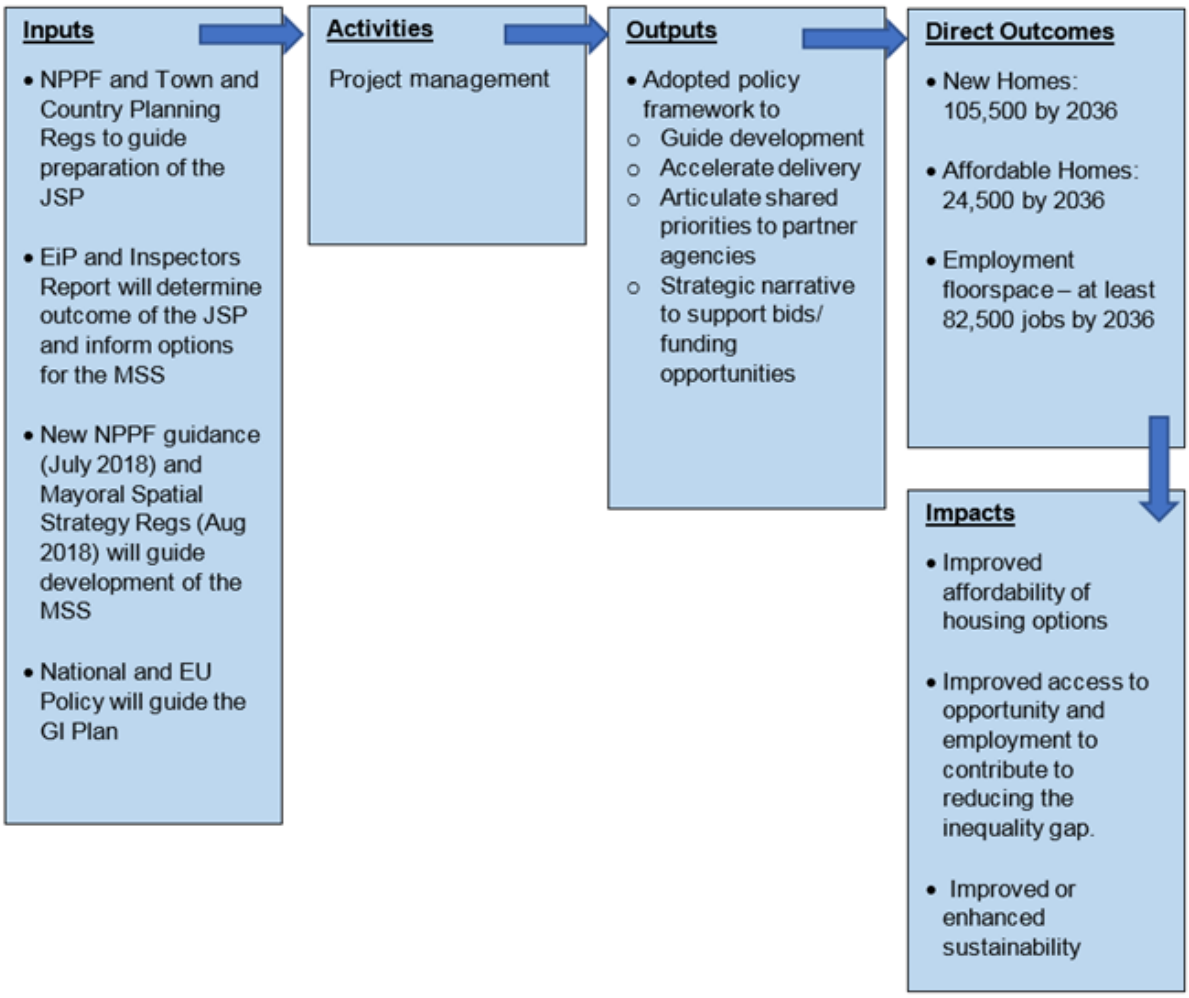
- Joint Spatial Plan;
- Joint Local Transport Plan;
- Local Industrial Strategy;
- Skills Plan;
- Energy Strategy

We have a published Monitoring and Evaluation Framework, within which we have applied a 'logic model' approach for determining what we are aiming to achieve, under each objective, alongside desired outcomes and impacts. A couple of examples with regard to core areas of transport and housing are as follows:

Logic model example - Transport:



Logic model example - Housing



Having set a framework for a 20 year financial investment plan within our Capital Strategy, (approved in February 2019), we are now in the process of determining a prioritised four year investment programme up to March 2023. A range of intervention projects have been collated under each strategic theme which will help deliver progress against our long-term ambitions for the region. However, the authority is at a relatively early stage of developing a performance management framework underpinned by targets and performance measures which are currently at various stages across the different core work streams.

To date, much of the Combined Authority's effort and spend has focused on determining relevant strategy with corresponding feasibility studies. Detailed performance management arrangements, with supporting metrics, will evolve from this work over the coming months.

West of England Combined Authority (WECA)

Narrative Report

Financial Performance

The following paragraphs provide a brief overview of the financial position of the WECA in terms of WECA's management accounting framework rather than the statutory accounting framework, to aid in understanding the statutory financial statements.

Under the Order establishing the Combined Authority, WECA must maintain a separate fund to record the expenditure of the Mayor's Office, including the annual running costs of his immediate support staff, the costs of the Mayoral elections and grant expenditure which is incurred under the Mayor's powers of determination.

- **Mayoral Fund**

  After requested carry forwards for Joint Spatial Plan Scheme development (£193k) and Transport and Skills Feasibility Studies (£1.363m), which will be completed in 2019/20, the Mayoral Fund's outturn revenue position for the 2018/19 financial year returned a balanced budget (2017/18: £131k underspent).

Mayoral Fund April to March 2018/19				
	£000s			
	Original Budget	Revised Budget	Outturn	*Variance*
EXPENDITURE				
Staff	**155**	**155**	**159**	***-4***
Supplies & Services				
Expenses	15	15	17	*-2*
Election costs	388	388	388	*0*
Support Services	19	19	17	*2*
Property costs	20	20	17	*3*
Joint Spatial Plan Scheme Development	400	892	699	*193*
Transport Feasibility Studies	2,375	2,927	1,564	*1,363*
Capital RCCOs				
Transport Grants	5,183	5,183	5,183	*0*
Highways Maintenance Grants	10,254	10,254	10,254	*0*
Highways Incentive Grants	2,135	2,135	2,135	*0*
Total Supplies & Services	**20,789**	**21,833**	**20,274**	**1,559**
Total Expenditure	**20,944**	**21,988**	**20,433**	***1,555***
INCOME				
Business Rates Retention Income	17,572	17,572	17,572	*0*
Funding from WECA	3,372	4,416	2,861	*1,555*
Total Income	**20,944**	**21,988**	**20,433**	***1,555***
NET TOTAL - Under /(Over) Spent	**0**	**0**	**0**	***0***

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WECA Fund Revenue Budget

A net outturn of a £976k (2017/18: £1.733m) surplus was achieved at out-turn. This was primarily due to:

- A significant increase of £610k in the investment returns on the Authority's cash and longer-term investment holdings;

- The performance of Business Rates income was better than forecast, mainly due to higher Section 31 Grant compensation than predicted at the start of the year by the Billing Authorities. As a result, no drawdown of funds from the Business Rate Retention reserve was required in 2018/19. The holding of the Business Rates Reserve was revised based on in-year performance as it was considered unnecessary to retain the reserve at such a high level;

- A one-off Section 31 Grant of £429k was confirmed by MHCLG in March 2019 to compensate the Authority for irrecoverable VAT costs that it incurred for transactions prior to 15 March 2018. As £203k related to irrecoverable costs that were incurred and already absorbed in 2017/18, this additional funding contributed £429k to the surplus in 2018/19;

- A net underspend of £135k occurred on the Integrated Transport functions that are funded by a Levy on the Constituent Councils. This outturn is entirely attributable to B&NES after BCC and SGC agreed to settle their respective deficit positions, for services within their areas, in-year for 2018/19. The surplus position for B&NES will be offset by a reduction to their 2019/20 Levy.

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West of England Combined Authority (WECA)

Narrative Report

WECA Fund April to March 2018/19				
	£000s			
	Original Budget	Revised Budget	Outturn	*Variance*
EXPENDITURE				
Staff	**1,395**	**1,395**	**1,455**	***-60***
Supplies & Services				
Expenses	55	55	454	*-399*
Support Services	128	128	98	*30*
Property costs	136	136	95	*41*
Project spend	235	1,664	991	*673*
Implementation & set up costs	90	90	149	*-59*
Concessionary fares	12,378	12,378	12,795	*-417*
Community transport	1,690	1,690	1,691	*-1*
RTI costs	602	602	376	*226*
Mayoral Capacity Fund	1,000	1,000	449	*551*
Housing Delivery Capacity Fund	900	900	226	*674*
Futurebright	2,333	2,333	1,105	*1,228*
WECA contribution to Mayoral Fund	3,372	3,372	2,861	*511*
Transfers to Reserves	0	0	2,591	*-2,591*
Total Supplies & Services	**22,919**	**24,348**	**23,881**	**467**
Total Expenditure	**24,314**	**25,743**	**25,336**	***407***
INCOME				
Levy from CA's for WECA Transport functions	14,670	14,670	13,006	*-1,664*
Net Business Rates Retention Income	1,105	1,105	1,050	*-55*
Investment Fund - Revenue Contribution	3,447	3,447	2,861	*-586*
Interest on Balances	520	520	1,130	*610*
Grant Income	4,233	4,233	7,038	*2,805*
WECA Reserves	310	310	710	*400*
Other Income	29	29	517	*488*
Total Income	**24,314**	**24,314**	**26,312**	***1,998***
NET TOTAL - Under /(Over) Spent	**0**	**-1,429**	**976**	***2,405***

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Financial Reserves

Upon formation, there were no general or earmarked reserves or balances allocated to WECA from the constituent councils. Therefore, in April 2018, the WECA Committee agreed to establish appropriate risk assessed levels of reserves.

A Business Rate Retention Reserve of £715k was created as part of the 2017/18 closure of accounts alongside a General Fund Reserve of £312k. At that time, it was envisaged that volatility in the delivery of business rates growth was a material risk. However, actual growth delivery, as at the end of 2018/19 was stronger than anticipated resulting in a reduction in this reserve to £500k following the end of year review.

The £976k surplus achieved in 2018/19 was transferred to the following reserves;

	£000
Integrated Transport Authority earmarked reserve	135
Adult Education Budget (AEB) Implementation	80
ICT development reserve	200
Future Mobility Zones	100
General Fund	461

- The ITA earmarked reserve to be set aside to hold the £135k B&NES concessionary fares underspend, pending the adjustment of the subsequent financial year's Levy calculations;
- AEB Implementation reserve is to provide funding in line with the phasing of expenditure on the AEB programme team prior to the service commencing in August 2019;
- ICT development reserve reflects the transitional costs of moving to a new ICT provider in 2018/19;
- Transforming Cities Fund: £100k has been set aside as development costs to submit a bid for government funding in relation to Future Mobility Zones;
- The remaining surplus available has been transferred to General Fund Reserves to mitigate the volatility on expenditure/income streams and potential future impacts of IFRS9 on Pooled Investments.

In addition, £215k has been transferred from the Business Rate Retention reserve to the General Fund Reserve at year end bringing the balance of this reserve up to £989k.

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WECA Fund April to March 2018/19

Capital

Underspends on the Scheme Prioritisation, (Monitoring and Evaluation Framework), Real Time Information capital expenditure and Transport Scheme Business Case development will be carried forward to the new Financial Year, when the programmes are due to be completed.

In 2018/19, the region hosted an £8.2m 5G Smart Tourism project to provide valuable insights into how new technology could revolutionise the way we all live, work and move around the region.

Led by the West of England Combined Authority and part-funded by the Department for Digital, Culture, Media & Sport, it brought together 19 organisations and oversaw the creation of a testbed to demonstrate 5G capability, establishing the West of England as a world-leader in the development of advanced fixed and mobile communication systems.

Officers are in discussion with DCMS regarding the continuation of the 5G Smart Tourism programme into 2019/20, to fully capture and maximise the benefits of the project to date.

The Highways and Transport Grants and Pothole Action Fund were fully distributed to constituent authorities in line with budgets.

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WECA and Mayoral Capital Programme 2018/19

	Budget £'000	Outturn £'000	Variance £'000
WECA Capital			
Scheme Prioritisation (Monitoring and Evaluation Framework)	285	0	285
Transport Scheme Business Case Development (WECA Oct 17)	2,280	1,774	506
Real Time Information (WECA Oct 2018)	504	465	39
	3,069	**2,239**	**830**
WECA Capital – other			
5G Smart Tourism	5,000	4,125	875
IT and Building Alterations	50	105	(55)
	5,050	**4,230**	**820**
Mayoral Capital			
Highways and Transport Grants	17,572	17,572	0
Pothole Action Fund Grant	1,241	1,241	0
	18,813	**18,813**	**0**
Grand total	**26,932**	**25,282**	**1,650**

Risk Management

The Authority approves two key documents before the start of each financial year:

- a Capital Strategy – including a 4-year capital programme, Treasury Management and Investment Strategies, prioritising bids for capital investment and funding and setting out investment policy, risks and expected returns;

- an annual Revenue Budget (incorporating medium term forecasts and proposed mitigations).

These are continually updated, with the annual capital and revenue budgets formally reviewed by Committee on a quarterly basis.

WECA has put in place an effective system of internal control designed to identify and manage risks to a reasonable level. A risk based Internal Audit Plan is considered by Senior Officers and approved through the audit committee. Grant Thornton are the external auditors for WECA who maintain an independent view on the strength of our financial governance and delivery of value for money.

Further improvements have been made to governance arrangements in 2018/19 with the development of a Fraud and Corruption Strategy and Anti-Money Laundering Strategy.

Risk management is embedded both at strategic and operational levels with a Corporate Risk Register and Directorate Risk Registers reviewed and updated on a regular basis.

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Medium Term Financial Outlook

There are a number of significant issues which could materially affect WECA finances over the short to medium term including:

Income volatility and risk

- The 100% Business Rates Retention Pilot began in 2017/18 and WECA continues to participate in 2018/19 which is of financial benefit to the Authority. A proportion of Business Rates (5%) collected by the constituent councils is allocated to WECA. The majority of this (£17.572m) is allocated to the Mayoral Budget to replace the grant funding which would previously have been payable by the Department for Transport (DfT). A relative proportion of business rates growth (previously paid to central government) is retained by each of the participating WoE councils including WECA. For 2019/20 this is estimated at £1.212m for WECA. The sustainability of this funding will need to be reviewed as the government moves to a national 75% business rates retention system from 2020;

- The Government announced the provision of £2m of funding (over two years to 2019/20) for each Mayoral Combined Authority, to provide further programme management and delivery capacity specifically within the Combined Authority. The short-term nature, and uncertainty, of this funding is a risk for WECA in terms of revenue funding for core capacity;

- £3m of Housing capacity funding (over three years to 2020/21) has been allocated to fund the creation of a WoE Strategic Housing delivery unit. A further £500k drawdown against the Investment Fund has been approved to continue momentum on the strategic planning and design in support of the region's Housing Infrastructure Fund (HIF) bid which could amount to further investment into the region of circa £250m;

- Without any separately identified revenue funding source, WECA is wholly reliant upon the above three income streams – two of which have no certainty beyond 2019/20, with the other expiring in 2020/21. Medium term sustainability of funding is crucial to enable WECA to deliver on its medium to long term aspirations for the region.

New Responsibilities

- WECA will take on responsibility for the 19+ Adult Education Budget, which will be devolved from academic year 2019/20 (with effect from 1 August 2019). As such, WECA will then be responsible for allocations to providers and the outcomes to be achieved, consistent with statutory entitlements. This will enable us to target funding in the right way for our region, helping residents reach their potential and ensuring our businesses can find employees with the right skills. This is a new area of responsibility and appropriate transitional and preparatory work has been undertaken. The amount of grant allocated from August 2019 to 31 March 2020 is £9.2m and from 1 April 2020 to 31 July 2020 £5.5m;

- WECA have been granted additional powers to shape public transport policy and delivery across the region. This will include developing policies for the promotion and encouragement of safe, integrated, efficient and economic transport which will significantly improve outcomes. £500k is drawdown against the Investment Fund for 2019/20 with a further £500k in 2020/21 to create this strategic capacity.

Investment Opportunities

- In November 2018, the West of England Combined Authority agreed to establish a Love our High Streets fund of up to £10m via a drawdown against the Investment Fund to support high streets across the region. Pilot schemes in Midsomer Norton, Bath city centre, Twerton, Bedminster and Kingswood will explore new ways of making high streets fit for the future, including increasing footfall, attracting new uses and improving local facilities. Government has announced criteria, and an outline process, to bid against a national High Streets funding pot of circa £675m. WECA approved projects will align to emerging government criteria in order to maximise our opportunity to attract significant match funding;

- A provisional allocation of £4.5m (£1m in 2019/20 and £3.5m in 2020/21) was agreed by the WECA committee in September 2018 to support a bid to the European Social Fund (ESF) to establish a Skills innovation Fund. This fund will support small and medium sized businesses to improve their skills and workforce planning processes, and to enable quality engagement between businesses and skills providers. The funding from the Investment Fund (revenue) is subject to full business case approval should the ESF bid be successful;

- In December 2018, the Department for Digital, Culture, Media and Sport announced that the West of England would receive £1.35m as part of its Creative Scale-Up Programme. The two-year programme will enable creative businesses in the region to grow by improving access to expert knowledge and experience as well as supporting businesses through training and advice on securing investment;

  The Government have awarded £103m to the WoE city region over five years to 2022/23 from the Transforming Cities Fund, to invest in public sustainable transport, helping to reduce congestion and improve air quality.

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West of England Combined Authority (WECA)

Narrative Report

Statement of Accounts 2018/19

The Statement of Accounts which follows set out the Authority's income and expenditure for the year and its financial position as at 31 March 2019. It is prepared on a single entity basis in accordance with the requirements of the Accounts and Audit Regulations 2015. The format and content of the statements is prescribed by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code). This is based on International Financial Reporting Standards (IFRSs) adapted for use in a local government sector context.

The Statement of Accounts comprises:

- **Comprehensive Income and Expenditure Statement:**

  This statement shows the accounting cost of providing services in the year, according to the Code. An adjustment is required to be made between the accounting basis and the funding basis due to the different accounting treatments for capital grants and pension costs, further details of which are shown in the Movement in Reserves Statement.

- **Movement in Reserves Statement:**

  This statement shows the movement of the different reserves in the year. These are analysed between 'usable reserves' (those that can be applied to fund expenditure) and 'unusable reserves' (those allocated for specific statutory responsibilities).

- **Balance Sheet:**

  The Balance Sheet shows the value of the assets and liabilities of WECA. The net assets (assets less liabilities) are matched by the reserves held.

- **Cash Flow Statement:**

  The Cash Flow Statement shows the changes in cash and cash equivalents during the year. The statement shows how the Combined Authority generates and uses cash and cash equivalents by classifying the cash flows as operating, investing and financing activities.

- **Statement of Accounting Policies:**

  Sets out the accounting policies that have been followed in preparing the financial statements and how Code requirements have been met in practice.

- **Disclosure Notes:**

  These provide more detail about individual transactions and balances.

Governance

Since the Mayor was elected in May 2017, he has begun to shape the priorities of the WECA. A new leadership team has also been appointed and work has continued to strengthen and improve governance arrangements.

Further details are set out in the Annual Governance Statement that can be found on pages 17 to 30; a formal statement that covers all significant corporate systems, processes and controls, spanning the whole range of its activities. It is approved by the Audit and Accounts Committee and signed by the Authority's Chief Executive and the Mayor.

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West of England Combined Authority (WECA)

Narrative Report

Auditors

Grant Thornton (UK) LLP are the auditors of the WECA for 2018/19. Their appointment was made under the Local Audit and Accountability Act 2014 through Public Sector Audit Appointments.

On behalf of the Combined Authority

Malcolm Coe
Director of Investment & Corporate Services
Date: 31st May 2019

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West of England Combined Authority (WECA)

Statement of Responsibilities

1. The Authority's Responsibilities

The Authority is required to:

(i) Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. These responsibilities are discharged through the role of the Chief Finance Officer (CFO) which during 2018/19 was Tim Richens until October 2018 and Malcolm Coe since October 2018, both in the role of Director of Investment and Corporate Services

(ii) Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

(iii) Approve the Statement of Accounts.

2. The CFO's Responsibilities

The CFO is responsible for the preparation of the Combined Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the CFO has:

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Local Authority Code.

The CFO has also:

- Kept proper accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

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3. Certification of the financial statements

I certify that this Statement of Accounts gives a true and fair view of the financial position of the West of England Combined Authority at the reporting date and of its income and expenditure for the period ended 31 March 2019.

Malcolm Coe
Director of Investment and Corporate Services and Chief Finance Officer
Date:

West of England Combined Authority (WECA)

Statement of Responsibilities

4. Approval of the financial statements

I certify that this Statement of Accounts for the period ended 31 March 2019 was approved by a resolution of the WECA Audit Committee at its meeting on [O/S].

Councillor Geoff Gollop

Chair, West of England Combined Authority Audit Committee
Date:

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WEST OF ENGLAND COMBINED AUTHORITY

2018/19

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Annual Governance Statement

West of England Combined Authority (WECA)

Annual Governance Statement

1. Scope of Responsibility

1.1 The West of England Combined Authority (WECA) commenced operations in February 2017. During its first year it successfully established appropriate arrangements and governance mechanisms to ensure that business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

1.2 In discharging this overall responsibility, WECA is responsible for putting in place proper arrangements for the governance of its affairs, which includes ensuring a sound system of internal control and effective arrangements for the management of risk.

1.3 WECA has adopted a Local Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* within its constitution and is updating this during 2019 to ensure it reflects latest best practice.

1.4 This Statement sets out how WECA has complied with the Local Code of Corporate Governance and also meets the requirements of:

- The Accounts and Audit (England) Regulations 2015, specifically Regulation 6 (1) in respect of the annual review of the effectiveness of its system of internal control and preparation and publication of an Annual Governance Statement.

1.5 The governance framework described in this Statement has been developed since WECA's inception in February 2017 up to the year ended 31 March 2019, covering up to the date of the approval of the Statement of Accounts.

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2. The Purpose of the Governance Framework

2.1 Good governance enables WECA to effectively achieve its intended outcomes, whilst acting in the public interest at all times. The following diagram illustrates how good governance is integral to supporting the delivery of the organisation's priorities.

2.2 WECA recognises that establishing and maintaining a culture of good governance is as important as putting in place a framework of policies and procedures. WECA expects members and officers to uphold the highest standards of conduct and behaviour and to act with openness, integrity and accountability in carrying out their duties.

