

DRAFT NARRATIVE REPORT 2019/20

UNAUDITED

West of England Combined Authority (WECA)

Introduction

Overview

During 2019/20, the West of England Combined Authority set out the region's long-term strategy for clean inclusive growth, investing in an extensive programme of activity across infrastructure, skills and business to support our residents and economy, detailed in this report.

This report is retrospective and provides an overview of performance during the 2019/20 financial year. However, we recognize the significant impact of the coronavirus outbreak on the region's residents, businesses and economy since the information in this report was collated and are putting detailed plans in place to respond to the outbreak and support the region to recover and grow. This work will be driven by a new West of England Taskforce, led by Regional Mayor Tim Bowles. This is a partnership between the West of England Combined Authority, the Local Enterprise Partnership, business, universities and the region's councils.

Highlights during 2019/20 include:

- The Local Industrial Strategy, published in July 2019 following extensive consultation with local stakeholders, draws on the unique strengths of our region and sets out a clear delivery plan for clean, inclusive growth.
- The declaration of a Climate Change Emergency in July 2019. Activity and investment is underway to tackle congestion and improve public transport, support businesses to adopt energy efficient measures through the West of England Low Carbon Challenge Fund, and invest in research and innovation projects.

Infrastructure:

The West of England Combined Authority is investing millions in bus and train travel, and walking and cycling routes, to tackle congestion and improve air quality. In July 2019, the Joint Committee approved a £350m investment programme to March 2023 spanning the Investment Fund and Transforming Cities Fund. This year, we have made further investment in MetroWest to improve connectivity and increase the frequency of local transport services and kickstarted the development of new walking and cycling routes across the region including the Bath River Line project.

Through the Local Growth Fund, we're investing in our Enterprise Zones to create jobs and support opportunities for businesses to start, grow and collaborate. This has included £55m at Temple Quarter, £32 million at Bath Quays, £64m at Avonmouth and £12m at Somer Valley. We continue to invest in innovation. The successful delivery of the £9.2M 5G Smart Tourism project culminated in the largest public trial of 5G technology at a major cultural event with a unique 5G experience for visitors to Bristol's Harbour Festival.

As our region grows, so does the demand for more homes and improved transport connections. This year, we hosted the region's first placemaking conference, bringing together over 120 senior leaders from local and national government, public and private sector to explore the region's challenges and opportunities for creating high quality new places. For existing communities, the £10M Love Our High Streets initiative explored innovative ways to revitalise and rethink the way local high streets are used.

Business growth and innovation:

We're supporting businesses to grow and encouraging new businesses to invest in the West of England. This year, our Growth Hub has expanded the support it provides for local businesses and hosted the region's first Scale-Up Summit for high-growth businesses, attended by over 70 local entrepreneurs. The Growth Hub has also been at the forefront of supporting local businesses to prepare for Brexit.

To drive clean growth, the West of England Combined Authority launched the Low Carbon Challenge Fund this year to help small and medium-sized businesses improve their energy efficiency and support community energy projects.

The continued success of the region's inward investment team, Invest Bristol & Bath in attracting successful organisations and securing new jobs for the region, has seen over 70 businesses investing here in the past

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two years as a direct result of our work. These include Bocard, Delaware and the new Channel 4 Creative Hub at Finzels Reach, Bristol.

We recognize the region's strengths in key sectors including the creative industries and are developing ways to support these sectors to grow further. This year, we have recruited the first cohort of businesses to the new Creative Scale Up Programme, providing mentoring and support to the region's creative sector to support business growth.

Skills:

The West of England Combined Authority is committed to helping people aged 11 to 60 to make the most of opportunities available here in the region. We're improving careers advice, supporting adults who are in work but on benefits to improve their job prospects, and helping people get technical and digital skills.

"From the 2019/20 academic year, the West of England Combined Authority took on responsibility for the Adult Education Budget, giving us ability to ensure that adult education provision best meets the needs of our learners and businesses in our region."

We have expanded the Careers Hub to all schools in the region, to improve knowledge and understanding of career opportunities and experiences of the workplace for young people.

For those already in work, we have extended the successful Future Bright programme to support in-work progression for residents receiving benefits or tax credits.

To support our key sectors, we are delivering innovative skills and workforce development programmes to ensure that they have the skills and talent they need to thrive. This includes:

- The successful delivery of the Women in Digital Jobs, Education and Training Programme (WIDJET), providing funded tech and digital training for women
- The launch of Creative Workforce for the Future, to help the region's businesses develop a more inclusive workforce with the skills needed to support our region's growth

Further detail about the West of England Combined Authority's programme of work and delivery against targets is detailed in the following Narrative Report.

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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 2019/20. 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 WECA's financial statements and to its achievements in delivering inclusive economic growth through investing in transport, skills and economic development in its second full year of operation.

Organisational overview and external environment

The West of England Combined Authority (WECA) is made up of three of the councils in the region – Bath & North East Somerset, Bristol and South Gloucestershire. WECA also supports the Local Enterprise Partnership, which is business-led, and covers the four West of England councils, including North Somerset Council.

Prior to Covid-19 the West of England economy was worth over £33 billion a year, with a population of over 1.1 million people, one of the highest rates of employment in the country (79%), and over 45,000 businesses.

The West of England Combined Authority is working to drive clean economic growth to benefit all residents. We're making decisions about transport, homes, jobs and skills at regional level, decisions previously made in central Government.

Our ambitious councils came together to actively lobby 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.

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.

Aims, Objectives and Achievements

The West of England Combined Authority aims to be a driving force for clean, inclusive growth.

We are delivering this ambition through the following objectives.

Overarching objectives:

Inclusive growth – The West of England is determined to ensure that all residents have the chance to both contribute to, and benefit from, the region's success. We want to remain a place where businesses are keen to locate, where people want to live and where there are opportunities for all.

For many in the region the picture is already very positive, but experience varies significantly. Inclusion promotes a diverse workforce, sparking creativity and innovation and contributing to increased productivity. It helps create strong communities and tackle barriers to community integration. But inclusion does not happen without action. There are already steps in place, and the actions set out in the West of England Local Industrial Strategy will build on this.

Climate emergency - The West of England declared a Climate Change Emergency on 19 July 2019, committing the region to becoming carbon neutral by 2030. Our Local Industrial Strategy identifies a series of actions to take forward to support clean growth.

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Activity is underway, with various investments made to date. However, we know that we need to go further than the ambitions outlined in our Local Industrial Strategy in order to meet the ambitions of our emergency declaration.

We are developing our regional Climate