2.3 WECA is committed to seven core principles of good governance which are as follows –

- **Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law**
- **Ensuring openness and comprehensive stakeholder engagement**
- **Defining outcomes in terms of sustainable, economic, social and environmental benefits**
- **Determining the interventions necessary to optimise the achievement of the intended outcomes**
- **Developing the entity's capacity, including the capability of its leadership and the individuals within it**
- **Managing risks and performance through robust internal control and strong public financial management**
- **Implementing good practices in transparency, reporting and audit, to deliver accountability**

2.4 WECA will be updating its Local Code of Corporate Governance during 2019 and will ensure it comprises of relevant policies, procedures, behaviours and values to continue to promote, and embed, strong governance.

2.5 WECA will monitor its governance arrangements for their effectiveness in practice and will review them on a continuing basis to ensure that they are up to date.

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3. Review of Effectiveness

3.1 PROCESSES FOR MAINTENANCE AND REVIEW OF THE EFFECTIVENESS OF THE GOVERNANCE FRAMEWORK

The Annual Governance Statement is a continuous process with the Mayor of the West of England, Senior officers and Members from the constituent authorities considering emerging issues throughout the course of the year. This means that controls, issues and risks can be addressed in a timely and effective manner.

Publication of this Annual Governance Statement is the culmination of range of policy and procedure development with the WECA Chief Executive and Mayor of West of England signing the Statement as a summary of the effectiveness of the council's governance framework.

3.2 OTHER CONTRIBUTORY REVIEW / ASSURANCE MECHANISMS

In evaluating the effectiveness of the council's governance, information is available from a range of sources including Internal and External Auditors, relevant government inspectorates and senior management and officers within the Combined Authority.

The Internal Audit service reviews the effectiveness of the governance framework during the year along with the draft Annual Governance Statement. The Statement formally reviewed by the Audit Committee as part of the authority's Statement of Accounts.

West of England Combined Authority (WECA)

Annual Governance Statement

4. Methodology for preparing the Annual Governance Statement

Independent Assurance

- Audit Plan & Outcomes of work
- Head of Audit opinion
- LEP work programme
- Reasonable Assurance Model
- Counter fraud activity and investigations
- Risk Management

Management Assurances

- Senior Management Team Assurance
- Medium Term Financial Plan
- Priorities and delivery programmes
- Partnership/Joint working
- Client/Contract Management

Performance management

- Business Plan
- Monitoring & Evaluation Framework
- Performance & Risk Management
- KPI & data quality
- Benchmarking
- Programme and Project Management

External Review/ Assurance

- External Audit plans, letters and reports
- Inspection reports
- Government reviews of specific funding
- External Commissioned reviews
- Ombudsman

Corporate Assurance sources

- Consultation/ complaints/ feedback
- Scrutiny process
- Audit Committee
- Statutory Officers
- Legal Services
- Joint Committee
- Equality Impact Assessments
- Codes of Conduct

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Set out the arrangements for compilation and approval of the Annual Governance Statement	
Audit Committe	by 31 January 2019

Consideration of draft findings and any potentially significant issues from Annual Governance Review	
Senior Management Team / Statutory Officers	Continuous up to 31 May 2019

Certification and formal Approval of Annual Governance Stament	
Chief Executive, Mayor and Audit Committee	by 31st July 2019

5. Context for the Annual Governance Statement

5.1 In 2016, Bath and North-East Somerset, Bristol and South Gloucestershire signed a devolution deal worth £1 billion. As a result, significant powers and funding have been transferred to the region through the new West of England Combined Authority (WECA) and Mayor of West of England.

5.2 The West of England is one of the UK's most prosperous regions with an economy worth over £33.2 billion a year. A net contributor to the national purse, with a population of over 1 million and over 43,000 businesses, the region competes on a global scale and is home to globally recognised clusters in Aerospace and Advanced Engineering, Creative and Digital, Low Carbon Technologies and Financial and Professional Business Services.

5.3 The aim of the Combined Authority is to be a driving force for clean and inclusive economic growth in the region, for local people to benefit from more job opportunities, a stronger economy and a high quality of life.

5.4 WECA was formed on 9 February 2017 by virtue of the West of England Combined Authority Order 2017. The first meeting of the Authority, when it set its constitution and appointed its statutory officers, was on 1 March with the West of England Mayor being elected on 4 May 2017.

5.5 WECA is the Local Transport Authority for the Devolution area with transport functions of Concessionary Fares, Bus Information and Community Transport, and also has powers to exercise economic development and regeneration functions in conjunction with its three constituent local authorities. Progress has been made during 2018/19 to take forward plans to delegate further central government budgets for transport, adult education and economic regeneration by 2019.

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5.6 Political leadership of the WECA comes from the Mayor of the West of England and Mayor and Leaders of the three constituent authorities. Their policies are implemented by the leadership team, comprising the Chief Executive and three Directors, supported by officers. Decisions are made at the WECA Committee, in accordance with the constitution and regulation as set out.

5.7 WECA also provides support to the activities of West of England Local Enterprise Partnership (LEP), which includes North Somerset Council. The organisational arrangements as set out in the proposed Constitution make provision for the establishment of three Advisory Boards (Skills, Infrastructure and Business); and the establishment of an Overview and Scrutiny Committee [there is a separate order for Scrutiny – (The Combined Authorities Overview and Scrutiny Committees, Access to Information and Audit Committees Order 2017)

5.8 The WECA has appointed three Statutory Officers; The Head of Paid Service, Chief Financial Officer and Monitoring Officer.

5.9 In accordance with Statutory Orders, the WECA has established two Statutory Committees; an Overview and Scrutiny Committee and Audit Committee. Membership reflects the proportionality of political groups in the Combined Authority area.

5.10 The Authority's has published an Operating Framework and business plan and is now starting to deliver on its ambitious plans for driving inclusive economic growth in the West of England region. The Authority's business plan sets out the key activities that WECA will deliver over the 2018 – 2020 period. It includes plans to bring further investment into transport, infrastructure to enable more homes, businesses and skills to ensure the West of England is at the forefront of growth and innovation.

West of England Combined Authority (WECA)

Annual Governance Statement

6. The Governance Framework

WECA is committed to meeting best practice standards for good governance as set out in its local code of corporate governance as follows:-

PRINCIPLES	SUB-PRINCIPLES	FRAMEWORK OF ACTIONS & BEHAVIOURS	FRAMEWORK EVIDENCE
Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law	Behaving with integrity	• WECA Officers and Members behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated • Members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. • Leading by example and using standard operating principles or values as a framework for decision making • Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively	Constitution WECA Committee Joint Committee Overview and Scrutiny Committee Operating Framework and Business Plan Senior Management Structure
	Demonstrating strong commitment to ethical values	• Seeking to establish, monitor and maintain the organisation's ethical standards and performance • Underpinning personal behaviour with ethical values and ensuring they permeate the organisation's culture • Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values • Ensuring that external providers of services are required to act with integrity and in compliance with ethical standards	Constitution Local Code of Corporate Governance Policy Framework Staff Handbook
	Respecting the rule of law	• Ensuring Members and Staff demonstrate a strong commitment to the rule of the law and regulations • Ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements	Constitution Senior Management Structure Statutory Officers

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		• Optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders • Dealing with breaches of legal and regulatory provisions • Ensuring corruption and misuse of power is dealt with	Whistleblowing Policy
Ensuring Openness and comprehensive stakeholder engagement	Openness	• Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness • Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. • Providing clear reasoning and evidence for decisions and explanations to stakeholders that are explicit about the criteria, rationale and considerations used. • Using consultation and engagement to determine the most appropriate and effective courses of action	Constitution Operating Framework Business Plan Decision Making process WECA Committee Joint Committee Scrutiny Committee
	Engaging comprehensively with institutional stakeholders	• Effectively engaging with stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably • Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	Joint Meetings of Leaders and Chief Executives of Constituent Authorities and officer sub-groups Roundtables with private sector Role of LEP
	Engaging with individual citizens and service users effectively	• Establishing a clear policy on the type of issues that the organisation will consult with or involve communities, citizens, service users and other stakeholders to ensure that service provision is contributing towards the achievement of intended outcomes • Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement	Communication and consultation strategy on each proposal and issues Wider process to be devised

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		• Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds • Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account • Balancing feedback from more active stakeholder groups with other groups to ensure inclusivity • Taking account of the impact of decisions on future generations of tax payers and service users	
Defining Outcomes in terms of sustainable economic, social and environmental benefits	Defining Outcomes	• Having a clear vision of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions • Specifying the intended impact on, or changes for, stakeholders including citizens and service users. • Delivering defined outcomes on a sustainable basis within the resources that will be available • Identifying & managing risks to achievement of outcomes • Managing service users expectations effectively with regard to determining priorities and best use of the resources	Operational Framework Business Plan Monitoring and Evaluation Framework Local Growth Assurance Framework
	Sustainable economic, social and environmental benefits	• Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision • Taking a long-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and the political cycle or financial constraints • Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits • Ensuring fair access to services	Operational Framework Business Plan Local Growth Assurance Framework WECA Committee Overview and Scrutiny Committee Developing an Energy Strategy

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Determining the interventions necessary to optimise the achievement of intended outcomes	Determining interventions	• Ensuring decision makers receive objective analysis of options indicating how outcomes would be achieved • Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available	Decision Making process Local Growth Assurance Framework PID Process Overview and Scrutiny Committee
	Planning interventions	• Establishing robust planning and control cycles that cover strategic and operational plans, priorities and targets • Engaging with all stakeholders in determining how services should be planned and delivered • Considering and monitoring risks facing each partner when working collaboratively, including shared risks • Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances • Establishing appropriate KPIs as part of the planning process in order to identify how the performance of services and projects is to be to measured • Ensuring capacity exists to generate the information required to review service quality regularly • Preparing budgets in accordance with objectives, strategies and the medium term financial plan • Informing medium term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy	Business Plan Performance Management Framework Contract Management Framework Workforce Development Strategy (currently in draft format) Capital Investment Strategy Budget setting and MTFP process
	Optimising achievement of intended outcomes	• Ensuring the medium term financial strategy integrates and balances priorities, affordability and resource constraints • Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium term	Budgeting Process Medium Term Financial Plan Capital Investment Strategy

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		• Ensuring the medium term financial strategy sets out the context for decisions on significant delivery issues or changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved • Ensuring the achievement of 'social value' through service planning and commissioning	Financial Regulations Contract Standing Orders
Developing the entity's capacity, including the capability of its leadership and the individuals within it	Developing the entity's capacity	• Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness. • Improving resource use through application of techniques such as benchmarking and other options in order to determine how resources are allocated. • Recognising the benefits of partnership working where added value can be achieved • Developing & maintaining an effective workforce plan to enhance the strategic allocation of resources	Business Plan Combined Authority networks for CEOs, Finance Directors, Monitoring Officers and Heads of Human Resources Workforce Development Strategy (draft)
	Developing the capability of the entity's leadership and other individuals	• Developing protocols to enable elected and appointed leaders to work with each other regarding their roles so that a shared understanding of role and objectives is maintained • Publishing decisions that are delegated and those reserved for the collective decision making of the governing body • Ensuring the leader and chief executive have clearly defined and distinctive leadership roles whereby the chief executive leads in implementing strategy and managing the delivery of services set by members and each provides a check and balance for each other's authority. • Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by having access to appropriate induction tailored to their role.	Constitution Senior Management Structure Workforce Development Strategy (in draft) Learning and Development Strategy (in draft) Leadership Development Strategy (in draft) Operating Framework Business Plan

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Managing risks and performance through robust internal control and strong public financial management	Managing risk	• Recognising that risk management is an integral part of all activities and must be considered in all decision making • Implementing robust and integrated risk management arrangements and ensuring that they are working effectively • Ensuring that responsibilities for managing individual risks are clearly allocated	Risk Management Framework Risk Management regularly considered and updated at Directorate and Senior Management Team meetings Counter Fraud Strategy Effective Audit Committee
	Managing performance	• Monitoring service delivery effectively including planning, specification, execution and post implementation review • Making decisions based on relevant, objective analysis and advice and risks inherent in the organisation's outlook • Ensuring an effective scrutiny function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made • Providing members and senior management with regular reports on service delivery plans and on progress • Ensuring there is consistency between specification stages and post implementation reporting	Performance Management Framework WECA Committee West of England Joint Committee Overview and Scrutiny Committee
	Robust Internal Control	• Aligning the risk management strategy and policies on internal control with achieving objectives • Evaluating and monitoring risk management and internal controls along with ensuring effective counter fraud and anti-corruption arrangements are in place • Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor	Risk Management Framework Financial Regulations Contract Standing Orders Internal Audit – risk assessed plan Effective Audit Committee

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	Managing Data	• Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data • Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies • Reviewing and auditing the quality and accuracy of data used in decision making and performance monitoring	Secure PSN Compliant network Information Sharing Agreements Policy Framework
	Strong Public financial management	• Ensuring financial management supports achievement of outcomes and financial and operational performance • Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and control	Financial Management Budget setting process and MTFP Capital Investment strategy Effective Audit Committee
Implementing good practices in transparency, reporting, and audit to deliver effective accountability	Implementing good practice in transparency	• Preparing reports for the public and other stakeholders in a fair, balanced and understandable style • Provide the right amount of information to satisfy transparency demands and enhance public scrutiny	Website & Social Media Decision Making process Overview and Scrutiny Revised public report template
	Implementing good practice in reporting	• Reporting at least annually on performance, value for money and stewardship of resources to stakeholders • Ensuring members & management own results reported • Ensuring robust arrangements for assessing whether the principles contained in this framework have been applied • Ensuring that this framework is applied to jointly managed or shared service organisations as appropriate • Ensuring the performance information that accompanies the financial statements is prepared on a consistent basis	Performance Management Framework Performance reporting and business plan updates to Overview and Scrutiny

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	Assurance and effective accountability	• Ensuring that recommendations for corrective action made by external audit are acted upon • Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance & recommendations are acted upon • Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations • Gaining assurance on risks associated with delivering services through third parties • Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met.	External Audit Internal Audit – risk assessed plan and effective follow up of recommendations Audit Committee Effective engagement from the Local Enterprise Partnership

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7. Internal Audit Opinion

Audit West has reviewed the risk, governance and control environment of the Combined Authority and is satisfied it is adequate to ensure delivery of WECA's priorities. Through the work of the Internal Audit Service (Audit West) and delivery of the Annual Audit Plan, some minor control issues have been identified, however none are deemed significant when assessed against the key criteria. Audit West is satisfied that management have accepted responsibility to address its recommendations.

The Annual Audit Plan was developed to give an independent opinion to the Combined Authority on reasonable assurance through a systematic detailed risk assessment of the totality of systems, processes, plans and resources which make up the council.

The Plan focused on core financial and other systems and areas presenting the greatest risk to the Combined Authority and was designed to ensure sufficient depth and breadth of audit coverage to meet the requirements of those charged with governance. In forming an opinion on the governance, risk and control environment, in addition to the Audit Plan, Audit West also considered other sources of assurance including reports from external regulators, external audit and commissioned reviews.

8. Significant Issues

Our review has not identified any significant issues to record in the Annual Governance Statement and no issues to follow up from previous years.

WECA will continue to focus on improving its governance arrangements and systems to manage risk and has revised and updated its Operating Framework and Business Plan to support delivery of its objectives.

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On behalf of the West of England Combined Authority

Signed:

Tim Bowles
WECA Mayor

Signed:

Patricia Greer
Chief Executive Officer

Date:

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West of England Combined Authority (WECA)

Comprehensive Income and Expenditure Statement
For the year ended 31 March 2019

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing the Combined Authority's services in accordance with generally accepted accounting practices, rather than the amount to be funded from resources. The reconciliation from the accounting cost to the funding position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Gross Expenditure £'000	Gross Income £'000	2017/18 Net Expenditure £'000		Notes	Gross Expenditure £'000	Gross Income £'000	2018/19 Net Expenditure or (Income) £'000
18,534	(2,418)	16,116	Combined Authority Services	6	**24,603**	**(7,112)**	**17,491**
24,476	(2,454)	22,022	Mayoral fund	7	**23,060**	**(2,861)**	**20,199**
43,010	(4,872)	38,138	Cost of services		**47,663**	**(9,973)**	**37,690**
38	(372)	(334)	Financing and investment income and expenditure	8	**42**	**(1,278)**	**(1,236)**
1,919	(41,286)	(39,367)	Taxation and non-specific grant income and expenditure	9	**2,505**	**(42,438)**	**(39,933)**
44,967	(46,530)	(1,563)	**(Surplus) or deficit on provision of services**		**50,210**	**(53,689)**	**(3,479)**
		483	Fair value movement on financial assets	28			**-**
		1,399	Remeasurement of the net defined benefit liability	26			**380**
		1,882	**Other comprehensive (income) and expenditure**				**380**
		319	**Total comprehensive (income) and expenditure**				**(3,099)**

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West of England Combined Authority (WECA)

Movement in Reserves Statement
For the year ended 31 March 2019

The Movement in Reserves Statement shows the movement in the year on the different reserves held by the Combined Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and 'unusable reserves' (i.e. those allocated for specific purposes). This statement shows how the movements in the year are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts to be funded from resources.

	Usable reserves			Unusable reserves						
	General fund balance £'000	Ear-marked reserves (note 23) £'000	Total usable reserves £'000	Pooled Investment Fund Adjustment Account £'000	Accumul-ated Absences Account £000	Collection Fund Adjust-ment Account £000	Capital adjust-ment account £'000	Pensions reserve £'000	Total unusable reserves £'000	Total reserves £'000
Balance at 1 April 2017	3	-	3	-	-	-	-	-	-	3
Movements in reserves										
Total comprehensive income and expenditure	1,563	-	1,563	(483)	-	-	-	(1,399)	(1,882)	(319)
Adjustments between accounting basis under regulations	171	-	171	-	(4)	(315)	460	(312)	(171)	-
Increase before transfer to earmarked reserves	**1,734**	**-**	**1,734**	**(483)**	**(4)**	**(315)**	**460**	**(1,711)**	**(2,053)**	**(319)**
Transfers (from)/to reserves	(1,425)	1,425	-	-	-	-	-	-	-	-
Movement in reserves in the year	**309**	**1,425**	**1,734**	**(483)**	**(4)**	**(315)**	**460**	**(1,711)**	**(2,053)**	**(319)**
Balance at 31 March 2018	**312**	**1,425**	**1,737**	**(483)**	**(4)**	**(315)**	**460**	**(1,711)**	**(2,053)**	**(316)**
Movements in reserves										
Total comprehensive income and expenditure	**3,479**	**-**	**3,479**	**-**	**-**	**-**	**-**	**(380)**	**(380)**	**3,099**
Adjustments between accounting basis under regulations	**(234)**	**-**	**(234)**	**141**	**(24)**	**273**	**468**	**(624)**	**234**	**-**
Increase before transfer to earmarked reserves	**3,245**	**-**	**3,245**	**141**	**(24)**	**273**	**468**	**(1,004)**	**(146)**	**3,099**
Transfers (from)/to reserves	**(2,568)**	**2,568**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Movement in reserves in the year	**677**	**2,568**	**3,245**	**141**	**(24)**	**273**	**468**	**(1,004)**	**(146)**	**3,099**
Balance at 31 March 2019	**989**	**3,993**	**4,982**	**(342)**	**(28)**	**(42)**	**928**	**(2,715)**	**(2,199)**	**2,783**

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West of England Combined Authority (WECA)

Balance Sheet
As at 31 March 2019

Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Combined Authority. The net assets (assets less liabilities) are matched by the reserves held by the Combined Authority. Reserves are reported in two categories — usable and unusable. Usable reserves are those that may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Unusable reserves are those that the Combined Authority is not able to use for the provision of services. This category of reserves includes reserves that hold unrealised gains and losses and reserves that hold timing differences in capital investment (the Capital Adjustment Account).

	Notes	2019 £'000	2018 £'000
Intangible assets	14	**592**	134
Property, plant and equipment	15	**336**	325
Long-term investments	16	**25,181**	-
Long term assets		**26,109**	459
Short-term investments	17	**91,373**	89,285
Trade and other debtors	18	**6,676**	4,100
Financial assets at fair value through other comprehensive income	28	**-**	9,474
Financial assets at fair value through income and expenditure	28	**9,621**	-
Cash and cash equivalents	19	**43,863**	28,824
Current assets		**151,533**	131,683
Trade and other creditors	20	**(6,238)**	(5,186)
Grant receipts in advance - revenue	10	**(37,489)**	(27,903)
Current liabilities		**(43,727)**	(33,089)
Net current assets		**107,806**	98,594
Grant receipts in advance - capital	10	**(48,852)**	(30,352)
Net pensions liability	26	**(2,715)**	(1,711)
Provisions	22	**(2,860)**	(2,655)
Agency creditor	21	**(76,705)**	(64,651)
Non-current liabilities		**(131,132)**	(99,369)
Net assets/(liabilities)		**2,783**	(316)
General fund balance	23	**989**	312
Earmarked reserves	23	**3,993**	1,425
Usable reserves		**4,982**	1,737
Pooled Investment Fund Adjustment Account	24	**(342)**	(483)
Accumulated Absences Account		**(28)**	(4)
Collection Fund Adjustment Account	24	**(42)**	(315)
Capital adjustment account	24	**928**	460
Pensions reserve	24	**(2,715)**	(1,711)
Unusable reserves		**(2,199)**	(2,053)
Total reserves		**2,783**	(316)

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West of England Combined Authority (WECA)

Balance Sheet
As at 31 March 2019

The financial statements were approved and authorised for issue by:

Malcolm Coe
Director of Investment and Corporate Services and Chief Finance Officer
Date:

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West of England Combined Authority (WECA)

Cash Flow Statement
For the year ended 31 March 2019

The Cash Flow Statement shows the changes in cash and cash equivalents of the Combined Authority during the reporting period. The statement shows how the Combined Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations are funded by way of grant income or from the recipients of services provided by the Combined Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Combined Authority's future service delivery.

	Note	**2019 £'000**	2018 £'000
Net surplus on the provision of services		**3,479**	1,563
Adjustments to net surplus or deficit on the provision of services for non-cash movements			
Depreciation of property, plant and machinery	15	**95**	46
Amortisation of intangible assets	14	**145**	28
Release of impairment on investments		**(6)**	-
Change in pensions reserves	24	**624**	312
Increase in trade and other debtors	18	**(2,576)**	(4,097)
Increase in trade and other creditors	20	**1,052**	5,186
Increase in provisions	22	**205**	2,655
Increase in agency creditor	21	**12,054**	64,330
Net interest receivable	8	**(1,278)**	(372)
Interest received		**868**	408
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities			
Capital grants received	10	**(7,604)**	(4,984)
Net cash flows from operating activities		**7,058**	65,075
Investing activities			
Purchase of property, plant and machinery	15	**(106)**	(371)
Purchase of intangible assets	14	**(603)**	(162)
Capital grants received for the purchase of property, plant and equipment	10	**7,604**	4,984
Increase in long and short-term investments	16,17	**(27,000)**	(69,000)
Increase in financial assets at fair value through other comprehensive income		**-**	(9,957)
Net cash flows from investing activities		**(20,105)**	(74,506)
Financing activities			
Increase in capital grants receipts in advance	10	**18,500**	15,352
Increase in revenue grants receipts in advance	10	**9,586**	12,903
Net cash flows from financing activities		**28,086**	28,255

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Cash Flow Statement
For the year ended 31 March 2019

Net increase or decrease in cash and cash equivalents	19	**15,039**	18,824
Cash and cash equivalents at 1 April	19	**28,824**	10,000
Cash and cash equivalents at 31 March	19	**43,863**	28,824

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West of England Combined Authority (WECA)

Notes to the Financial Statements

Notes Index

Number	Description
1	Basis of preparation
2	Significant accounting policies
3	Critical accounting judgements, assumptions and major sources of estimation uncertainty
4	Expenditure and Funding Analysis
5	Expenditure and income analysed by nature
6	Combined Authority's services
7	Mayoral funds
8	Financing and investment income and expenditure
9	Taxation and non-specific grant income and expenditure
10	Government and other Grant income
11	Officers' remuneration
12	Members' allowances
13	External audit costs
14	Intangible assets
15	Property, plant and equipment
16	Long-term investments
17	Short-term investments
18	Trade and other debtors
19	Cash and Cash Equivalents
20	Trade and other creditors
21	Agent for West of England LEP and associated grants/functions
22	Provisions, Contingent Liabilities and Guarantees
23	Usable reserves
24	Unusable reserves
25	Capital expenditure and capital financing
26	Defined benefit pension scheme
27	Financial risk management
28	Financial Instruments
29	Operating leases
30	Capital commitments
31	Related party disclosures
32	Events after the Balance Sheet date
33	100% Business Rates Retention Pilot

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Notes to the Financial Statements

1. Basis of preparation

a) General principles

The Statement of Accounts summarises the West of England Combined Authority's (WECA) transactions for the financial year 2018/19 and its position as at 31 March 2019. The Authority is required to prepare an Annual Statement of Accounts in accordance with the Accounts and Audit Regulations 2015 which require the financial statements to be completed in accordance with proper accounting practices. These practices primarily comprise the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code), supported by International Financial Reporting Standards (IFRS).

b) Basis of preparation

The accounting convention adopted by the Statement is principally historic cost, modified by the revaluation of certain categories on non-current assets and financial instruments in accordance with the Code.

c) Going concern

The Statement of Accounts has been completed on a going concern basis as it considered that the activities will continue in operational existence for the foreseeable future by meeting the Authority's liabilities as they fall due for payment. The WECA has the ability to raise a levy to constituent authorities to fund its integrated transport functions and has access to significant revenue and capital grant income in order to meet the revenue and capital commitments as they are agreed by the WECA Authority. The Authority receives funding for Highways Maintenance expenditure under the 100% Business Rate Retention Pilot, subject to a minimum income 'safety net'. On conclusion of the pilot the funding would revert to central government grant.

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d) Changes in accounting policies and disclosures

The WECA has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2018:

1. IFRS 9 Financial Instruments issued in July 2014, effective 1 January 2018

2. IFRS 15 Revenue contracts from customers issued in May 2014, effective 1 January 2018

The WECA has adopted IFRS 9 with effect from 1 April 2018. The main changes include the reclassification of financial assets and the earlier recognition of the impairment of financial assets.

In the prior year, the WECA had concluded that the reclassification changes do not have a material impact upon the financial statements because the majority of its financial assets have retained the same measurement. On 1 April 2018 the Council elected to present changes in the fair value of the CCLA – LAMIT Property Fund in other comprehensive income. This election has since been determined to be invalid and in the current year the change in fair value of this fund has been recognised in 'Financing and Investment Income and Expenditure' in the Comprehensive Income and Expenditure Statement. No prior year restatement is determined to be necessary as it is considered to be immaterial.

The WECA has concluded that the impairment charges do not have a material impact upon the financial statements because the impairment charge is immaterial for its treasury management assets and it already makes a provision for doubtful debts on its trade debtors that would not be materially affected by the requirements of IFRS 9.

The WECA has adopted IFRS 15 (which replaces IAS 18 Revenue and IAS 11 Construction Contacts) with effect from 1 April 2018 and has concluded that it does not have a material impact upon the financial statements. The main changes include the new definition of income to depict the transfer of promised goods or services to the service recipient or customer in an amount that reflects the consideration to which the authority expects to be entitled in exchange for those goods or services.

e) Accounting Standards issued but not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code.

The Code requires local authorities to disclose information relating to the impact of an accounting change that will be required by a new standard under the International Financial Reporting Standard (IFRS) that has been issued but not yet adopted by the Code. For the 2018/19 financial year, the applicable date will be 1 January 2019. The relevant standard is:

1. IFRS 16 Leases issued in January 2016, effective 1 January 2019

The WECA will adopt IFRS 16 with effect from 1 April 2019. The main changes include the recognition of almost all leases on the Balance Sheet by lessees due to the distinction between operating and finance leases being removed.

The WECA has begun to review all of the Authority's leasing arrangements over the last year in light of the new lease accounting rules in IFRS 16.

The standard will affect primarily the accounting for the Authority's operating leases. The effect of these changes is still being assessed.

The Authority's activities as a lessor are not material and hence the WECA does not expect any significant impact on the financial statements.

The WECA intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

2. Significant accounting policies

a) Taxation

Corporation, income and capital gains tax

The Combined Authority is exempt from corporation, income and capital gains tax by virtue of regulations section 74 of the Local Government Finance Act 1988.

Value added tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.

Irrecoverable VAT on the purchase of assets or services is recognised as an expense in the Comprehensive Income and Expenditure statement.

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b) Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are received. There are no material supplies where there is a gap between the date supplies are received and their consumption, which would require them to be carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments is accounted for as income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- The Authority has determined that transactions occurring in respect of the collection of Non-Domestic Rates arise from non-exchange transactions and IPSAS 23 may be applied in accounting for these.

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The WECA does not engage in any material transactions that would meet the definition of a contract under IFRS 15.

Details regarding the accounting treatment for agency income and expenditure is provided in note 3.

c) Government grants and other contributions

Grants and contributions are accounted for on an accruals basis and recognised immediately in the Comprehensive Income and Expenditure Statement, except to the extent that the grant or contribution has a condition that the Combined Authority has not satisfied. Where a grant has been received and conditions remain outstanding at the Balance Sheet date, the grant is recognised in the Balance Sheet as grants receipts in advance. Once the condition has been met, the grant or contribution is transferred from grants receipts in advance and recognised as income in the Comprehensive Income and Expenditure Statement.

With respect to capital grants, if the expenditure to be financed from the grant has been incurred at the Balance Sheet date, the grant is transferred from the general fund to the Capital Adjustment Account via the Movement in Reserves Statement. If the expenditure has not been incurred at the Balance Sheet date, the grant is transferred from the general fund to the capital grants unapplied reserve via the Movement in Reserves Statement. When the expenditure is incurred, the grant is transferred from the general fund to the Capital Adjustment Account via the Movement in Reserves Statement.

With respect to revenue grants, if the expenditure has not been incurred at the Balance Sheet date, the grant is transferred from the general fund to earmarked reserves via the Movement in Reserves Statement. When the expenditure is incurred, the grant is transferred back via the Movement in Reserves Statement.

d) Revenue expenditure funded from capital under statute

Revenue expenditure funded from capital under statute (REFCUS) is expenditure of a capital nature that does not result in the creation of a non-current asset on the Balance Sheet. The Combined Authority receives grants from Central Government which it administers and passes onto Constituent Authorities. This expenditure is included within REFCUS.

REFCUS is charged to the Cost of Services as the expenditure is incurred and reversed out through the Movement in Reserves Statement and a transfer made to the Capital Adjustment Account.

e) Pensions scheme

Employees of the Combined Authority are members of the Avon Pension Fund.

Pension costs have been charged to the Comprehensive Income and Expenditure Statement and the Combined Authority's share of the fund's assets and liabilities are recognised in the Balance Sheet in accordance with IAS 19. The Comprehensive Income and Expenditure Statement has therefore been charged with the full cost of providing for future pension liabilities arising from in year service.

In the Movement in Reserves Statement an appropriation equal to the difference between this amount and the actual employer's pension contribution is made to the Pensions Reserve, so that any additional costs arising from applying IAS 19 do not impact on the amount to be levied on the Local Authorities, and therefore ensuring no additional impact on local taxation. This appropriation is made under the general application of the Code. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the general fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

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f) Financial assets

The Combined Authority's financial assets include trade debtors, long-term investments, short-term investments and cash and cash equivalents.

Classification

From 1 April 2018, the Combined Authority classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Combined Authority's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI.

For investments in equity instruments that are not held for trading, this will depend on whether the Combined Authority has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). On 1 April 2018 the Council elected to present changes in the fair value of the CCLA – LAMIT Property Fund in other comprehensive income. This election has since been determined to be invalid and in the current year the change in fair value of this fund has been recognised in 'Financing and Investment Income and Expenditure' in the Comprehensive Income and Expenditure Statement. No prior year restatement is determined to be necessary as it is considered to be immaterial.

The Combined Authority reclassifies debt investments when and only when its business model for managing those assets changes.

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Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date (that is, the date on which the Combined Authority commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Combined Authority has transferred substantially all the risks and rewards of ownership.

Subsequent measurement

At initial recognition, the Combined Authority measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade debtors are recognised and carried at invoice or contract value, less an allowance for any amounts which may not be collectible. Should such an amount become uncollectible, it is written off to the Comprehensive Income and Expenditure Statement in the period in which it is recognised.

Cash and cash equivalents

Cash is represented by deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash Equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

g) Financial liabilities

The financial liabilities of the Combined Authority consist of trade creditors.

Classification

Finance liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge. The Authority determines the classification of its financial liabilities at initial recognition.

Recognition and derecognition

All financial liabilities are recognised initially at fair value.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Subsequent measurement

Subsequent to initial recognition trade creditors are recognised and carried at invoice or contract value, which is materially equivalent to measurement at amortised cost using the effective interest method. Should an amount become non-payable, it is written back to the Comprehensive Income and Expenditure Statement in the period in which it is recognised.

Financial assets and liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Combined Authority has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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h) Property, plant and equipment

Recognition and measurement

All assets are measured at depreciated historical cost (as a proxy for current value), the carrying value is the initial cost less accumulated depreciation. Depreciation is calculated on a straight line basis over the expected useful life.

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the assets to a working condition for their intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The Combined Authority has a de-minimis level for capitalisation of £5,000. Each capital project is reviewed on an individual basis and the costs considered for capitalisation. Non-enhancing expenditure is written off to the Comprehensive Income and Expenditure Statement.

Given the short asset life of office equipment and fit out costs, depreciated historical cost is considered to be a reasonable proxy for current value.

Depreciation

Depreciation is calculated on a straight line basis over the estimated useful life of the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation is charged from the date that the asset first comes into use and depreciation is charged in the year up to the date of disposal. The mid-year point is taken as a proxy for the date the asset comes into useful life, and the date it is disposed of.

Fixed assets are recorded at significant component level. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost is depreciated separately. The estimated useful lives for the current and comparative periods are as follows:

- Computer Equipment: 3 years
- Fixtures & Fittings: Over length of office lease term of 5 years and 4 months

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

i) Intangible assets

Intellectual property – The 5G Smart Tourism Project

Acquired intellectual property is capitalised on the basis of the costs incurred to acquire and bring to use the specific assets. These costs are amortised over their estimated useful lives of three years.

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Development costs that are directly attributable to the design and testing of a 5G solution as part of the 5G Smart Tourism project are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the project so that the asset will be available for use;
- management intends to complete the project;
- there is an ability to use the asset;
- it can be demonstrated how the project will deliver service potential by demonstrating the usefulness of the asset;
- adequate technical, financial and other resources to complete the development are available; and
- the expenditure attributable to the asset during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the asset include employee costs, an appropriate portion of relevant overheads, materials and capital usage.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Economic Model

The acquired Economic Model is capitalised on the basis of the costs incurred to acquire and bring to use the model. These costs will be fully amortised by 2021.

j) Impairment of Non-financial assets

The carrying value of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated.

Impairment losses are recognised in the Comprehensive Income and Expenditure Statement. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

k) Impairment - Financial assets (including debtors)

Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment. From 1 April 2018, the Authority assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and fair value through profit or loss. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

l) Provisions and contingent liabilities

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Provisions are recognised when the Combined Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to the provision is recognised in the Comprehensive Income and Expenditure Statement.

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the financial statements.

m) Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period — the Statement of Accounts is adjusted to reflect such events
- Those that are indicative of conditions that arose after the reporting period — the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

3. Critical accounting judgements, assumptions and major sources of estimation uncertainty

The preparation of the financial report in conformity with the Code requires the Authority to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

Judgements

In applying the accounting policies set out in note 2, the WECA has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

Agency

The Authority took over the Accountable Body role for the West of England Local Enterprise Partnership (LEP) in 2017/18 and the balance of funds was transferred from Bath & North East Somerset Council to the WECA during the Financial Year. The reporting approach is that total expenditure is not shown in the Financial Statements, rather the following accounting treatment is adopted:

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- WoE LEP expenditure is incurred as an agent, acting as an intermediary on behalf of the four Unitary Authorities. Each Authority's financial statements will reflect its own contribution towards expenditure.
- Where the LEP has received grant funding directly, this is on behalf of all authorities, but the share for any individual authority is not considered material to show.

Similarly, the WECA assumed the Accountable Body role for the Invest in Bristol and Bath inward investment function and the MetroBus/MetroWest Communications function in 2017/18, with the teams transferred from Bristol City Council to the Authority's employment on 1 May 2017.

This agency accounting approach has been taken because;

- Expenditure decisions on these service areas are taken at a separate Joint Committee of the four Unitary Authorities and involve funding and expenditure decisions for a geographic area, North Somerset, which is outside the Combined Authority area. They do not form part of the decision-making process at the WECA Committee that governs the business of the Mayoral and Combined Authority Funds.
- The WECA is not exposed to significant risks or rewards associated with its actions in relation to these functions. Separate budgets are maintained and reported to the Joint Committee and where staff time and office overheads are shared between WECA and LEP/other agency duties, the actual costs are apportioned between those budgets on an appropriate basis.
- Any surpluses that are held on behalf of the four Unitary Authorities, whether from their own contributions or grant funding, may only be redistributed by a decision of the Joint Committee, the WECA itself has no control over determining the use or remaining benefits of such assets and they do not result in an increase in equity for the Combined Authority.

3. Critical accounting judgements, assumptions and major sources of estimation uncertainty (continued)

A separate Disclosure for all the above functions, where the Authority acts as Agent, is shown at Note 21. This provides a reconciliation between expenditure and income for agency functions and the cash balances held at 31 March 2019, where these are held on behalf of other organisations, and treated as a creditor liability in the Balance Sheet.

Estimates and assumptions

The financial report contains estimated figures that are based on assumptions about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Balance Sheet at 31 March 2019 for which there is a risk of material adjustment in the forthcoming financial year are as follows:

Pension benefits

The cost of defined benefit pension plans is determined using independent actuarial valuation involving the use of assumptions about discount rates, returns on assets, future salary increases, mortality rates and future pension increases. Such assumptions are reviewed at each period end, and determined jointly between the pension fund management and the actuaries. The effects of changes in individual assumptions have been measured by the funds actuaries in their IAS 19 valuation report:

- A 0.1% p.a. increase in the discount rate will reduce the pension fund liability by £0.157m.
- An increase of life expectancy at retirement by 1 year will increase the pension fund liability by £0.10m.
- 0.1% p.a. increase in inflation will increase the pension fund liability by £0.163m.
- 0.1% p.a. increase in pay growth will increase the pension fund liability by £0.043m.

NNDR Appeals

Under the 100% BRR Pilot, the WECA is liable for its proportionate share of successful appeals against Business Rates charged. A provision has been estimated by officers at each of the Billing Authorities for the amount that businesses have been overcharged up to 31 March 2019. The estimate has been estimated using Valuation Office Agency data and analysis of successful appeals to date.

Concessionary Fares

The WECA relies on estimates of patronage of Bus users eligible for Concessionary Fares, provided by the Constituent Authority administering the Scheme on the Authority's behalf in 2018/19. February and March's activity has to be estimated pending receipt from Bus Operators of the full patronage data.

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3. Critical accounting judgements, assumptions and major sources of estimation uncertainty (continued)

Investment Fund Grant Income

WECA, as per 2017/18, has treated the Investment Fund Grant in the accounts as 'conditional'. This is due to the uncertainty surrounding the forthcoming 5 year government gateway review on how the fund has been deployed and subsequent outcomes delivered. During 2019/20 we will develop an approved 4 year investment programme that will allocate all Investment and Transforming Cities Funding against regional strategic priorities. We will also work with the government's commissioned contractors, SQW, to better understand the specifics of the review, (which will be conducted during 2019/20), and corresponding evidence required. However, for 2018/19, there was still a material risk that an element of unspent grant funding might need to be repaid to government which is reflected in our accounting treatment for the year.

4. Expenditure and Funding Analysis

(a) Expenditure and Funding Analysis

The Expenditure and Funding analysis shows how annual expenditure is used and funded from resources (business rates, levies, government grants, interest and other income) by the WECA in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated between the WECA's services.

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2018/19	Net expenditure/ (income) as reported per Management Outturn £'000	Remove transfers to and from reserves from Outturn £'000	Adjustment to arrive at the net amount chargeable to the General Fund Balance (b i) £'000	Net expenditure chargeable to the general fund £'000	Adjustments between funding and accounting basis (bii) £'000	2018/19 Net expenditure in the comprehensive income and expenditure statement £'000
Combined Authority	(976)	(1,881)	15,621	12,764	4,727	17,491
Mayoral fund	-	(388)	17,572	17,184	3,015	20,199
Cost of services	**(976)**	**(2,269)**	**33,193**	**29,948**	**7,742**	**37,690**
Other income chargeable to the General Fund	-	-	(33,193)	(33,193)	(7,976)	(41,169)
Surplus or deficit on provision of services	**(976)**	**(2,269)**	**-**	**(3,245)**	**(234)**	**(3,479)**
Opening General Fund balance				(312)		
Transfers to earmarked reserves				2,568		
Closing General Fund balance				**(989)**		

4. Expenditure and Funding Analysis (continued)

2017/18	Net expenditure/ (income) as reported per Management Outturn £'000	Adjustment to arrive at the net amount chargeable to the General Fund Balance (b i) £'000	Net expenditure chargeable to the general fund £'000	Adjustments between funding and accounting basis £'000	2017/18 Net expenditure in the comprehensive income and expenditure statement £'000
Combined Authority	(1,734)	17,498	15,764	352	16,116
Mayoral fund	-	17,572	17,572	4,450	22,022
Cost of services	**(1,734)**	**35,070**	**33,336**	**4,802**	**38,138**
Other income chargeable to the General Fund	-	(35,070)	(35,070)	(4,631)	(39,701)
Surplus or deficit on provision of services	**(1,734)**	**-**	**(1,734)**	**171**	**(1,563)**
Opening General Fund balance			(3)		
Transfers to earmarked reserves			1,425		
Closing General Fund balance			**(312)**		

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(b i) Note to the Expenditure and Funding Analysis

Adjustments for 2018/19

	Combined Authority Services			Mayoral Fund	
	Interest Income	Transport Levy Income	Net Business Rates Retention Income	Business Rates Retention Income	Total Adjustments
Combined Authority	1,137	13,394	1,090	-	**15,621**
Mayoral fund	-	-	-	17,572	**17,572**
Net cost of services	**1,137**	**13,394**	**1,090**	**17,572**	**33,193**
Other income chargeable to the General Fund	(1,137)	(13,394)	(1,090)	(17,572)	**(33,193)**
(Surplus) or deficit on provision of services	**-**	**-**	**-**	**-**	**-**

4. Expenditure and Funding Analysis (continued)

Adjustments for 2017/18

	Combined Authority Services			Mayoral Fund	
	Interest Income	Transport Levy Income	Net Business Rates Retention Income	Business Rates Retention Income	Total Adjustments
Combined Authority	372	15,281	1,844	-	**17,497**
Mayoral fund	-	-	-	17,572	**17,572**
Net cost of services	**372**	**15,281**	**1,844**	**17,572**	**35,069**
Other income chargeable to the General Fund	(372)	(15,281)	1,844	(17,572)	**(35,069)**
(Surplus) or deficit on provision of services	**-**	**-**	**-**	**-**	**-**

(b ii) Note to the Expenditure and Funding Analysis

This note provides an analysis of the adjustments to Net Expenditure Chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are shown in the Movement in Reserves Statement.

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Adjustments for 2018/19

	Adjustments for capital purposes								
	Depreciation/loss on disposal	REFCUS	RCCO	Grants/ contributions	Collection Fund Adjustment Account	Pensions adjustments	Accumulated Absences Account	Pooled Investment Fund adjustment Account	Total adjustments
Combined Authority	240	3,987	(106)	-	-	582	24	**-**	**4,727**
Mayoral fund	-	20,587	(17,572)	-	-	-	-	**-**	**3,015**
Net cost of services	**240**	**24,574**	**(17,678)**	**-**	**-**	**582**	**24**	**-**	**7,742**
Other income chargeable to the General Fund	-	-	-	(7,604)	(273)	42	-	(141)	**(7,976)**
(Surplus) or deficit on provision of services	**240**	**24,574**	**(17,678)**	**(7,604)**	**(273)**	**624**	**24**	**(141)**	**(234)**

The amounts disclosed in tables (b i) and (b ii) are not included in the management outturn report but have been recognised in the Comprehensive Income and Expenditure Statement.

4. Expenditure and Funding Analysis (continued)

Adjustments for 2017/18

	Adjustments for capital purposes							
	Depreciation/loss on disposal	REFCUS	RCCO	Grants/ contributions	Collection Fund Adjustment Account	Pensions adjustments	Accumulated Absences Account	Total adjustments
Combined Authority	74	-	-	-	-	274	4	**352**
Mayoral fund	-	22,022	(17,572)	-	-	-	-	**4,450**
Net cost of services	**74**	**22,022**	**(17,572)**	**-**	**-**	**274**	**4**	**4,802**
Other income chargeable to the General Fund	-	-	-	(4,984)	315	38	-	**(4,631)**
(Surplus) or deficit on provision of services	**74**	**22,022**	**(17,572)**	**(4,984)**	**315**	**312**	**4**	**171**

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Depreciation

Charges for depreciation of non-current assets are chargeable to the Comprehensive Income and Expenditure Statement under proper accounting practices.

REFCUS - Revenue expenditure funded from capital under statute

Revenue expenditure funded from capital under statute in respect of capital development schemes is charged to Cost of Services as the expenditure is incurred and reversed out through the movement in reserves statement and a transfer made to the capital adjustment account.

RCCO - Revenue Contribution to Capital Outlay

Capital expenditure may be funded from revenue budgets. This method of funding is known as Revenue Contribution to Capital Outlay (RCCO).

Grants/contributions

The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Collection Fund Adjustment Account

The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference, as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

4. Expenditure and Funding Analysis (continued)

Pension adjustments

The adjustment to Combined Authority Services represents the removal of the employer contributions made by the WECA as allowed by statute and the replacement with current service costs and administration costs calculated under accepted accounting practices (IAS 19).

The adjustment to Financing and investment income and expenditure is the net interest on the defined benefit liability charged to the Comprehensive Income and Expenditure Statement under IAS 19.

Accumulated absences account

The adjustment for the removal of the accrued element of short-term accumulating compensated absences (for example holiday pay) to the salaries actually payable in the financial year in accordance with relevant statutory provisions.

The WECA is considered a local authority following its existence by virtue of the Order, it has applied the statutory provisions that allow authorities to adjust the effect of accounting for benefits on the General Fund in the Movement in Reserves Statement, via the use of an Accumulated Absences Account.

Available for Sale Reserve

The adjustment to recognise the change in the fair value of financial assets held at fair value through income and expenditure that is recognised in Financing and investment income and expenditure in the Comprehensive Income and Expenditure Statement under IFRS 9.

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Notes to the Financial Statements

5. Expenditure and income analysed by nature

The WECA's expenditure and income is analysed as follows:

	2019 £'000	2018 £'000
Expenditure		
Employee benefits expenses including pension	**2,958**	1,540
Other service expenses	**19,933**	19,412
Depreciation, amortisation and impairment	**240**	74
Revenue expenditure funded from capital under statute	**24,574**	22,022
Business Rates Retention Tariff	**2,505**	1,919
Total Expenditure	**50,210**	44,967
Income		
Local Authority business rates growth and contributions	**(21,440)**	(21,021)
Levies	**(13,394)**	(15,281)
Government revenue grants and contributions	**(9,843)**	(4,528)
Capital grants and contributions	**(7,604)**	(4,984)
Interest and investment income	**(1,278)**	(372)
Other service income	**(130)**	(344)
Total Income	**(53,689)**	(46,530)
Surplus on provision of services	**(3,479)**	(1,563)

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6. Combined Authority's services

2018/19	Gross Expenditure £000	Grants Received £000	Other Income £000	Net Expenditure £000
Implementation & set up costs	**44**	**-**	**-**	**44**
Combined Authority Services	**2,134**	**-**	**-**	**2,134**
Concessionary fares	**12,795**	**-**	**-**	**12,795**
Community transport	**1,691**	**-**	**-**	**1,691**
RTI costs	**376**	**-**	**-**	**376**
Futurebright	**1,105**	**-**	**-**	**1,105**
Adult education	**195**	**-**	**-**	**195**
Apprenticeship grants for employers	**127**	**-**	**-**	**127**
Other projects	**61**	**-**	**-**	**61**
Mayoral capacity fund	**453**	**-**	**-**	**453**
Housing capacity fund	**235**	**-**	**-**	**235**
Housing infrastructure bid	**660**	**-**	**-**	**660**
Gainshare - Revenue Contribution	**-**	**(1,882)**	**-**	**(1,882)**
Grant Income	**-**	**(5,100)**	**-**	**(5,100)**
Other Income	**-**	**-**	**(130)**	**(130)**
Amounts chargeable to the General Fund	**19,876**	**(6,982)**	**(130)**	**12,764**
Adjustments between funding and accounting basis, including 5G - Capital REFCUS (note 4)	**4,727**	**-**	**-**	**4,727**
Per Comprehensive Income and Expenditure Statement	**24,603**	**(6,982)**	**(130)**	**17,491**

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6. Combined Authority's Services (continued)

2017/18	Gross Expenditure £000	Grants Received £000	Other Income £000	Net Expenditure £000
Implementation & set up costs	1,527	-	-	1,527
Combined Authority Services	1,685	-	-	1,685
Concessionary fares	12,792	-	-	12,792
Community transport	1,704	-	-	1,704
RTI costs	385	-	-	385
Futurebright	89	-	-	89
Gainshare - Revenue Contribution	-	(2,074)	-	(2,074)
Grant Income - LGA Devo/AEB Imp/Futurebright	-	(174)	-	(174)
Other Income	-	-	(170)	(170)
Net expenditure chargeable to the General Fund	18,182	(2,248)	(170)	15,764
Adjustments between funding and accounting basis (note 4)	352	-	-	352
Per Comprehensive Income and Expenditure Statement	18,534	(2,248)	(170)	16,116

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7. Mayoral funds

	2019 £'000	2018 £'000
Expenditure		
Mayoral office running costs	**210**	145
Joint Spatial Plan Scheme Development	**699**	708
Transport Feasibility Studies	**1,564**	67
Election costs	**-**	1,534
Revenue expenditure funded from capital under statute:		
- Highways Maintenance Grants	**10,254**	11,328
- Transport Grants	**5,183**	5,183
- Highways Incentive Grants	**2,135**	1,061
- Productivity Fund	**-**	2,903
- Pothole Action Fund	**1,241**	1,510
- Transport Scheme Business Case Grants	**1,774**	37
Gross Expenditure	**23,060**	24,476
Income		
Gainshare - Revenue Contribution	**(2,861)**	(2,454)
Gross Income	**(2,861)**	(2,454)
Net Expenditure	**20,199**	22,022

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Within the Narrative Statement, WECA fund, a transfer of the Gainshare Revenue income has been shown gross in expenditure and income. For the financial statements this is shown only within the Mayoral Fund as the net value.

8. Financing and investment income and expenditure

	2019 £'000	2018 £'000
Net interest on the net defined benefit liability (note 26)	**42**	38
Fair value movement on financial assets	**(141)**	-
Interest receivable and similar income	**(1,137)**	(372)
Net financing and investment income and expenditure	**(1,236)**	(334)

9. Taxation and non-specific grant income and expenditure

	2019 £'000	2018 £'000
National Non-Domestic Rates	**(20,297)**	(19,737)
Section 31 National Non-Domestic Rates Grant - MHCLG	**(1,142)**	(1,284)
Business Rates Retention Tariff	**2,505**	1,919
Transport levy from the Constituent Authorities	**(13,394)**	(15,281)
Productivity Investment Fund - DfT	**-**	(2,903)
Pothole Action Fund Grant - DfT	**(1,241)**	(1,510)
Gainshare Capital Grant - MHCLG	**(2,239)**	(571)
5G Smart Tourism - DCMS	**(4,125)**	-
	(39,933)	(39,367)

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10. Government and other Grant income

Whether paid on account, by instalments or in arrears, government grants and third party contributions are recognised as due to the Authority when there is reasonable assurance that:

- The Authority will comply with the conditions attached to the payments and
- The grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contributions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors (grants receipts in advance). When conditions have been satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

10. Government and other Grant income (continued)

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the Revenue Account in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

The following grants and contributions have been credited to the Comprehensive Income and Expenditure Statement during the year:

	2019 £'000	2018 £'000
Revenue grants credited to cost of services		
Gainshare Revenue Grant - MHCLG	**4,743**	4,528
Housing Capacity Fund	**1,950**	-
Mayoral Capacity Fund	**1,000**	-
Futurebright	**1,106**	77
Irrecoverable VAT S31 Grant	**429**	-
Apprenticeship Grant for Employers	**239**	-
Adult Education Budget Implementation Grant - SFA	**195**	47
Other grants	**181**	50
Total	**9,843**	4,702
Analysed between the following segments:		
Combined Authority services	**6,982**	2,454
Mayoral	**2,861**	2,248
	9,843	4,702

	2019 £'000	2018 £'000
Capital grants and contributions credited to taxation and non-specific grant income		
Gainshare Capital Grant - MHCLG	**2,239**	571
Productivity Investment Fund - DfT	**-**	2,903
Pothole Action Fund Grant - DfT	**1,241**	1,510
5G Smart Tourism - DCMS	**4,124**	-
	7,604	4,984

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10. Government and other Grant income (continued)

The Combined Authority has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the transferor if the conditions are not met or the grant is not used. The balances at the year-end are as follows:

	2019 £'000	2018 £'000
Grants received in advance - capital		
Pothole Action Fund Grant - DfT	**662**	923
Gainshare Capital - MHCLG	**42,190**	29,429
Transforming Cities Fund - DfT	**6,000**	-
	48,852	30,352
Grants received in advance - revenue		
Gainshare Revenue Grant - MHCLG	**35,729**	25,472
Future Bright - DWP	**1,740**	1,323
Adult Education Budget Implementation Grant - SFA	**-**	28
Housing Capacity Fund	**-**	900
Planning Delivery Fund - MHCLG	**-**	175
Third Party Contributions	**-**	5
	37,469	27,903

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11. Officers' remuneration

The remuneration paid to senior employees during 2017/18 and 2018/19 was as follows:

Annualised salary of £150,000 or more for the year ending 31 March 2018 and year ending 31 March 2019

	Salary £	Expenses £	Pension Contributions £	Total Remuneration £
For the period 01/04/2018 - 31/03/2019				
Chief Executive	**150,000**	**103**	**19,500**	**169,603**
For the period 01/04/2017 - 31/03/2018				
Chief Executive	137,500	377	17,875	155,752

Annualised salary between £50,000 and £150,000 for the year ending 31 March 2018 and year ending 31 March 2019

	For the period:	Salary £	Expenses £	Pension Contributions £	Total Remuneration £
Director of Infrastructure	22/05/2018 – 31/03/2019	**107,527**	**374**	**13,979**	**121,880**
Director of Business Skills	30/04/2018 – 31/01/2019	**72,607**	**443**	**9,297**	**82,347**
Director of Investment and Corporate Services	29/10/2018 – 31/03/2019	**50,968**	**375**	**6,626**	**57,969**
Director of Legal Services	13/08/2018 – 31/03/2019	**51,005**	**544**	**6,631**	**58,180**

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For part of 2018/19, two senior officers posts were covered by staff seconded from a Constituent Authority at a cost of:

Director of Investment and Corporate Services	£56,578
Monitoring Officer	£22,462

In 2017/18, pending permanent appointments to the Authority's Senior Management Team, there were no directly employed Senior Officers in a statutory post or reporting to the Authority's Paid Head of Service.

However, several senior officer posts were covered by staff being seconded from Constituent Authorities or Central Government in 2017/18 at a cost of:

Director of Investment and Corporate Services	£113,054
Monitoring Officer	£60,265
Director of Business and Skills	£137,559

11. Officers' remuneration (continued)

Employees receiving more than £50,000 remuneration, which includes exit packages for the year (excluding pension contributions) were paid the following amounts:

	2019 £'000	2018 £'000
£50,000 - £54,999	**5**	2
£55,000 - £59,999	**5**	1
£60,000 - £64,999	**1**	1
£65,000 - £69,999	**1**	-
£70,000 - £74,999	**3**	-
£75,000 - £79,999	**-**	-
£80,000 - £84,999	**-**	-
£85,000 - £89,999	**-**	-
£90,000 - £94,999	**-**	-
£95,000 - £99,999	**-**	-
£100,000 - £104,999	**-**	-
£105,000 - £109,999	**1**	-
£110,000 - £114,999	**-**	1
£115,000 - £119,999	**-**	-
£120,000 - £124,999	**-**	-
£125,000 - £129,999	**-**	-
£130,000 - £134,999	**-**	-
£135,000 - £139,999	**-**	1
£150,000 - £154,999	**1**	-

Secondment costs are not included in the above table.

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11. Officers' remuneration (continued)

Exit Packages

The numbers of exit packages, with total cost per band, are set out in the table below. Exit packages include any pension contributions paid to the pension fund.

	Voluntary redundancies		Total exit packages		Total cost of packages in each band	
Cost band (including special payments)	**2019 No.**	2018 No.	**2019 No.**	2018 No.	**2019 £'000**	2018 £'000.
£0 - £40,000	**-**	2	-	2	-	53
£40,000+	**-**	-	-	-	-	-
	-	2	-	2	-	53

12. Members' allowances

Mayor's allowances

	2019 £'000	2018 £'000
Allowances	**70**	56
Expenses	**1**	1
	71	57

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13. External audit costs

The table below discloses the fees paid to the Authority's external auditor, Grant Thornton (UK) LLP, in respect of its external audit and inspection work:

	2019 £'000	2018 £'000
Fees payable to Grant Thornton (UK) LLP with regard to external audit services carried out by the appointed auditor for the year	**19**	27
Fees payable in respect of other services provided by Grant Thornton (UK) LLP during the year	**-**	-
	19	27

Fees of (£27,000) are recorded as occurring in 2017/18 but relate to both the period to 31 March 2017 (£3,000) and 2017/18 (£24,200) Statement of Accounts as they were produced and audited at the same time and only a small number of transactions took place in the period to 31 March 2017.

14. Intangible assets

	Economic Model £'000	Computer software £'000	Intellectual property £'000	Total £'000
Cost				
At 1 April 2017	-	-	-	-
Additions	115	47	-	162
At 1 April 2018	115	47	-	162
Additions	-	-	603	603
At 31 March 2019	**115**	**47**	**603**	**765**
Accumulated amortisation				
At 1 April 2017	-	-	-	-
Charge for the year	19	9	-	28
At 1 April 2018	19	9	-	28
Charge for the year	29	16	100	145
At 31 March 2019	**48**	**25**	**100**	**173**
Net book value				
At 31 March 2019	**67**	**22**	**503**	**592**
At 31 March 2018	96	38	-	134
At 31 March 2017	-	-	-	-

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15. Property, plant and equipment

	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost			
At 1 April 2017	-	-	-
Additions	306	65	371
At 1 April 2018	306	65	371
Additions	44	62	106
At 31 March 2019	**350**	**127**	**477**
Accumulated depreciation			
At 1 April 2017	-	-	-
Charge for the year	33	13	46
At 1 April 2018	33	13	46
Charge for the year	63	32	95
At 31 March 2019	**96**	**45**	**141**
Net book value			
At 31 March 2019	**254**	**82**	**336**
At 31 March 2018	273	52	325
At 31 March 2017	-	-	-

16. Long-term investments

	Loans to local authorities £'000
At 1 April 2018	-
Additions	**25,000**
Interest accrued	**181**
At 31 March 2019	**25,181**

The new, in year, long-term investments reflect the approved treasury strategy and are all investments with other local authorities for a maximum of two years.

17. Short-term investments

	Loans to local authorities £'000
At 1 April 2018	**89,285**
Additions	**1,715**
Interest accrued	**373**
At 31 March 2019	**91,373**

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18. Trade and other debtors

	2019 £'000	2018 £'000
Trade debtors	**27**	8
Other debtors	**6,649**	3,630
Prepayments and accrued income	**-**	462
	6,676	4,100
Analysed between the following classes of debtors:		
Central government bodies	**3,219**	456
Other local authorities	**3,429**	489
Other entities and individuals	**28**	3,155
	6,676	4,100

As at 31 March 2019 there were £Nil (2018: £Nil) trade debtors past due but not impaired.

As at 31 March 2019 other debtors of £110,000 (2018: £167,000) were impaired in relation to NNDR income and the amount of the impairment provision was £110,000 (2018: £167,000). The movement in the year on the provision for impairment was a reduction of £57,000 (2018: £167,000).

19. Cash and Cash Equivalents

	2019 £'000	2018 £'000
Cash at bank and in hand	**48**	4
Short-term deposits	**43,815**	28,820
	43,863	28,824

Short-term deposits consist of Money Market Funds which are highly liquid (convertible into cash within the same day) and therefore classed as a cash equivalent.

20. Trade and other creditors

	2019 £'000	2018 £'000
Trade creditors	**1,844**	2,798
Taxes and social security	**170**	106
Accruals and deferred income	**4,224**	2,282
	6,238	5,186
Analysed between the following classes of creditors:		
Central government bodies	**170**	286
Other local authorities	**3,745**	4,128
Other entities and individuals	**2,323**	772
	6,238	5,186

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21. Agent for West of England LEP and associated grants/functions

Bath & North East Somerset Council, Bristol City Council, North Somerset Council and South Gloucestershire Council continue to work together and co-ordinate high level planning to improve the quality of life of their residents and provide for a growing population. This joint work focuses on activities that are better planned at the West of England level, rather than at the level of the individual council areas. Decisions are made at a Joint Committee.

Similarly, the WECA assumed the Accountable Body role for the Invest in Bristol and Bath inward investment function and the MetroBus/MetroWest Communications function in 2017/18, with the teams transferred from Bristol City Council to the Authority's employment on 1 May 2017. The table below reflects the revenue expenditure incurred by the WECA on behalf of the West of England Authorities in 2017/18 and 2018/19:

21. Agent for West of England LEP and associated grants/functions (continued)

West of England LEP Revenue Expenditure 2017/18 and 2018/19

	2019 £'000	2018 £'000
Expenditure		
LEP Management & Co-ordination	**1,063**	388
LEP Infrastructure	**248**	451
LEP Skills & Economy	**222**	292
Growth Hub	**310**	328
LEADER	**67**	75
Energy Strategy	**10**	32
RIF Administration	**212**	248
SW Energy Hub	**93**	-
Local Industrial Strategy	**148**	-
5G Urban Bid	**147**	-
ERDF Administration	**67**	39
Enterprise Advisor	**70**	-
Skills Advisory Panel	**19**	-
LEP Strategy	**125**	-
Infrastructure & Investment Delivery Plan	**425**	-
Other expenditure	**15**	-
	3,241	1,853

	2019 £'000	2018 £'000
Income		
Local Authority contributions	**507**	342
Investment Interest	**554**	204
Higher/Further Education contributions	**151**	18
Government Grant - Core & Strategic Economic Plan	**500**	500
Government Grant - RIF administration	**212**	248
Government Grant - Growth Hub	**309**	328
Government Grant - Infrastructure & Investment Delivery Plan	**425**	-
Government Grant - Other	**246**	213
Movement from Reserves	**337**	-
	3,241	1,853

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21. Agent for West of England LEP and associated grants/functions (continued)

	2019 £'000	2018 £'000
Expenditure/Income yet to be defrayed/received		
Growth Hub Net Creditor	**26**	77
LEADER Net Debtor	**(18)**	(55)
LEP Net Creditor	**1,871**	87
LEP Reserves	**989**	894
Cash Balance held	**2,868**	1,003

Invest in Bristol and Bath Revenue Expenditure 2017/18 and 2018/19

	2019 £'000	2018 £'000
Expenditure		
Inward Investment Team	**1,050**	1,013
	1,050	1,013
Income		
Economic Development Fund Grant	**899**	849
Other Grants	**-**	35
Sponsorship Income	**86**	86
Contributions	**65**	43
	1,050	1,013

	2019 £'000	2018 £'000
Expenditure/Income yet to be defrayed/received		
Net Debtor	**(1,767)**	(856)
Cash Balance Held	**(1,767)**	(856)

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21. Agent for West of England LEP and associated grants/functions (continued)

MetroBus/Metrowest Communications Team Revenue Expenditure

	2019 £'000	2018 £'000
Expenditure		
Communications Team	**74**	261
	74	261
Income		
MetroBus contribution	**-**	187
MetroWest contribution	**74**	69
Other contribution	**-**	5
	74	261

	2019 £'000	2018 £'000
Expenditure/Income yet to be defrayed/received		
Net Debtor	**(150)**	(279)
Cash Balance Held	**(150)**	(279)

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In addition, the WECA is the accountable body for central government grants and acts as Agent. Balances were transferred from Bath & North East Somerset Council. Sums are distributed to specific projects, as various criteria are satisfied, with the receiving body or Authority treating as grant in their own financial statements. The balance of funds not distributed is therefore treated as a creditor in the WECA's financial statements; these sums will either be paid to future grant recipients or returned to government if not used or where they are recovered:

21. Agent for West of England LEP and associated grants/functions (continued)

West of England LEP Central Government Grants 2017/18 and 2018/19

2018/19 Grants Awarded	Funds transferred £'000	Grant received /returned £'000	Interest applied £'000	Grant distributed /recovered £'000	Funds c/fwd £'000
MHCLG - Growing Places Revolving Infrastructure Fund	**5,534**	**-**	**-**	**(282)**	**5,252**
BEIS - Regional Growth Fund 2 Revolving Infrastructure Fund	**8,276**	**-**	**162**	**(5,723)**	**2,715**
RIF - Returned Funds from completed schemes	**5,897**	**387**	**-**	**-**	**6,284**
MHCLG - Local Growth Fund	**36,577**	**45,370**	**-**	**(43,355)**	**38,592**
	56,284	**45,757**	**162**	**(49,360)**	**52,843**

2018/19

Grant funding yet to be distributed / (returned)

	Funds c/fwd (as above) £000	Net Creditor/ (Debtor) £'000	Impairment of Trade Debtors (RGF3) £'000	Total Cash Balance held £'000
MHCLG - Growing Places Revolving Infrastructure Fund	5,252	115	-	**5,367**
BEIS - Regional Growth Fund 2 Revolving Infrastructure Fund	2,715	5,052	-	**7,767**
RIF - Returned Funds from completed schemes	6,284	-	-	**6,284**
MHCLG - Local Growth Fund	38,592	17,744	-	**56,336**
Total	**52,843**	**22,911**	**-**	**75,754**

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21. Agent for West of England LEP and associated grants/functions (continued)

2017/18 Grants Awarded	Funds transferred £'000	Grant received /returned £'000	Interest applied £'000	Grant distributed /recovered £'000	Funds c/fwd £'000
MHCLG - Growing Places Revolving Infrastructure Fund	6,015	-	37	(518)	5,534
BEIS - Regional Growth Fund 2 Revolving Infrastructure Fund	18,855	-	103	(10,682)	8,276
RIF - Returned Funds from completed schemes	3,154	2,743	-	-	5,897
BEIS - Regional Growth Fund 3	-	(22)	-	22	-
MHCLG - Local Growth Fund	4,648	49,832	-	(17,903)	36,577
	32,672	52,553	140	(29,081)	56,284

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2017/18

Grant funding yet to be distributed / (returned)

	Funds c/fwd (as above)	Net Creditor/ (Debtor)	Impairment of Trade Debtors (RGF3)	Total Cash Balance held
	£000	£'000	£'000	£'000
MHCLG - Growing Places Revolving Infrastructure Fund	5,534	26	-	5,560
BEIS - Regional Growth Fund 2 Revolving Infrastructure Fund	8,276	2,615	-	10,891
RIF - Returned Funds from completed schemes	5,897	(1,402)	-	4,495
BEIS - Regional Growth Fund 3	-	4	10	14
MHCLG - Local Growth Fund	36,577	7,245	-	43,822
Total	56,284	8,488	10	64,782

21. Agent for West of England LEP and associated grants/functions (continued)

Reconciliation of the Agency Creditor	**2019 £000**	2018 £'000
LEP	**2,868**	1,004
IBB	**(1,767)**	(856)
MetroBus/MetroWest Communications	**(150)**	(279)
Grant Balances	**75,754**	64,782
Total Agency Creditor / (Asset)	**76,705**	64,651

Under the agency accounting approach, none of the above transactions are recognised in the Combined Authority's Comprehensive Income and Expenditure Statement. The net cash balances, totalling £76.705m at 31 March 2019 (2018: £64.651m), held by the Authority where it is acting as agent, are treated as a creditor balance within the WECA's Balance Sheet, as they are held on behalf of the West of England LEP Unitary Authorities, would be paid to future grant recipients or returned to government.

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22. Provisions, Contingent Liabilities and Guarantees

Provisions are recognised when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount. The expense relating to the provision is recognised in the Comprehensive Income and Expenditure Statement.

Provision for Appeals - NNDR Income	**2019 £'000**	2018 £'000
At 1 April	**2,655**	-
Charged to income and expenditure	**205**	2,655
At 31 March	**2,860**	2,655

The National Non-Domestic Rates (NNDR) Appeals Provision is for appeals made to the Valuation Office Agency in respect of NNDR valuations. These estimates of reductions to NDR income are made by officers at the three Billing Authorities participating in the 100% BRR Pilot.

The Authority has not entered into any Guarantees.

23. Usable reserves

The purpose of the individual reserves are as follows:

General Fund Balance

The General Fund Balance is a statutory fund which represents funds available to the Combined Authority to meet unexpected short term requirements. Movements in the General Fund are detailed in the Movement in Reserves Statement.

Earmarked Reserves

Current year movements	Carry forward reserve £'000	Integrated Transport Authority reserve £'000	BRR Reserve £'000	Mayoral elections £'000	Mayoral Capacity funding £'000	Housing Capacity funding £'000	Other £'000	Total £'000
Balance at 1 April 2018	**310**	**400**	**715**	**-**	**-**	**-**	**-**	**1,425**
Transfers in year from/(to) general reserves	**(310)**	**(265)**	**(215)**	**388**	**551**	**1,724**	**695**	**2,568**
Net transfer from/(to) general reserves	**(310)**	**(265)**	**(215)**	**388**	**551**	**1,724**	**695**	**2,568**
Balance at 31 March 2019	**-**	**135**	**500**	**388**	**551**	**1,724**	**695**	**3,993**

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Integrated Transport Authority reserve

The Integrated Transport Authority Reserve exists in order to hold variances between the costs of Concessionary Fares, Bus Information services and Community Transport support, pending the adjustment of Levy calculations in subsequent Financial Years, to maintain a revenue neutral position between the WECA and contributing Authorities.

BRR Reserve

The Business Rates Reserve exists in order to meet costs arising from the volatility in NNDR income due to changes in the Rateable Value of properties or the granting of new exemptions and reliefs and is utilised to fund deficits impacting in future years.

Mayoral Elections Reserve

A contribution of £388k was made to this earmarked reserve to meet the estimated costs of the next mayoral election in 2021.

Mayoral and Housing Capacity Funding

The balance of these two grant funding streams has been transferred into earmarked reserves to facilitate and accelerate delivery of infrastructure and investment projects, and to create a strategic housing delivery unit.

24. Unusable reserves

The purpose of the individual reserves are as follows:

Pooled Investment Fund Adjustment Account

The Pooled Investment Fund Adjustment Account includes all gains and losses recognised on revaluation of financial assets held at fair value through other comprehensive income.

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to a historical cost basis). The account is credited with capital grants and contributions receivable and amounts set as finance for the costs of acquisition, construction and subsequent costs (MRP).

	2019 £'000	2018 £'000
Opening balance at 1 April	**460**	-
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
Charges for depreciation and amortisation of non-current assets	**(240)**	(74)
Revenue expenditure funded from capital under statute	**(24,574)**	(22,022)
Transfer of revenue contributions on capital outlay (RCCO)	**17,678**	17,572
Capital financing applied in the year		
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	**7,604**	4,984
Closing balance at 31 March	**928**	460

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24. Unusable reserves (continued)

Pensions Reserve

The pensions reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The balance on the reserve shows the shortfall in the benefits earned by past and current employees and the resources the Combined Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2019 £'000	2018 £'000
Opening balance at 1 April	**(1,711)**	-
Remeasurements (liabilities and assets)	**(380)**	293
Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on provision of services in the Comprehensive Income and Expenditure Statement	**(923)**	(491)
Effect of business combinations*	**-**	(1,692)
Employers pension contributions payable in the year; Current year	**299**	179
Closing balance at 31 March	**(2,715)**	(1,711)

* Net liability arising on transfer of employees to the WECA on 1 May 2017.

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Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of NNDR income in the Comprehensive Income and Expenditure Statement as it falls due from business rate payers, compared with the statutory arrangements for paying across amounts to the Authority from the Billing Authorities. The annual movement attributable to each of the three Billing Authorities is shown in the table below:

Collection Fund Adjustment Account 2017/18 and 2018/19

	2019 £'000	2018 £'000
Balance at 1 April	**(315)**	-
Bath & North East Somerset Council	**76**	(36)
Bristol City Council	**(128)**	(11)
South Gloucestershire Council	**325**	(268)
Balance at 31 March	**(42)**	(315)

25. Capital expenditure and capital financing

The Authority spent £25.3m (2017/18: £22.6m) on capital during 2018/19. This expenditure is summarised below:

	31 March 2019 £'000	31 March 2018 £'000
Economic Model Software	**-**	115
Office Fit out and ICT Set-up Costs	**106**	418
Transport Scheme Business Case Development	**1,774**	37
Highways Maintenance & Infrastructure	**18,813**	21,985
Real Time Information	**465**	-
5G Smart Tourism	**4,125**	-
Total expenditure	**25,283**	22,555
Analysed between the following:		
Intangible Asset (note 14)	**603**	162
Property, plant and equipment (note 15)	**106**	371
Total capital expenditure	**709**	533
Written off to cost of services - transport capital grants and 5G grants	**24,574**	22,022
	25,283	22,555

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The table below details the funding of the capital programme:

	31 March 2019 £'000	31 March 2018 £'000
Funded by:		
Central government grants	**5,366**	4,412
Gainshare Contributions	**2,239**	571
Mayoral Fund RCCO	**17,572**	17,572
WECA RCCO	**106**	-
	25,283	22,555

The Authority receives capital grants from MHCLG and DfT as well as funding via the 100% Business Rates Retention system, which it administers and passes onto Constituent Authorities. As detailed above, a significant proportion of the capital investment made by the Authority therefore relates to REFCUS. REFCUS relates to capital expenditure incurred on assets that are not in the ownership of the Authority.

The Authority undertook £Nil (2018: £Nil) borrowing during the year ended 31 March 2019.

26. Defined benefit pension scheme

Employees of the Combined Authority participate in the Avon Pension Fund, a defined benefit career average salary statutory scheme whose administering Authority is Bath & North East Somerset Council in accordance with the Local Government Pension Scheme Regulations 2013.

An actuarial valuation of this fund was carried out by Mercer, an independent firm of actuaries in accordance with the Regulations as at 31 March 2016. Based on the results of this valuation the actuaries advise that the cost of pensions to be charged to the Comprehensive Income and Expenditure Statement from 1 April 2017 should be 13% of the current employees' pensionable pay. This pension cost has been determined after allowing for the amortisation of the difference between the assets and the accrued liabilities relating to the Combined Authority over the average remaining service lives of the current members of the fund.

Calculation method

The figures as at 31 March 2019 are based on the 31 March 2016 formal valuation of the fund. Membership data as at 31 March 2016 was used to develop current funding requirements. Liabilities are based on benefit payment and contribution information provided by the fund's administrator as at 31 March 2019. This valuation was carried out by Mercer.

Net liability and pension reserve

The net amount recognised on the Balance Sheet at 31 March 2019 is a deficit of £2,715,000 (2018: £1,711,000).

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Movement in net pension fund liability during the year

	2019 £'000	2018 £'000
Opening balance at 1 April	**1,711**	-
Employer's pension contributions payable in the year	**(299)**	(179)
Current service cost	**769**	446
Past service cost	**99**	-
Administrative expenses	**13**	7
Net interest cost	**42**	38
Remeasurements (liabilities and assets)	**380**	(293)
Business combination*	**-**	1,692
Closing balance at 31 March	**2,715**	1,711

* Net liability arising on transfer of employees to the WECA on 1 May 2017.

Employer's pension contributions expected to be paid in 2019/20 are estimated at £365,000.

26. Defined benefit pension scheme (continued)

Transactions relating to post-employment benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against the levy is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	2019 £'000	2018 £'000
Comprehensive Income and Expenditure Statement		
Cost of services		
Current service cost	**769**	446
Past service cost	**99**	-
Administration expenses	**13**	7
Financing and investment income and expenditure		
Net interest cost	**42**	38
Total post-employment benefit charged to the surplus or deficit on provision of services	**923**	491
Remeasurements (liabilities and assets)	**380**	1,399
Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement	**1, 303**	1,890

	2019 £'000	2018 £'000
Movement in reserves statement		
Reversal of net charges made to the surplus or deficit on provision of services for post-employment benefits in accordance with the Code	**(923)**	(491)
Actual amount charged against the General Fund Balance for pensions in the year	**299**	179
	(624)	(312)

Assets and liabilities in relation to post-employment benefits

	2019 £'000	2018 £'000
Present value of scheme liabilities	**(6,140)**	(4,523)
Present value of scheme assets	**3,425**	2,812
Amounts recognised as liabilities	**(2,715)**	(1,711)

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26. Defined benefit pension scheme (continued)

Reconciliation of present value of the scheme liabilities (defined benefit obligation)

	2019 £'000	2018 £'000
Opening balance at 1 April	**4,523**	-
Current service cost	**769**	446
Past service cost	**99**	-
Interest on pension liabilities	**124**	101
Member contributions	**188**	110
Actuarial losses/(gains)	**456**	(303)
Benefits paid	**(19)**	(59)
Business combination*	**-**	4,228
Closing balance at 31 March	**6,140**	4,523

*Gross liability arising on transfer of employees to the WECA on 1 May 2017.

Reconciliation of fair value of the scheme assets

	2019 £'000	2018 £'000
Opening balance at 1 April	**2,812**	-
Employer's pension contributions payable in the year	**299**	179
Interest on plan assets	**82**	63
Member contributions	**188**	110
Actuarial gains/(losses)	**76**	(10)
Administrative expenses	**(13)**	(7)
Benefits paid	**(19)**	(59)
Business combination*	**-**	2,536
Closing balance at 31 March	**3,425**	2,812

*Gross asset arising on transfer of employees to the WECA on 1 May 2017.

The plan assets at the year-end were as follows:

	2019 %	**2019 £'000**	2018 %	2018 £'000
Asset				
Equities	**40**	**1,383**	41	1,151
Gilts	**12**	**414**	11	304
Other bonds	**12**	**401**	12	343
Property	**10**	**333**	9	250
Cash/liquidity	**2**	**58**	4	101
Other	**24**	**836**	23	663
	100	**3,425**	100	2,812

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26. Defined benefit pension scheme (continued)

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The expected rate of return on plan assets is based on market expectations, at the beginning of the year, for investments returns over the entire life of the related obligation.

	2019	2018
Valuation assumptions		
Discount rate	**2.5%**	2.7%
Rate of salary increase	**3.7%**	3.6%
Rate of pension increase	**2.3%**	2.2%
Inflation assumption	**2.2%**	2.1%
Future life expectancies from age 65		
Retiring today:		
Males	**23.7**	23.6
Females	**26.2**	26.1
Retiring in 20 years:		
Males	**26.3**	26.2
Females	**29.0**	28.8

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In December 2018 the Court of Appeal upheld a ruling that there was age discrimination in the judges and firefighters pension schemes where transitional protections were given to scheme members.

In June 2019 the Government applied to the Supreme Court for permission to appeal this ruling, but this permission to appeal was unsuccessful. The case will now be remitted back to employment tribunal for remedy.

The legal ruling around age discrimination (McCloud – Court of Appeal) has implications not just for pension funds, but also for other pension schemes where they have implemented transitional arrangements on changing benefits.

As a result a revised IAS19 report was issued in July 2019 with a revised estimate of the pension liabilities which also included actual rather an estimated returns on investment value resulting in an overall increase of the net pension liabilities of £134,000.

Estimates within these accounts take account of the actuary's best estimate of pension liabilities at the balance sheet date.

26. Defined benefit pension scheme (continued)

Sensitivity analysis

	Per financial statements £'000	+ 0.1% p.a. discount rate £'000	+ 0.1% p.a. inflation £'000	+ 0.1% p.a. pay growth £'000	1 year increase in life expectancy £'000
Liabilities	6,140	5,980	6,305	6,184	6,245
Assets	(3,425)	(3,425)	(3,425)	(3,425)	(3,425)
Deficit/(Surplus)	2,715	2,555	2,880	2,759	2,820
Projected Service Cost for next year	873	844	902	873	891
Projected Net Interest Cost for next year	64	62	68	65	66

27. Financial risk management

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The Authority has existed as an entity since February 2017. During the year to 31 March 2019, the focus has been on continuing to develop appropriate governance structures and ensure that sufficient resources are in place to support the delivery of the organisation's objectives.

As part of a prudent investment strategy, the Authority seeks to invest any monies received in advance of need with public sector bodies and financial institutions of a high credit-worthiness.

The Authority's principal financial liabilities comprise trade and other creditors. The main purpose of these financial liabilities is to fund the WECA's operations. The Authority has trade and other debtors, and cash, long-term investments and short-term deposits that derive directly from its operations. The WECA does not enter into any derivative transactions.

The WECA is exposed to credit risk, liquidity risk, market risk and price risk. Currency risk is not a significant factor for the WECA since all its financial assets or liabilities are denominated in Sterling and it makes few purchases or sales in foreign currencies. It therefore has no material exposure to loss arising from movement in exchange rates.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Authority is exposed to credit risk from its operating activities (primarily for trade debtors) and from its financing activities, including deposits with banks, other financial institutions and local authorities.

27. Financial risk management (continued)

The WECA manages the credit risk from its financing activities by restricting its exposure with financial institutions to those that are on the official lending list as compiled by the Authority's treasury management advisors. The criteria for these lending lists are set out in the Treasury Management Strategy report and credit ratings monitored constantly through the receipt of credit rating bulletins from its treasury management advisors. If a financial institution fails to meet the criteria they are removed from the official lending list. The lending list contains financial as well as duration limits to reduce risk. Minimal balances are held for daily cash-flow management and any surplus funds are invested in Money Market Funds or Fixed Term Investments.

Customer credit risk: customers for goods and services are assessed, taking into account their financial position, past experience and other factors.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31 March 2019 £'000	31 March 2018 £'000
Long-term Investments	**25,181**	-
Short-term Investments	**91,373**	89,285
Trade and other debtors	**6,676**	4,095
Cash and short-term deposits	**43,863**	28,824
	167,093	122,204

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Liquidity risk

Liquidity risk covers the ease of access to finance. The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. The WECA maintains a sufficient level of liquidity through the use of Money Market Funds. If short term funding was required, the Authority has ready access to borrowings from the money markets. There is no significant risk that it will be unable to raise finance to meet its commitments. All trade and other creditors are due to be paid in less than one year.

Market risk

The Authority is exposed to the risk of interest rate movements on its investments. For instance, a rise in interest rates would cause the fair value of investments at fixed rates to fall. The effect of interest rates is monitored throughout the year and the impacts are reflected in budget monitoring reports which identify the performance against budget. However, fixed rate investments are not currently carried at fair value, so nominal losses would not impact on the Comprehensive Income and Expenditure Statement.

Price Risk

The Authority invests in one pooled property fund and is therefore exposed to losses arising from movements in the prices of property. Price risk is not considered to be significant on Money Market Funds as the funds are considered to be sufficiently diverse to mitigate this risk.

EU Referendum

Following the triggering of Article 50 on 29 March 2017, the WECA continues to closely assess and manage the direct effects of the UK leaving the European Union, in relation to market reaction (i.e. returns on investments), financial stability of counter parties and likelihood of future funding opportunities. The WECA are assisted in this regard by professional Treasury Management advisors, Arlingclose Limited.

28. Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet. Financial assets at fair value consist of a Pooled Property fund investment and Money Market Funds. Short-term debtors consist of investments, accrued interest and trade and other debtors. Cash and cash equivalents include investments in Money Market Funds. Short-term creditors consist of trade creditors and accruals.

	Long term		Current		Total	
	2019 £'000	2018 £'000	**2019 £'000**	2018 £'000	**2019 £'000**	2018 £'000
Financial assets at fair value through other income or expenditure:						
Pooled fund (Property)	**-**	-	**-**	9,474	**-**	9,474
Financial assets at fair value through income or expenditure:						
Pooled fund (Property)	**-**	-	**9,621**	-	**9,621**	-
Financial assets at amortised cost:						
Investment assets:						
- Principal	**25,000**	-	**91,000**	89,000	**116,000**	89,000
- Accrued interest	**181**	-	**373**	285	**554**	285
Total investments	**25,181**	-	**100,994**	98,759	**126,175**	98,759
Financial assets at fair value through income or expenditure:						
- Short-term deposits	**-**	-	**23,620**	-	**23,620**	-
Financial assets at amortised cost:						
- Cash at bank and in hand	**-**	-	**48**	4	**48**	4
- Short-term deposits	**-**	-	**19,993**	28,820	**19,993**	28,820
- Accrued interest	**-**	-	**202**	-	**202**	-
Total Cash and cash equivalents	**-**	-	**43,863**	28,824	**43,863**	28,824
- Trade debtors	**-**	-	**27**	8	**27**	8
- Other debtors	**-**	-	**6,759**	3,797	**6,759**	3,797
- Accrued income	**-**	-	**-**	457	**-**	457
- Loss allowance	**-**	-	**(110)**	(167)	**(110)**	(167)
Included in Trade and other debtors *	**-**	-	**6,676**	4,095	**6,676**	4,095
Total financial assets	**25,181**	-	**151,533**	131,678	**176,714**	131,678

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28. Financial Instruments (continued)

* The trade and other debtors line on the Balance Sheet include £Nil (2018: £5,000) short-term debtors that do not meet the definition of a financial asset as they relate to non-exchange transactions.

	Long term		Current		Total	
	2019 £'000	2018 £'000	**2019 £'000**	2018 £'000	**2019 £'000**	2018 £'000
Financial liabilities at amortised cost						
- Trade creditors	**-**	-	**(1,844)**	(2,798)	**(1,844)**	(2,798)
- Accruals			**(1)**	(2,282)	**(1)**	(2,282)
Included in trade and other creditors **	**-**	-	**(1,845)**	(5,080)	**(1,845)**	(5,080)
Total financial liabilities	**-**	-	**(1,845)**	(5,080)	**(1,845)**	(5,080)

** The trade and other creditors line on the Balance Sheet include no (2018: £106,000) short-term creditors that do not meet the definition of a financial liability as they relate to non-exchange transactions.

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following items:

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	For the year ending 31 March 2019		
	Financial assets at amortised cost £'000	**Financial assets at fair value through income and expenditure £000**	**Total £000**
Interest income	**(1,137)**	**-**	**(1,137)**
Gain on assets at fair value through income or expenditure	**-**	**(141)**	**(141)**
Interest expense	**-**	**-**	**-**
Net impact on surplus/deficit on provision of services	**(1,137)**	**(141)**	**(1,278)**
Gain on assets at fair value through other comprehensive income	**-**	**-**	**-**
Net gain for the year	**(1,137)**	**(141)**	**(1,278)**

28. Financial Instruments (continued)

	For the period ending 31 March 2018		
	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income £000	Total £000
Interest income	(372)	-	(372)
Interest expense	-	-	-
Net impact on surplus/deficit on provision of services	**(372)**	**-**	**(372)**
Loss on assets at fair value through other comprehensive income	-	483	483
Net loss/(gain) for the year	(372)	483	111

Fair value of financial assets and liabilities

Except for financial assets carried at fair value (Pooled Property fund and short-term deposits within cash and cash equivalents), all other financial assets and financial liabilities are carried on the Balance Sheet at amortised cost in accordance with the requirements of the Code and IFRS 9.

Some of the WECA's financial assets are carried on the Balance Sheet at fair value, defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Pooled Property fund (managed externally by fund managers) and Money Market Funds are valued by reference to the published unit price, and this is input level 1 in the fair value hierarchy.

The different levels in the fair value hierarchy have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets of liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

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28. Financial Instruments (continued)

The table below compares the Balance Sheet value of financial assets and financial liabilities to their fair value.

	2019		2018	
	Balance Sheet £'000	**Fair value £'000**	Balance Sheet £000	Fair value £000
Financial assets at fair value through other income and expenditure				
Pooled fund (Property)	**-**	**-**	9,474	9,474
Financial assets at fair value through income and expenditure				
Pooled fund (Property)	**9,621**	**9,621**	-	-
Financial assets at amortised cost				
Investment assets:				
- Fixed-term investments	**116,000**	**116,635**	89,000	89,177
- Accrued interest	**554**	**554**	285	285
- Trade and other debtors	**6,676**	**6,676**	4,095	4,095
Total investment assets	**132,851**	**133,486**	102,854	103,031
Cash and cash equivalents:				
Financial assets at fair value through income or expenditure:				
- Short-term deposits	**23,620**	**23,620**	-	-
Financial assets at amortised cost:				
- Cash at bank and in hand	**48**	**48**	4	4
- Short-term deposits	**19,993**	**20,009**	28,820	28,820
- Accrued interest	**202**	**202**	-	-
Total cash and cash equivalents	**43,863**	**43,879**	28,824	28,824
Total financial assets	**176,714**	**177,365**	131,678	131,855
Financial liabilities at amortised cost				
Trade and other creditors	**(1,845)**	**(1,845)**	(5,080)	(5,080)
Total financial liabilities	**(1,845)**	**(1,845)**	(5,080)	(5,080)

Short-term debtors and creditors, cash and cash equivalents (including short-term deposits) approximate to their carrying amounts largely due to the short-term nature of these instruments. Accrued interest reflects interest on fixed-term investments which is payable within 12 months of the balance sheet date.

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28. Financial Instruments (continued)

Sensitivity analysis

Income or expenditure and the fair value of financial assets are sensitive to the following changes:

	Impact on fair value			Impact on income or expenditure
	5% property price fall £'000	**1% interest rate rise £'000**	**5% equity price fall £'000**	**1% interest rate rise £'000**
Pooled fund (Property)	**(481)**	**-**	**-**	**-**
Fixed-term investments	**-**	**(768)**	**-**	**490**
Short-term deposits	**-**	**(75)**	**-**	**361**

29. Operating leases

Under the requirements of IAS 17 Leases, the Authority is required to review all lease arrangements and apply the primary and secondary tests detailed in the standard to determine the extent to which the risks and rewards incidental to ownership lie with the lessor or lessee and therefore whether leases should be classified as operating or finance leases, with the subsequent accounting treatment being in accordance with the standard.

The Authority is a lessee in three instances, for the occupation of its offices at Temple Quay, and for two photocopiers/printers. These are all considered Operating Leases.

Operating leases are not recognised in the Balance Sheet but charged as an expense in the Comprehensive Income and Expenditure Statement on a straight line basis over the lease term, even if this does not match the pattern of payments. The table below sets out the future minimum lease payments payable under non-cancellable operating leases due to be paid by the Authority:

	31 March 2019 £'000	31 March 2018 £'000
Land and buildings		
Less than one year	**173**	173
Between two and five years	**472**	645
	645	818

	31 March 2019 £'000	31 March 2018 £'000
Office equipment		
Less than one year	**1**	4
Between two and five years	**-**	5
	1	9

There are no lease payments due to be paid to the Authority.

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30. Capital commitments

As at 31 March 2019, the Authority has issued a number of Grant Offer Letters funding Transport Scheme Business Cases and Highways and Transport Grants. It has also entered into a contract for the installation of Bus Information hardware.

The major commitments are listed in the table below:

	2019/20 £'000	2020/21 £'000	2021/22 £'000
WECA Capital			
Business Case Development Grants	**2,472**	**-**	**-**
Real Time Information	**94**	**-**	**-**
Mayoral Capital			
Highways and Transport Grants	**17,572**	**-**	**-**
Pothole Action Fund grants	**662**	**-**	**-**
	20,800	**-**	**-**

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31. Related party disclosures

The Authority is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the WECA or to be controlled or influenced by the WECA. Disclosure of these transactions allows readers to assess the extent to which the WECA might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority. These include:

Central Government

Central Government has significant influence over the general operations of the WECA. It is responsible for providing the statutory framework within which the WECA operates and provides funding in the form of grants. Grants received from Government Departments are set out in note 10 together with grant receipts not yet recognised due to conditions attached to them at 31 March 2019. A significant body of funding comes from Central Government, which provides the majority of the Authority's funding as part of the Devolution deal, including through redistributed NNDR income.

Members

The Mayor has control over the WECA's financial and operating policies. The total of Members allowances paid in 2018-19 is shown in note 12. There were no transactions with related parties during the year.

31. Related party disclosures (continued)

Officers

During the year, there were income and expenditure transactions with local authorities or central government departments which officers had registered an employment interest with (for either themselves or their partner). These transactions are included in the expenditure and income disclosures below. There were no transactions with companies in which officers had an interest.

Constituent authorities

The Leaders of Bath and North East Somerset and South Gloucestershire Councils, and the Mayor of Bristol City Council, alongside the Mayor of the West of England, have direct control over the Authority's financial and operating polices through decision-making at the WECA Committee. Within this capacity, in consultation with their respective councils, they approve the level of Levy raised annually to support the transport functions of the Authority. The Authority operates a number of other committees, details of which are in the Annual Governance Statement.

To support the operation of the Authority, the constituent councils within the region have provided support to the WECA to assist in the discharge of its functions, i.e. secondments of officers to the WECA including to its Senior Management Team and the provision of ICT, Payroll, Insurance, Financial Systems and Exchequer services. Recharges have been made by the respective councils to the Authority to recover the cost of providing elements of this support.

Details of material income and expenditure are detailed below.

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The Authority received the following levy payments and funding from Related Parties:

Funding received by the WECA from Related Parties

2018/19

	ITA Levy £'000	100% BRR Pilot £'000	Grants £'000	Other Contributions £'000
Government	**-**	**-**	**2,861**	**-**
Constituent Authorities				
Bath & North East Somerset Council	**4,011**	**3,317**	**-**	**-**
Bristol City Council	**7,165**	**10,387**	**-**	**-**
South Gloucestershire Council	**2,218**	**6,593**	**-**	**-**
	13,394	**20,297**	**2,861**	**-**

31. Related party disclosures (continued)

2017/18

	ITA Levy £'000	100% BRR Pilot £'000	Grants £'000	Other Contributions £'000
Government	-	1,284	4,528	-
Constituent Authorities				
Bath & North East Somerset Council	4,211	3,178	-	6
Bristol City Council	8,475	10,223	-	6
South Gloucestershire Council	2,596	6,336	-	6
	15,282	21,021	4,528	18

The Authority made the following payments to Related Parties:

Expenditure incurred by the WECA to Related Parties

2018/19

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	ITA Functions £'000	Second -ments £'000	Support Services £'000	Distribu- tion of Grants £'000	Reimburse- ment of Election Costs £'000	Other Contribu- tions £'000
Government	**-**	**76**	**-**	**-**	**-**	**-**
Constituent Authorities						
Bath & North East Somerset Council	**481**	**14**	**430**	**808**	**-**	**20**
Bristol City Council	**975**	**102**	**-**	**505**	**-**	**-**
South Gloucestershire Council	**13,017**	**22**	**-**	**53**	**-**	**-**
	14,473	**214**	**430**	**1,366**	**-**	**20**

31. Related party disclosures (continued)

2017/18

	ITA Functions £'000	Second -ments £'000	Support Services £'000	Distribu-tion of Grants £'000	Reimburse-ment of Election Costs £'000	Other Contribu-tions £'000
Government	-	202	-	-	-	-
Constituent Authorities						
Bath & North East Somerset Council	480	184	208	750	268	439
Bristol City Council	1,284	108	14	-	865	556
South Gloucestershire Council	13,115	60	-	25	401	265
	14,879	554	222	775	1,534	1,260

Entities controlled or significantly influenced by the WECA

The WECA owns no subsidiary companies.

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32. Events after the Balance Sheet date

The Statement of Accounts were authorised for issue by the West of England's Responsible Financial Officer on 31st May 2019.

In December 2018 the Court of Appeal upheld a ruling that there was age discrimination in the judges and firefighters pension schemes where transitional protections were given to scheme members.

In June 2019 the Government applied to the Supreme Court for permission to appeal this ruling, but this permission to appeal was unsuccessful. The case will now be remitted back to employment tribunal for remedy.

The legal ruling around age discrimination (McCloud – Court of Appeal) has implications not just for pension funds, but also for other pension schemes where they have implemented transitional arrangements on changing benefits.

As a result a revised IAS19 report was issued in July 2019 with a revised estimate of the pension liabilities which also included actual rather an estimated returns on investment value resulting in an overall increase of the net pension liabilities of £134,000.

Estimates within these accounts take account of the actuary's best estimate of pension liabilities at the balance sheet date.

33. 100% Business Rates Retention Pilot

In 2017/18, the Authorities in the WECA area joined a pilot of 100% Business Rates Retention (BRR), under which the WECA receives a 5% share of Business Rates collected by the three Billing Authorities with effect from 1 April 2017.

Under the pilot, the £17.572m of Highways Maintenance Grants that the WECA would have otherwise received from the Department for Transport, is instead funded from the 5% share of NNDR income (including s31 grants for compensation under the new burdens principle) with a Tariff payment to Government representing the difference between the value of the Grants and the WECA's Business Rates Baseline.

As a Major Preceptor within the BRR system, the WECA also has to account for its share of Business Ratepayer arrears, overpayments, appeals and bad debt provisions calculated by the Billing Authorities, who are acting as the WECA's agents in collecting such amounts. NNDR income included within the Comprehensive Income and Expenditure Statement includes the Authority's share of the surplus or deficit from other Local Authorities collection funds and any surplus or deficit is subject to the statutory arrangements which allow such variances to impact on the General Fund in subsequent accounting periods.

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WEST OF ENGLAND
Combined Authority

Grant Thornton UK LLP
2 Glass Wharf
Bristol
BS2 0EL

16 October 2019

Our ref:

Your ref: WECA/1819/LoR

Dear Sirs

West of England Combined Authority
Financial Statements for the year ended 31 March 2019

This representation letter is provided in connection with the audit of the financial statements of the West of England Combined Authority for the year ended 31 March 2019 for the purpose of expressing an opinion as to whether the Authority financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

i. We have fulfilled our responsibilities for the preparation of the Authority's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

ii. We have complied with the requirements of all statutory directions affecting the Authority and these matters have been appropriately reflected and disclosed in the financial statements.

iii. The Authority has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.

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www.westofengland-ca.gov.uk

The West of England Combined Authority (WECA) covers Bath & North East Somerset, Bristol and South Gloucestershire. WECA also supports the Local Enterprise Partnership and the Joint Committee, which includes North Somerset.

vi. Except as disclosed in the financial statements:

a. there are no unrecorded liabilities, actual or contingent

b. none of the assets of the Authority has been assigned, pledged or mortgaged

c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

vii. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Authority's financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions. The financial statements are free of material misstatements, including omissions.

xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xiii. We believe that the Authority's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Authority's needs. We believe that no further disclosures relating to the Authority's ability to continue as a going concern need to be made in the financial statements.

Information Provided

xiv. We have provided you with:

a. access to all information of which we are aware that is relevant to the preparation of the Authority financial statements such as records, documentation and other matters;

b. additional information that you have requested from us for the purpose of your audit; and

c. unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.

xv. We have communicated to you all deficiencies in internal control of which management is aware.

xvi. All transactions have been recorded in the accounting records and are reflected in the financial statements.

xvii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xviii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:

a. management;

b. employees who have significant roles in internal control; or

c. others where the fraud could have a material effect on the financial statements.

xix. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

xx. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xxi. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.

xxii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

xxiii. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Authority's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

xxiv. The disclosures within the Narrative Report fairly reflect our understanding of the Authority's financial and operating performance over the period covered by the Authority financial statements.

Approval

The approval of this letter of representation was minuted by the Authority's Audit Committee at its meeting on 16 October 2019.

Yours faithfully

Name……

Position……

Date……

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Name……

Position…….

Date…….

Signed on behalf of the Audit Committee

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The West of England Combined Authority (WECA) covers Bath & North East Somerset, Bristol and South Gloucestershire. WECA also supports the Local Enterprise Partnership and the Joint Committee, which includes North Somerset.

2018/19 Statement of Accounts – Improvement Plan (October 2019)

	Issue identified through 2018/19 process	Action	When
1	Lack of capacity re WECA finance resources to deliver the full Statement of Accounts. Too reliant on contractors	WECA to re-distribute budget currently spent on contractors to recruit internal capacity	October 2019
2	Over-reliance on manual processes and transactions – making adjustments to draft accounts time consuming and complex.	Cost Centre structure being mapped into new version of Agresso. Recruiting external expertise to help develop and implement new system	November 2019
3	Lack of Financial system functionality – using Agresso through BANES, but only basic shell of the system.	Moving from BANES to Agilisys, (through North Somerset), as ICT provider. Setting up improved system functionality as part of the transfer	March 2020
4	Audit Committee concern regarding the complexity of implementing a new Financial System	ICT implementation Plan to be shared with the Audit Committee with regular updates produced	October 2019 (monthly update)
5	Lack of process / procedure notes making comparisons with previous year(s) difficult (with no continuity of staff resource)	Electronic process notes to be created by the WECA Finance Team	March 2020
6	Need to formally capture lessons learnt from 2018/19 Accounts and plan continuous improvement	Meeting to be held between WECA Finance & Grant Thornton to capture lessons learnt	November 2019
7	Requirement to improve performance management arrangements beyond individual project outcomes.	Metrics to be created in support of the £350m Investment Programme. To be presented alongside 2020/21 budget papers	January 2020
8	Need to improve transparency and raise the awareness of audit committee members re accounts and other audit issues	Informal briefings delivered by WECA officers either before formal meetings or bespoke as and when required	On-going
9	Lack of a detailed Medium Term Financial Plan (MTFP) to support the 2018/19 budget	MTFP to be developed alongside 2020/21 budget setting. Draft to be shared with the Audit Committee.	December 2019
10	Audit Committee members wishing to better understand the overall budget of WECA (and LEP)	Draft budget papers to be shared with the Audit Committee. Follow up presentation to be arranged if required	December 2019

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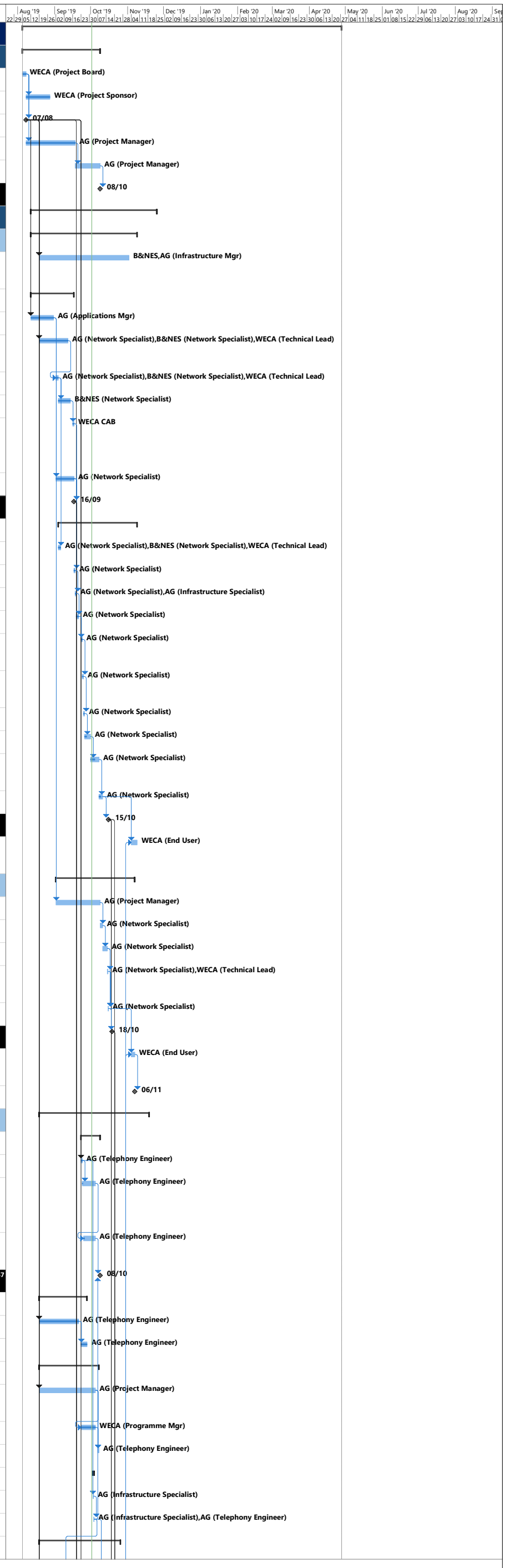
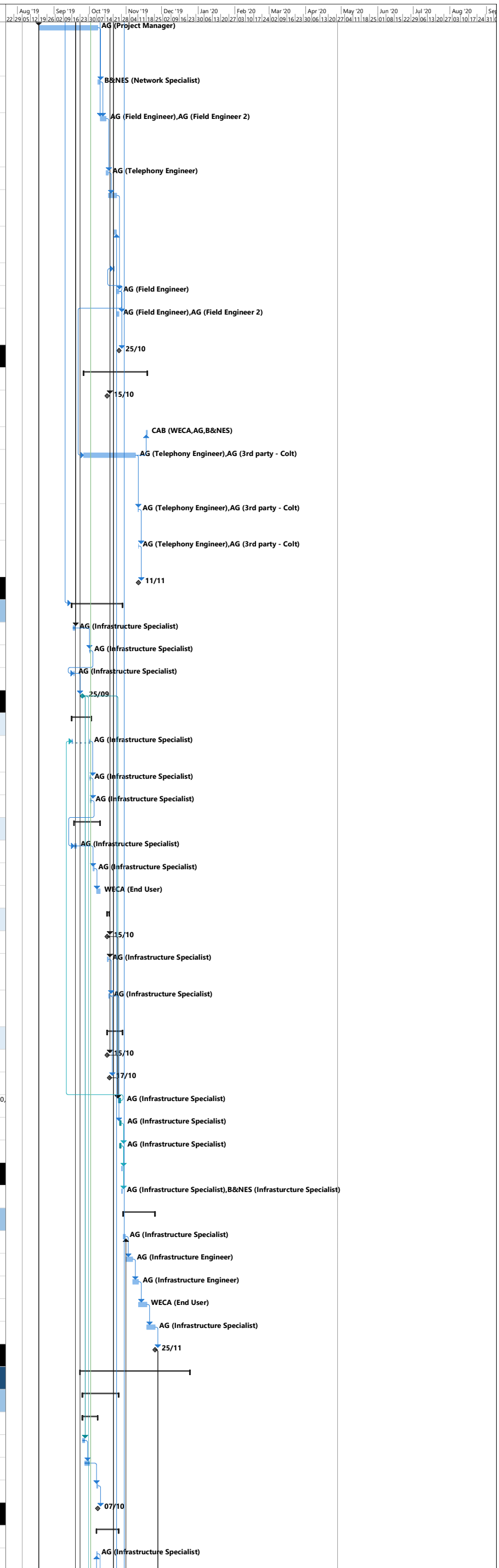
ID	Task Mode	% Complete	Task Name	Duration	Start	Finish	Predecessors
1		20%	**WECA Transition Plan (v2.9)**	**191 days?**	**Mon 05/08/19**	**Mon 27/04/20**	
2		75%	**Project Mobilisation and Kick-off**	**47 days**	**Mon 05/08/19**	**Tue 08/10/19**	
3		100%	Project Board - Deisgn & Plan Review and sign-off	3 days	Mon 05/08/19	Wed 07/08/19	
4		100%	PO to be issued in line with Contract	14 days	Thu 08/08/19	Tue 27/08/19	3
5		100%	Agree the transition plan	0 days	Wed 07/08/19	Wed 07/08/19	3
6		100%	Set-up Client Change Advisory Board (CAB) - B&NES, WECA, NSC & Agilisys	29 days	Thu 08/08/19	Tue 17/09/19	3
7		0%	PID	15 days	Wed 18/09/19	Tue 08/10/19	6
8		0%	**MILESTONE: Mobilise Project Team Resources**	**0 days**	**Tue 08/10/19**	**Tue 08/10/19**	**7**
9		31%	**Infrastructure (Context, Networks, Telepony, RDP)**	**75.5 days**	**Mon 12/08/19**	**Mon 25/11/19**	
10		52%	**Network set-up**	**65 days**	**Mon 12/08/19**	**Fri 08/11/19**	
11		0%	Novation of contract agreement for existing lines (VM circuits) - SCHEDULED 1st NOV	55 days	Mon 19/08/19	Fri 01/11/19	5FS+7 days
12		100%	**B&NES - AG TEMP VPN**	**26 days**	**Mon 12/08/19**	**Mon 16/09/19**	
13		100%	Provisioning of hardware/licencing for WECA dedicated firewall	15 days	Mon 12/08/19	Fri 30/08/19	5FS+2 days
14		100%	Security policies discovery - B&NES not sent over policies 11/09, TH to clarify VLAN req.	18 days	Mon 19/08/19	Wed 11/09/19	5FS+7 days
15		100%	Creation of IPSEC Site to Site VPN tunnel – B&NES (TEMP)	2 days	Mon 02/09/19	Tue 03/09/19	14
16		100%	B&NES config & UAT the VPN tunnel and sign-off (Completed 20/09/2019)	8 days	Wed 04/09/19	Fri 13/09/19	15
17		100%	CAB approval required (B&NES, WECA, NSC & Agilisys) - NOT REQUIRED AS IMPACTS NO LIVE SERVICES, THIS IS SEGREGATED FROM ALL LIVE SERVICES	1 day	Mon 16/09/19	Mon 16/09/19	16
18		100%	Backend firewall config	11 days	Mon 02/09/19	Mon 16/09/19	13
19		100%	**MILESTONE: TEMP B&NES VPN tunnel set-up (Delivery) - PreReq**	**0 days**	**Mon 16/09/19**	**Mon 16/09/19**	**17,18**
20		63%	**WECA - AG VPN**	**48 days**	**Wed 04/09/19**	**Fri 08/11/19**	
21		100%	Creation of IPSEC Site to Site VPN tunnel – WECA (PERM)	2 days	Wed 04/09/19	Thu 05/09/19	15
22		100%	WECA DMZ-VLAN Creation – frontend and backend firewall	1 day	Tue 17/09/19	Tue 17/09/19	18
23		100%	WECA INTERNAL-SERVER -VLAN Creation – backend firewall	1 day	Wed 18/09/19	Wed 18/09/19	22
24		100%	WECA – VRF and routing set-up (firewall/ core switch layer)	2 days	Thu 19/09/19	Fri 20/09/19	23
25		100%	Agilisys NSC Backend firewall to WECA dedicated firewall – Transit VLAN provisioning	1 day	Mon 23/09/19	Mon 23/09/19	24
26		80%	Agilisys NSC Backend firewall to WECA dedicated firewall – routing & security policies	1 day	Tue 24/09/19	Tue 24/09/19	25
27		80%	WECA Dedicated firewall (receiving) – racking/software update/mgmt access	1 day	Wed 25/09/19	Wed 25/09/19	26
28		65%	WECA Dedicated firewall base configuration	3 days	Thu 26/09/19	Mon 30/09/19	27
29		70%	WECA Dedicated firewall main configuration inc specific routing and security policies	5 days	Tue 01/10/19	Mon 07/10/19	28
30		60%	Link, traffic and communication testing - SAT	3 days	Tue 08/10/19	Thu 10/10/19	29
31		0%	**MILESTONE: Networks set-up (Delivery)/ WECA-AG VPN Live**	**0 days**	**Tue 15/10/19**	**Tue 15/10/19**	**30FS+3 days**
32		0%	WECA - UAT and sign-off (Dependant on WECA Win10 laptop base build is ready to UAT)	5 days	Mon 04/11/19	Fri 08/11/19	30,172FS-5 days
33		0%	**WiFi set-up**	**48 days**	**Mon 02/09/19**	**Wed 06/11/19**	
34		0%	Purchase and provision Aruba access points - PAF required	27 days	Mon 02/09/19	Tue 08/10/19	13
35		0%	Agilisys/NSC configuration and routing (4-9th Oct - DM on A/L)	2 days	Wed 09/10/19	Thu 10/10/19	34
36		0%	WECA confiuration and routing	2 days	Fri 11/10/19	Mon 14/10/19	35
37		0%	WECA Onsite installation (Sample device for set-up purposes to avoid interference with)	0.75 days	Tue 15/10/19	Tue 15/10/19	36
38		0%	WECA onsite SAT	0.25 days	Tue 15/10/19	Tue 15/10/19	36,37
39		0%	**MILESTONE: WECA WiFi set-up (Delivery)**	**0 days**	**Fri 18/10/19**	**Fri 18/10/19**	**38FS+3 days**
40		0%	WECA UAT and sign-off (Dependant on WECA Win10 laptop base build is ready to UAT)	3 days	Mon 04/11/19	Wed 06/11/19	38,172FS-5 days
41		0%	Instruct B&NES to decommission WECA WiFi Aps	0 days	Wed 06/11/19	Wed 06/11/19	40
42		23%	**Telephony (Mobile Phones) - RT last day 17th Oct**	**66 days**	**Mon 19/08/19**	**Mon 18/11/19**	
43		13%	**CISCO Call Manager set-up**	**12 days**	**Mon 23/09/19**	**Tue 08/10/19**	
44		100%	Test and validate ISDNs trunk offline (instead of SIP)	1 day	Mon 23/09/19	Mon 23/09/19	5FS+32 days
45		4%	Configure user accounts in CUCM, static lines and voicemail for 100 users (hunt groups if IP phones purchased) - OUTSTANDING - EXTRA 0.5day to complete	9 days	Tue 24/09/19	Fri 04/10/19	44
46		13%	Configure numbers to existing platform and test locally - OUTSTANDING - EXTRA 0.5day	8 days	Wed 25/09/19	Fri 04/10/19	45FS-9 days
47		0%	**MILESTONE: Telephony solution set-up**	**0 days**	**Tue 08/10/19**	**Tue 08/10/19**	**46FS+2 days,57**
48		100%	**Cisco Spider Confrence Phone set-up (Hardware)**	**30 days**	**Mon 19/08/19**	**Fri 27/09/19**	
49		100%	Ordered confrence phones COMPLETE	25 days	Mon 19/08/19	Fri 20/09/19	5FS+7 days
50		100%	Configured confrence phone handsets COMPLETE 27/10	5 days	Mon 23/09/19	Fri 27/09/19	49
51		22%	**Cisco IP Phone Handset set-up (Hardware) ~ Hunt Groups**	**36 days**	**Mon 19/08/19**	**Mon 07/10/19**	
52		0%	Order CISCO IP phones (confrence and desk-phones) - PAF required (dependant on CC phone audit) - 2day lead time on order	35 days	Mon 19/08/19	Fri 04/10/19	5FS+7 days
53		100%	WECA to provide details of hunt group requirments (Chris Corrigan)	10 days	Mon 23/09/19	Fri 04/10/19	52FS-10 days
54		0%	Configure the Cisco IP phone handsets	1 day	Mon 07/10/19	Mon 07/10/19	53,52
55		0%	**Mobile Phone Handset set-up (Hardware)**	**1 day**	**Thu 03/10/19**	**Thu 03/10/19**	
56		0%	Configure MDM (using E3 intune, not MaaS360) - NEW PHONES x60	0.5 days	Thu 03/10/19	Thu 03/10/19	44FS+7 days
57		0%	SAT - Mobile Phone build (remote testing)	0.5 days	Thu 03/10/19	Thu 03/10/19	56
58		0%	**Mobile Phone Handset Deployment**	**50 days**	**Mon 19/08/19**	**Fri 25/10/19**	



Project: WECA Transition Plan_V
Date: Wed 02/10/19

Task | Split | Milestone | Summary | Project Summary | Inactive Task | Inactive Milestone | Inactive Summary | Manual Task | Duration-only | Manual Summary Rollup | Manual Summary | Start-only | Finish-only | External Tasks | External Milestone | Deadline | Progress | Manual Progress

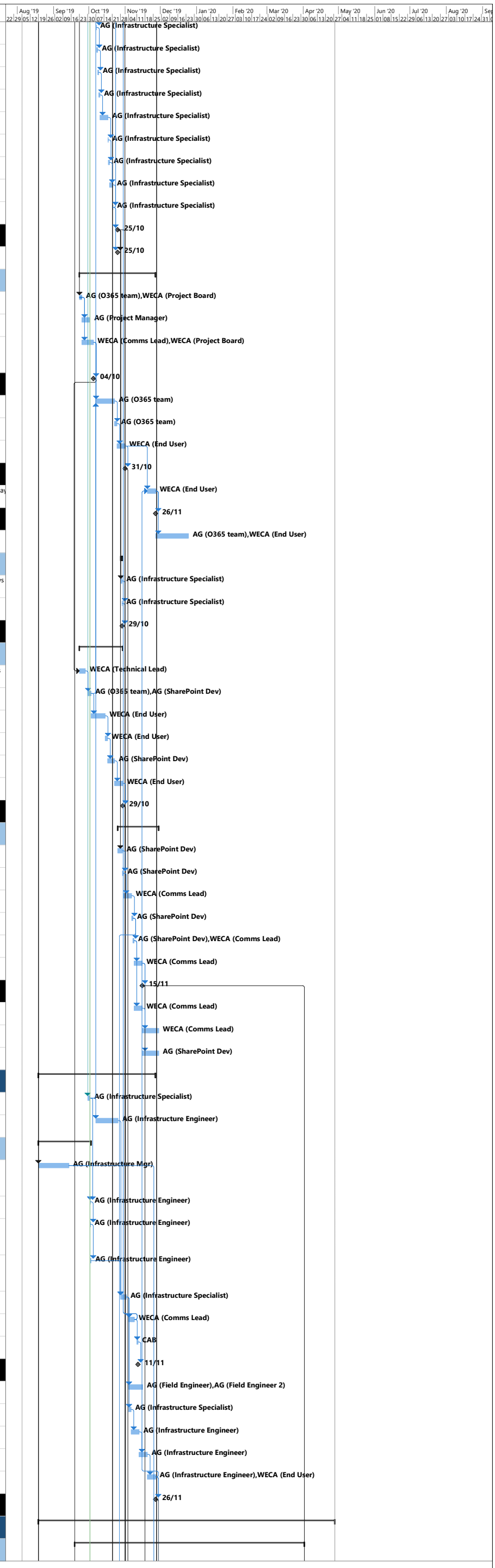
ID	Task Mode	% Complete	Task Name	Duration	Start	Finish	Predecessors
59		0%	Provision/ purchase Mobile Phones (60 iPhone 6S + 90 SIMS (30 for porting)) - PAF required (confirm if NSC if phones in stock - Dan Kelly - Rochdale - no spares onsite)	36 days	Mon 19/08/19	Mon 07/10/19	5FS+7 days
60		0%	B&NES to provide PAC codes to port existing mobile phone numbers (30 numbers)	2 days	Tue 08/10/19	Wed 09/10/19	59
61		0%	Corporate Build for 60 phones (using E3 intune(MDM), O365, Mail) - RISK IF DEVICES CAN BE SET-UP IN FULL IN ADVANCE OF MAIL EXCHANGE COMPLETING	3 days	Thu 10/10/19	Mon 14/10/19	60,57
62		0%	Document solution and group configuration, CMDB, BIS	2 days	Tue 15/10/19	Wed 16/10/19	61
63		0%	B&NES to put in place interim divert in Mytel solution, so numbers will work when new phones are issued	5 days	Thu 17/10/19	Wed 23/10/19	62
64		0%	Test O365 Mail on the mobile phones - SAT (Dependent on O365 exchange mig)	2 days	Mon 21/10/19	Wed 23/10/19	125
65		0%	CAB - Seek agreement to roll-out mobile phones	1 day	Mon 21/10/19	Mon 21/10/19	66FS-5 days
66		0%	Onsite deployment of mobile phones (drop-in)	2 days	Thu 24/10/19	Fri 25/10/19	63
67		0%	Re-call existing phones to recycle to re-build with MDM + complete asset registration (incl DEP) (30 phones)	2 days	Thu 24/10/19	Fri 25/10/19	66FS-2 days
68		0%	MILESTONE: Mobile Phones Deployed	0 days	Fri 25/10/19	Fri 25/10/19	66
69		0%	**Phones cut-over/ go-live (transfer of existing numbers)**	**38 days**	**Thu 26/09/19**	**Mon 18/11/19**	
70		0%	Configure VPN tunnel and remote switch. Test to customer site. (dependency cut over)	0 days	Tue 15/10/19	Tue 15/10/19	31
71		0%	CAB - Seek agreement to port phone numbers from Mytel - Colt CCM	1 day	Mon 18/11/19	Mon 18/11/19	72FS+5 days
72		0%	Port existing DDI numbers via Colt (1month lead time from date of order - due 25/09) - ISSUE B&NES to confirm billing number details before Colt will schedule	32 days	Thu 26/09/19	Fri 08/11/19	66FS-22 days
73		0%	Colt Port complete (down-time needed ~1-2hrs - 9am) - LOW RISK OF SERVICE OUTAGE	0.25 days	Mon 11/11/19	Mon 11/11/19	72
74		0%	Cut-over for desk phones (Cisco IP handsets) - Downtime 15-60mins - LOW RISK OF SERVICE OUTAGE	0.25 days	Mon 11/11/19	Mon 11/11/19	73
75		0%	MILESTONE: Mobile Phone number port (no impact to live service)	0 days	Mon 11/11/19	Mon 11/11/19	74
76		41%	**Domain set-up**	**31 days**	**Mon 16/09/19**	**Mon 28/10/19**	**57**
77		100%	Domain Controller Build	2 days	Tue 17/09/19	Wed 18/09/19	19
78		100%	Configure trust relationship (dependnecy on VPN)	0.5 days	Tue 01/10/19	Tue 01/10/19	77FS-2 days
79		100%	Configure OU and Group Policy Structure	0.5 days	Tue 17/09/19	Tue 17/09/19	78
80		100%	MILESTONE: New WECA domain controllers live (25/09/2019)	0 days	Wed 25/09/19	Wed 25/09/19	79FS+5 days
81		100%	**Domain (WSUS) - Pre-req for Win10 base build set-up**	**12.55 days**	**Mon 16/09/19**	**Wed 02/10/19**	
82		100%	Configure Windows Update Services (done for now - patching to be scheduled pre- Windows10 base build)	0.5 days	Mon 16/09/19	Tue 01/10/19	96FS-2 days
83		100%	Create Policies	0.5 days	Tue 01/10/19	Tue 01/10/19	82
84		100%	Technical SAT	1 day	Tue 01/10/19	Wed 02/10/19	83
85		33%	**External Resourcing (not linked to domain controllers)**	**16 days**	**Wed 18/09/19**	**Wed 09/10/19**	
86		100%	Find out who hosts their domain names/certificates (godaddy)	2 days	Wed 18/09/19	Thu 19/09/19	84
87		0%	Migrate WECA from B&NES to Agilisys godaddy acc.	1 day	Fri 04/10/19	Fri 04/10/19	86
88		0%	Technical SAT	3 days	Mon 07/10/19	Wed 09/10/19	87
89		0%	**Domain (Certificate Authority) ~ Internal**	**2 days**	**Tue 15/10/19**	**Thu 17/10/19**	
90		0%	WECA-AG VPN live	0 days	Tue 15/10/19	Tue 15/10/19	31
91		0%	Import virtual machines from export to NSC infrastructure (Dependant on VPN) - WAITING RESPONSE FROM STUART BATSON (PART OF CUT-OVER)	1 day	Wed 16/10/19	Wed 16/10/19	90
92		0%	Change IP addresses and DNS records (Dependant on VPN) (PART OF CUT-OVER)	1 day	Thu 17/10/19	Thu 17/10/19	91
93		0%	**Domain cut-over (plan over weekend - 26/27th Oct)**	**9 days**	**Tue 15/10/19**	**Mon 28/10/19**	
94		0%	WECA-AG VPN live	0 days	Tue 15/10/19	Tue 15/10/19	31
95		0%	Certificate Authority import and cutover	0 days	Thu 17/10/19	Thu 17/10/19	92
96		0%	Cutover of all domain/AD authentication services	1 day	Sat 26/10/19	Sat 26/10/19	94FS+8 days,80,
97		0%	Refresh all DNS information for certificate services after	0.5 days	Sun 27/10/19	Sun 27/10/19	92FS+4 days
98		0%	Technical SAT	0.5 days	Sun 27/10/19	Sun 27/10/19	97
99		0%	MILESTONE: New WECA domain controllers cut-over	1 day	Mon 28/10/19	Mon 28/10/19	98
100		0%	Instruct B&NES to decommission their domain controllers for WECA	1 day	Mon 28/10/19	Mon 28/10/19	98
101		0%	**Remote Desktop Portal (RDP)**	**19 days**	**Tue 29/10/19**	**Mon 25/11/19**	
102		0%	Session Hosts Build	2 days	Tue 29/10/19	Thu 31/10/19	143
103		0%	Install and configure all applications	4 days	Thu 31/10/19	Wed 06/11/19	102
104		0%	Technical SAT (test on existing hardware, subject to compatibility)	3 days	Wed 06/11/19	Mon 11/11/19	103
105		0%	WECA UAT and sign-off (test on existing hardware)	5 days	Mon 11/11/19	Mon 18/11/19	104
106		0%	Deploy to existing hardware (Device Manager)	5 days	Mon 18/11/19	Mon 25/11/19	105
107		0%	MILESTONE: RDP solution live	0 days	Mon 25/11/19	Mon 25/11/19	106
108		4%	**Office 365 (Tenant and Exchange, Teams, OneDrive, SharePoint)**	**67 days**	**Mon 23/09/19**	**Tue 24/12/19**	
109		25%	**O365 Tennant to Tennant Migration (Exchange)**	**22.75 days**	**Wed 25/09/19**	**Fri 25/10/19**	
110		80%	**WECA New O365 tennat set-up**	**9 days**	**Wed 25/09/19**	**Mon 07/10/19**	
111		100%	Set-up new tenency	2 days	Wed 25/09/19	Thu 26/09/19	80
112		100%	Imported users to the new tenent	2 days	Fri 27/09/19	Mon 30/09/19	111
113		0%	Microsoft license migration (B&NES tenent - AG tenent) - scheudled 7th Oct	1 day	Mon 07/10/19	Mon 07/10/19	112FS+4 days
114		0%	MILESTONE: WECA New O365 tennat live	0 days	Mon 07/10/19	Mon 07/10/19	113
115		0%	**O365 Tennant to Tennant Migration (Exchange)**	**14.75 days**	**Mon 07/10/19**	**Fri 25/10/19**	
116		0%	Build Exchange 2016 Hybrid Server	0.5 days	Mon 07/10/19	Mon 07/10/19	164FS+3 days



Project: WECA Transition Plan_V
Date: Wed 02/10/19

Task | Split | Milestone | Summary | Project Summary | Inactive Task | Inactive Milestone | Inactive Summary | Manual Task | Duration-only | Manual Summary Rollup | Manual Summary | Start-only | Finish-only | External Tasks | External Milestone | Deadline | Progress | Manual Progress

ID	Task Mode	% Complete	Task Name	Duration	Start	Finish	Predecessors
117		0%	Prepare AD/Schema for exchange 2016	0.25 days	Mon 07/10/19	Mon 07/10/19	116
118		0%	Exchange 2016 Installation and Configuration	1 day	Mon 07/10/19	Tue 08/10/19	117
119		0%	Hybrid Configuration Wizard	0.5 days	Tue 08/10/19	Wed 09/10/19	118
120		0%	ADFS/AD Synchronization	1 day	Wed 09/10/19	Thu 10/10/19	119
121		0%	Tenant to Tenant Migration	5 days	Thu 10/10/19	Thu 17/10/19	120
122		0%	Multi-Factor Authentication (MFA)	0.5 days	Thu 17/10/19	Thu 17/10/19	121
123		0%	Cutover of tenancy	1 day	Thu 17/10/19	Fri 18/10/19	122
124		0%	Technical SAT	0.5 days	Fri 18/10/19	Mon 21/10/19	123
125		0%	Configuration of new polices for outlook users	0.5 days	Mon 21/10/19	Mon 21/10/19	124
126		0%	MILESTONE: WECA New O365 exchange migration complete	0 days	Fri 25/10/19	Fri 25/10/19	125FS+4 days
127		0%	Inform B&NES that the O365 tennant is no longer in use	0 days	Fri 25/10/19	Fri 25/10/19	125,126
128		5%	**O365 Microsoft Teams Core Configuration**	**47 days**	**Mon 23/09/19**	**Tue 26/11/19**	
129		100%	Art of the possible workshop with WECA - reserved dates 23/24th Sept	2 days	Mon 23/09/19	Tue 24/09/19	5FS+32 days
130		0%	Procure O365 e-learning solution	5 days	Wed 25/09/19	Tue 01/10/19	129
131		0%	WECA to define approach to use of O365 ~ Principles (IMPACTS MOBILE PHONE CONFIG)	8 days	Wed 25/09/19	Fri 04/10/19	129
132		0%	MILESTONE: O365 Business Principles agreed	0 days	Fri 04/10/19	Fri 04/10/19	131
133		0%	Microsoft Teams core config (to deploy with Windows10)	12 days	Mon 07/10/19	Tue 22/10/19	131,146
134		0%	Technical SAT	2 days	Wed 23/10/19	Thu 24/10/19	133
135		0%	WECA UAT and sign-off	5 days	Fri 25/10/19	Thu 31/10/19	134
136		0%	MILESTONE: Microsoft Teams core build live	0 days	Thu 31/10/19	Thu 31/10/19	135
137		0%	Roll-out e-leanring (mandatory/ optional - decision required)	5 days	Wed 20/11/19	Tue 26/11/19	135,179FS-5 day
138		0%	MILESTONE: Staff trained on Microsoft Teams (e-learning)	0 days	Tue 26/11/19	Tue 26/11/19	137
139		0%	(Optional Extra subject to PCR: Teams First F2F training for staff)	20 days	Wed 27/11/19	Tue 24/12/19	137
140		0%	**O365 Onedrive Migration (Personal document migration)**	**1.25 days**	**Mon 28/10/19**	**Tue 29/10/19**	
141		0%	Installation of file server in NSC estate	1 day	Mon 28/10/19	Tue 29/10/19	126FS+0.5 days
142		0%	Configure replication group	0.25 days	Tue 29/10/19	Tue 29/10/19	141
143		0%	MILESTONE: Onedrive migration complete (WECA personal data)	0 days	Tue 29/10/19	Tue 29/10/19	142
144		0%	**O365 SharePoint Online Manual Migration (from network drives)**	**27 days**	**Mon 23/09/19**	**Tue 29/10/19**	
145		0%	WECA to provide an up to network file structure	5 days	Mon 23/09/19	Fri 27/09/19	132FS-10 days
146		0%	Map the network file structure to Microsoft Teams SharePoint Online set-up	3 days	Mon 30/09/19	Wed 02/10/19	145
147		0%	Content Migration - WECA manually drag and drop all files	8 days	Thu 03/10/19	Mon 14/10/19	146
148		0%	Technical SAT	2 days	Tue 15/10/19	Wed 16/10/19	147
149		0%	Permissions Configuration	4 days	Thu 17/10/19	Tue 22/10/19	148
150		0%	WECA UAT and sign-off	5 days	Wed 23/10/19	Tue 29/10/19	149
151		0%	MILESTONE: SharePoint migration complete (WECA corporate data)	0 days	Tue 29/10/19	Tue 29/10/19	150
152		0%	**Intranet set-up**	**25 days**	**Fri 25/10/19**	**Fri 29/11/19**	
153		0%	Replicate NSC Intranet (dependent on O365 tenant being in place)	2 days	Fri 25/10/19	Tue 29/10/19	126
154		0%	Clear Content	1 day	Tue 29/10/19	Wed 30/10/19	153
155		0%	WECA provide details of branding for the ribbon	5 days	Wed 30/10/19	Wed 06/11/19	154
156		0%	Re-configure branding of the ribbon	1 day	Wed 06/11/19	Thu 07/11/19	155
157		0%	Super-user training on 'Content Management' (onsite)	1 day	Thu 07/11/19	Fri 08/11/19	156
158		0%	WECA UAT and sign-off	5 days	Fri 08/11/19	Fri 15/11/19	157
159		0%	MILESTONE: Intranet live	0 days	Fri 15/11/19	Fri 15/11/19	158
160		0%	WECA define business principles for 'Content Management'	5 days	Fri 08/11/19	Fri 15/11/19	157
161		0%	WECA Train the Trainer on 'Content Management'	10 days	Fri 15/11/19	Fri 29/11/19	160
162		0%	Remote support for content management (up to 2 weeks)	10 days	Fri 15/11/19	Fri 29/11/19	158
163		0%	**Windows 10**	**72 days**	**Mon 19/08/19**	**Tue 26/11/19**	
164		0%	App-v Servers installation and configuration	2 days	Mon 30/09/19	Tue 01/10/19	80FS+3 days
165		0%	Package App-v Applications (as per applictaions list - see Notes)	15 days	Mon 07/10/19	Fri 25/10/19	164FS+3 days
166		0%	**Printing**	**33 days**	**Mon 19/08/19**	**Wed 02/10/19**	
167		0%	Novate Xerox printers under contract (x2 MFDs) CHANGE - Contract New via Xerox (Steve Mawn advised - 07/08/2019)	20 days	Mon 19/08/19	Fri 13/09/19	5FS+7 days
168		0%	MFD printers to be added to existing NSC printer server	0.25 days	Wed 02/10/19	Wed 02/10/19	164,167
169		0%	Group Policies to be modified on WECA domain controllers to update printer mapping	0.25 days	Wed 02/10/19	Wed 02/10/19	168
170		0%	Print server is deployed on virtualized Windows Server 2012 standard edition servers hosted on the NSC infrastructure	0.5 days	Wed 02/10/19	Wed 02/10/19	169
171		0%	Configure SCCM for WECA base build	5 days	Mon 28/10/19	Fri 01/11/19	165,170
172		0%	WECA UAT and sign-off (base build)	5 days	Mon 04/11/19	Fri 08/11/19	171
173		0%	CAB approval	1 day	Mon 11/11/19	Mon 11/11/19	172
174		0%	MILESTONE: Windows10 build sign-off	0 days	Mon 11/11/19	Mon 11/11/19	173
175		0%	Client deployment of devices including build time (+1wks cont - XMAS)	10 days	Mon 04/11/19	Fri 15/11/19	171
176		0%	UE-V configuration/policies creation	2 days	Mon 04/11/19	Tue 05/11/19	171
177		0%	Anti Virus and Anti Malware	5 days	Wed 06/11/19	Tue 12/11/19	176
178		0%	Technical SAT	5 days	Wed 13/11/19	Tue 19/11/19	177
179		0%	Onsite Windows10 new device roll-out to staff drop-in (100 devices)	5 days	Wed 20/11/19	Tue 26/11/19	178
180		0%	MILESTONE: Windows10 Laptop roll-out complete	0 days	Tue 26/11/19	Tue 26/11/19	179
181		12%	**Applications (Agresso, iTrent and Intranet)**	**181 days?**	**Mon 19/08/19**	**Mon 27/04/20**	
182		2%	**Agresso FMS set-up**	**140 days?**	**Thu 19/09/19**	**Wed 01/04/20**	



Project: WECA Transition Plan_V
Date: Wed 02/10/19

Task | Split | Milestone | Summary | Project Summary | Inactive Task | Inactive Milestone | Inactive Summary | Manual Task | Duration-only | Manual Summary Rollup | Manual Summary | Start-only | Finish-only | External Tasks | External Milestone | Deadline | Progress | Manual Progress

ID	Task Mode	% Complete	Task Name	Duration	Start	Finish	Predecessors
183		100%	Initial configuration workshop (ref. outline solution grid)	1 day	Thu 19/09/19	Thu 19/09/19	5FS+30 days
184		100%	**Infrastructure (Agilisys) - TEMP (for design work)**	**10 days**	**Mon 23/09/19**	**Mon 07/10/19**	
185		100%	**Set-up TEMP Infra - NSC Pre-Prod (for DEV of WECA Agresso entity)**	**10 days**	**Mon 23/09/19**	**Mon 07/10/19**	
186		100%	G7 NSC system admin user account (in place already - fully documented)	0 days	Mon 23/09/19	Mon 23/09/19	183FS+2 days
187		100%	Set-up x4 NSC RDP accounts for WECA finance team	1 day	Mon 07/10/19	Mon 07/10/19	186
188		10%	**Agresso Core set-up (Agilisys with support from G7)**	**20.5 days**	**Fri 20/09/19**	**Fri 18/10/19**	
189		14%	**Set up client (was 2 days)**	**14 days**	**Fri 20/09/19**	**Wed 09/10/19**	
190		20%	WECA to confirm what 7-dimentions they want (due 30/09/2019)	7 days	Fri 20/09/19	Mon 30/09/19	183
191		0%	Copy of NSC client x2 (UAT/ LIVE) - NSC like for like	2.5 days	Mon 07/10/19	Wed 09/10/19	186FS+9 days
192		0%	Taylor WECA's UAT environment to reflect WECA's required dimentions	0.5 days	Wed 09/10/19	Wed 09/10/19	191,190
193		0%	**Set up access - 4 users at WECA**	**1 day**	**Thu 10/10/19**	**Thu 10/10/19**	
194		0%	Set-up access to NSC Pre-Prod env. - for 4 WECA users (fin team)	0.5 days	Thu 10/10/19	Thu 10/10/19	192
195		0%	WECA - test access to NSC pre-prod (NSC clone)	0.5 days	Thu 10/10/19	Thu 10/10/19	194
196		0%	**Agilisys Agresso Configuration - Payroll (Agilisys)**	**4 days**	**Mon 14/10/19**	**Fri 18/10/19**	
197		0%	Call with B&NES - Review existing process/ interface	0.5 days	Mon 14/10/19	Mon 14/10/19	194FS+2 days
198		0%	Compare existing process (B&NES) - with NSC process	1 day	Tue 15/10/19	Tue 15/10/19	197
199		0%	Agree approach for WECA	0.5 days	Wed 16/10/19	Wed 16/10/19	198
200		0%	(8) Interfaces - Payroll costing file load approach review (call) - BOOKED	0.5 days	Thu 17/10/19	Thu 17/10/19	199FS+1 day
201		0%	(8) Interfaces - Payroll costing file load deisgn write-up	0.5 days	Fri 18/10/19	Fri 18/10/19	200
202		0%	**WECA's Agresso Configuration Design (WECA with support from G7)**	**21.5 days**	**Wed 23/10/19**	**Thu 21/11/19**	
203		0%	WECA - Define new Accounting Structure - working from NSC's as a baseline(pre-req)	0.5 days	Wed 23/10/19	Wed 23/10/19	201FS+3 days
204		0%	(1) Accounting Structure deisgn workshop (onsite - WECA) - BOOKED (All) 24/10	1 day	Thu 24/10/19	Thu 24/10/19	203
205		0%	(1) Accounting Structure deisgn workshop write-up	1 day	Fri 25/10/19	Fri 25/10/19	204
206		0%	(2) Finance Structure deisgn workshop (onsite - WECA) - BOOKED (Linda/ Martyn) 30/10	1 day	Wed 30/10/19	Wed 30/10/19	205FS+2 days
207		0%	(3) P2P deisgn workshop (onsite - WECA) - BOOKED	1 day	Thu 31/10/19	Thu 31/10/19	206
208		0%	(2) Finance Structure deisgn workshop write-up	1 day	Fri 01/11/19	Fri 01/11/19	207
209		0%	(3) P2P deisgn workshop write-up	1 day	Mon 04/11/19	Mon 04/11/19	208
210		0%	(4) Creditors P2P deisgn workshop (onsite - WECA)	0.5 days	Mon 11/11/19	Mon 11/11/19	209FS+4 days
211		0%	(4) Creditors P2P deisgn workshop write-up - BOOKED (Steph)	0.5 days	Mon 11/11/19	Mon 11/11/19	210
212		0%	(5) Debtors P2P deisgn workshop (onsite - WECA) - BOOKED (Steph)	0.5 days	Tue 12/11/19	Tue 12/11/19	211
213		0%	(5) Debtors P2P deisgn workshop write-up	0.5 days	Tue 12/11/19	Tue 12/11/19	212
214		0%	(6) Bank Transactions deisgn workshop (onsite - WECA) - BOOKED (Steph)	0.5 days	Wed 13/11/19	Wed 13/11/19	213
215		0%	(6) Bank Transactions deisgn workshop write-up	0.5 days	Wed 13/11/19	Wed 13/11/19	214
216		0%	(7) Data Migration deisgn workshop (onsite - WECA) - BOOKED (All + B&NES)	0.5 days	Thu 21/11/19	Thu 21/11/19	215FS+5 days
217		0%	(7) Data Migration deisgn workshop write-up	0.5 days	Thu 21/11/19	Thu 21/11/19	216
218		0%	**MILESTONE: WECA's Agresso Config Design Signed-off**	**0 days**	**Thu 21/11/19**	**Thu 21/11/19**	**217**
219		0%	**Interfaces - Payroll costing file load (Agilisys) - AG Payroll - enabler for iTrent roll-out**	**2 days**	**Fri 22/11/19**	**Mon 25/11/19**	
220		0%	Set-up (Payroll costing file load) - B&NES Agresso (WECA Old Acc Structure) - Biff upload	2 days	Fri 22/11/19	Mon 25/11/19	218,277FS-20 da
221		0%	Set-up (Payroll costing file load) - Agilisys Agresso (WECA New Acc Structure) - Biff upload	2 days	Fri 22/11/19	Mon 25/11/19	218,277FS-20 da
222		0%	**WECA Agresso Configuration Build (WECA with support from G7) - Martyn only has 4days/wk**	**15 days**	**Mon 02/12/19**	**Fri 20/12/19**	
223		0%	(1) Accounting Structure - Config Build - AGREED	2 days	Mon 02/12/19	Tue 03/12/19	218FS+6 days
224		0%	(2) Finance Structure - Config Build - AGREED	2 days	Wed 04/12/19	Thu 05/12/19	223
225		0%	(3) P2P - Config Build - AGREED	2 days	Mon 09/12/19	Tue 10/12/19	224FS+1 day
226		0%	(4) Creditors P2P - Config Build - AGREED	1 day	Wed 11/12/19	Wed 11/12/19	225
227		0%	(5) Debtors P2P - Config Build - AGREED	1 day	Thu 12/12/19	Thu 12/12/19	226
228		0%	(6) Bank Transactions - Config Build - AGREED	2 days	Tue 17/12/19	Wed 18/12/19	227FS+2 days
229		0%	Contingency (recommend 5days) - AGREED PLACEHOLDER	2 days	Thu 19/12/19	Fri 20/12/19	228
230		0%	**MILESTONE: WECA's Agresso Config Build Complete**	**0 days**	**Fri 20/12/19**	**Fri 20/12/19**	**229,220,221**
231		0%	**Data Migration (map transaction details)**	**20 days?**	**Mon 25/11/19**	**Fri 20/12/19**	
232		0%	Map transactions to new acc coding structure - alonside config work (Linda/ Steph)	20 days	Mon 25/11/19	Fri 20/12/19	218FS+1 day
233		0%	B&NES - to set-up read only access to existing DB for 7yrs (access to fin data) RISK	20 days	Mon 25/11/19	Fri 20/12/19	218FS+1 day
234		0%	B&NES to provide 'edit access' to existing DB for FY19-20 periods 13 and 14 to close acc's	1 day?	Mon 25/11/19	Mon 25/11/19	218FS+1 day
235		0%	**SAT/ IST - Round 1 (Integrated System Test)**	**18 days**	**Mon 06/01/20**	**Wed 29/01/20**	
236		0%	NSC to provide example Test Scripts (pre-req.)	2 days	Mon 06/01/20	Tue 07/01/20	230FS+10 days
237		0%	WECA to review and update Test Scripts	2 days	Wed 08/01/20	Thu 09/01/20	236
238		0%	WECA - SAT (with support from NSC/ LIB super users)	10 days	Fri 10/01/20	Thu 23/01/20	237
239		0%	WECA re-visit config (with support from G7), recommend 3-5days	3 days	Mon 27/01/20	Wed 29/01/20	238FS+1 day
240		0%	**SAT/ IST - Round 2 (Integrated System Test)**	**13 days**	**Thu 30/01/20**	**Mon 17/02/20**	
241		0%	WECA - SAT re-test	10 days	Thu 30/01/20	Wed 12/02/20	239
242		0%	WECA sign-off SAT	3 days	Thu 13/02/20	Mon 17/02/20	241
243		0%	**Infrastructure (Agilisys) - PERM (Required before UAT)**	**3 days**	**Mon 25/11/19**	**Thu 28/11/19**	
244		0%	**WECA infrastructure (access to this dependent on WECA VPN/ Domain cut over)**	**3 days**	**Mon 25/11/19**	**Thu 28/11/19**	
245		0%	Set-up additional servers (2 - LIVE & PRE-PROD)	0.5 days	Mon 25/11/19	Mon 25/11/19	107,167
246		0%	Networking of the additional servers	1 day	Tue 26/11/19	Tue 26/11/19	245
247		0%	Set up AMC on servers	0.5 days	Wed 27/11/19	Wed 27/11/19	246

Project: WECA Transition Plan_V
Date: Wed 02/10/19

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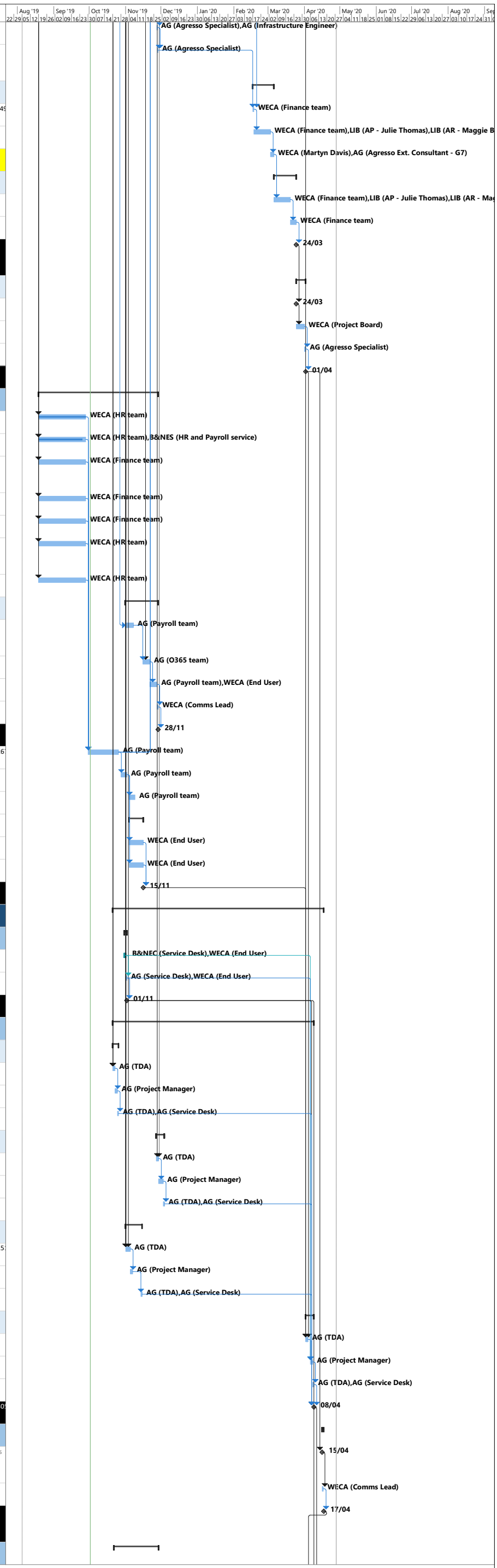
ID	Task Mode	% Complete	Task Name	Duration	Start	Finish	Predecessors
248		0%	RDP installs (2 session hosts)	0.5 days	Wed 27/11/19	Wed 27/11/19	247
249		0%	Thick client installs (4 - finance team) - all others will be web users - Dependant on NEW Windows10 machines - PREFERENCE TO MANUALLY INSTALL AT TIMEOF DEVICE ROLL-OUT	0.5 days	Thu 28/11/19	Thu 28/11/19	248,179FS-5 days
250		**0%**	**UAT - Round 1**	**14 days**	**Mon 17/02/20**	**Thu 05/03/20**	
251		0%	WECA to produce test scripts (reflecting business scenarios)	1 day	Mon 17/02/20	Mon 17/02/20	242FS-1 day,249
252		0%	WECA - UAT (end-to-end test)	10 days	Tue 18/02/20	Mon 02/03/20	251
253		0%	WECA re-visit config (with support from G7), recommend 3-5days	3 days	Tue 03/03/20	Thu 05/03/20	252
254		**0%**	**UAT - Round 2**	**13 days**	**Fri 06/03/20**	**Tue 24/03/20**	
255		0%	WECA - UAT (end-to-end test)	10 days	Fri 06/03/20	Thu 19/03/20	253
256		0%	WECA sign-off UAT	3 days	Fri 20/03/20	Tue 24/03/20	255
257		**0%**	**MILESTONE: WECA's Agresso Config UAT Sign-Off (ENSURE BY END OF FEB-20)**	**0 days**	**Tue 24/03/20**	**Tue 24/03/20**	**256**
258		**0%**	**Agresso cut-over - Go-Live**	**6 days**	**Tue 24/03/20**	**Wed 01/04/20**	
259		0%	Go/ No Go - Board decision	0 days	Tue 24/03/20	Tue 24/03/20	257
260		0%	CAB Sign-Off - Go-Live	5 days	Wed 25/03/20	Tue 31/03/20	259
261		0%	Transfer Agresso Config from WECA UAT - WECA LIVE env. (TBC)	1 day	Wed 01/04/20	Wed 01/04/20	260
262		0%	MILESTONE: Agresso FMS live	0 days	Wed 01/04/20	Wed 01/04/20	261
263		**21%**	**iTrent HR and Payroll set-up**	**73.75 days**	**Mon 19/08/19**	**Thu 28/11/19**	
264		100%	WECA to define organisation structure	30 days	Mon 19/08/19	Fri 27/09/19	5FS+7 days
265		90%	B&NES/ WECA to provide core details (as per config s/sheet)	30 days	Mon 19/08/19	Fri 27/09/19	5FS+7 days
266		0%	WECA to contact bank to add Agilisys to the Bureau (to process BACs on WECAs behalf)	30 days	Mon 19/08/19	Fri 27/09/19	5FS+7 days
267		0%	WECA to provide copy of the PayScale's in use	30 days	Mon 19/08/19	Fri 27/09/19	5FS+7 days
268		0%	WECA to provide details of payment and deduction elements	30 days	Mon 19/08/19	Fri 27/09/19	5FS+7 days
269		0%	WECA to provide details of the pension scheme - confirm auto-enrolement with iConnect	30 days	Mon 19/08/19	Fri 27/09/19	5FS+7 days
270		0%	WECA to agree which standard reports are required (from set list)	30 days	Mon 19/08/19	Fri 27/09/19	5FS+7 days
271		**0%**	**E-forms (x3 Service Requests)**	**20 days**	**Thu 31/10/19**	**Thu 28/11/19**	
272		0%	Agilisys Payroll to provide content for forms (Starters, Staff Changes & Leavers)	5 days	Thu 31/10/19	Thu 07/11/19	156FS-5 days
273		0%	Agilisys to build e-forms - fwd to central mailbox	4 days	Fri 15/11/19	Thu 21/11/19	272,159
274		0%	WECA & AG Payroll UAT & Sign-off	4 days	Thu 21/11/19	Wed 27/11/19	273
275		0%	WECA to put links to e-forms on the Intranet	1 day	Wed 27/11/19	Thu 28/11/19	274
276		0%	MILESTONE: HR Service Request E-forms live	0 days	Thu 28/11/19	Thu 28/11/19	275
277		0%	iTrent Core Configuration	20 days	Mon 30/09/19	Fri 25/10/19	264,265,266,26
278		0%	Technical SAT	5 days	Mon 28/10/19	Fri 01/11/19	277
279		0%	iTrent reports set-up	5 days	Mon 04/11/19	Fri 08/11/19	278
280		**0%**	**WECA UAT and sign-off**	**10 days**	**Mon 04/11/19**	**Fri 15/11/19**	
281		0%	Employee self-service	10 days	Mon 04/11/19	Fri 15/11/19	278
282		0%	Manager self-service	10 days	Mon 04/11/19	Fri 15/11/19	278
283		0%	MILESTONE: iTrent build sign-off	0 days	Fri 15/11/19	Fri 15/11/19	282,281
284		0%	Service Transition	129.25 days	Mon 21/10/19	Fri 17/04/20	
285		**0%**	**IT Support Services - End User Transition**	**2 days**	**Thu 31/10/19**	**Fri 01/11/19**	
286		0%	B&NES First Line Support ceases ends - 31st Oct	1 day	Thu 31/10/19	Thu 31/10/19	
287		0%	Agilisys First Line Support (Service Desk Live) - 1st Nov	1 day	Fri 01/11/19	Fri 01/11/19	286
288		0%	MILESTONE: Agilisys IT Service Desk (First Line Support Commences)	0 days	Fri 01/11/19	Fri 01/11/19	287
289		**0%**	**IT Support Services - Contractual Transition (Agilisys Second Line Support)**	**123 days**	**Mon 21/10/19**	**Wed 08/04/20**	
290		**0%**	**Infrastructure Service Handover**	**5 days**	**Mon 21/10/19**	**Fri 25/10/19**	
291		0%	BIS documentation	2 days	Mon 21/10/19	Tue 22/10/19	31,39
292		0%	CCN	2 days	Wed 23/10/19	Thu 24/10/19	291
293		0%	Service Desk Update	1 day	Fri 25/10/19	Fri 25/10/19	292
294		**0%**	**Windows 10 Service & RDP Handover**	**5 days**	**Wed 27/11/19**	**Tue 03/12/19**	
295		0%	BIS documentation	2 days	Wed 27/11/19	Thu 28/11/19	107,180
296		0%	CCN	2 days	Fri 29/11/19	Mon 02/12/19	295
297		0%	Service Desk Update	1 day	Tue 03/12/19	Tue 03/12/19	296
298		**0%**	**O365 Service Handover**	**10 days**	**Fri 01/11/19**	**Thu 14/11/19**	
299		0%	BIS documentation	2 days	Fri 01/11/19	Mon 04/11/19	126,136,143,15
300		0%	CCN	2 days	Tue 05/11/19	Wed 06/11/19	299
301		0%	Service Desk Update	1 day	Thu 14/11/19	Thu 14/11/19	300FS+5 days
302		**0%**	**Apps Service Handover**	**5 days**	**Thu 02/04/20**	**Wed 08/04/20**	
303		0%	BIS documentation	2 days	Thu 02/04/20	Fri 03/04/20	262,283,159
304		0%	CCN	2 days	Mon 06/04/20	Tue 07/04/20	303,286,287
305		0%	Service Desk Update	1 day	Wed 08/04/20	Wed 08/04/20	304
306		0%	MILESTONE: Agilisys IT Support Services Commence (in full)	0 days	Wed 08/04/20	Wed 08/04/20	293,297,301,30
307		**0%**	**Exchequer Services**	**1.25 days**	**Wed 15/04/20**	**Fri 17/04/20**	
308		0%	Dual run AR/AP transactional services (1 month) - OPTIONAL TAKEN OUT DUE TO TIGHT TIMESCALE	0 days	Wed 15/04/20	Wed 15/04/20	262FS+10 days
309		0%	WECA notify suppliers/ customers change of contact details (AR/AP)	1 day	Thu 16/04/20	Thu 16/04/20	308
310		0%	MILESTONE: Liberata Exchequer Services Commence (first payment/ invoice run)	0 days	Fri 17/04/20	Fri 17/04/20	309FS+0.25 days
311		**0%**	**Payroll Services**	**28 days**	**Tue 22/10/19**	**Thu 28/11/19**	



Project: WECA Transition Plan_V
Date: Wed 02/10/19

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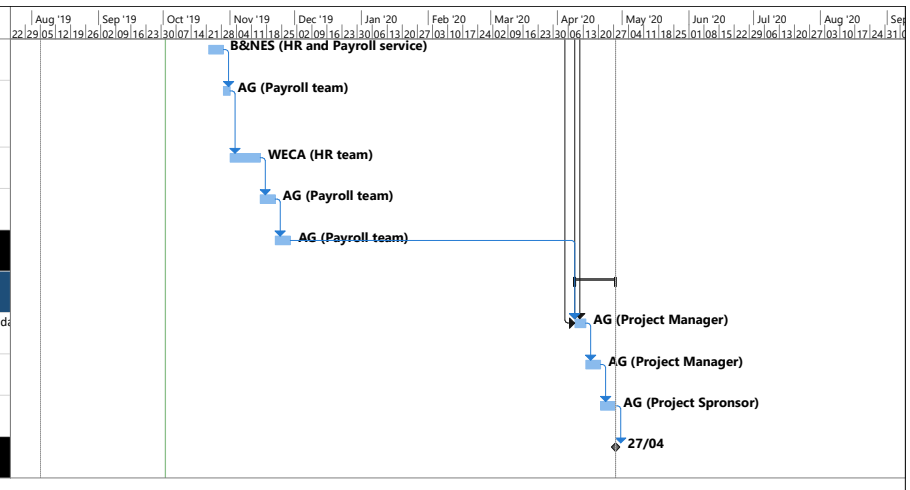
312		0%	B&NES process Oct-19 payment run - send payment file to Agilisys	5 days	Tue 22/10/19	Mon 28/10/19	
313		0%	Agilisys complete detailed payslip comparison (manual) ~full end-to-end test (OCT paymemt run data)	3 days	Tue 29/10/19	Thu 31/10/19	312
314		0%	WECA to provide details of any 'Staff Changes' (OCT - NOV payment run)	10 days	Fri 01/11/19	Thu 14/11/19	313
315		0%	Update iTrent post test	5 days	Fri 15/11/19	Thu 21/11/19	314
316		0%	MILESTONE: First Agilisys Payroll Run (28th Nov)	5 days	Fri 22/11/19	Thu 28/11/19	315
317		0%	**Project Closure**	**13 days**	**Thu 09/04/20**	**Mon 27/04/20**	
318		0%	Lessons Learnt	3 days	Thu 09/04/20	Mon 13/04/20	306,310FS-15 da
319		0%	Project End Report	5 days	Tue 14/04/20	Mon 20/04/20	318
320		0%	Project Board to formally close the project	5 days	Tue 21/04/20	Mon 27/04/20	319
321		0%	MILESTONE: Project Closure	0 days	Mon 27/04/20	Mon 27/04/20	320



Project: WECA Transition Plan_V
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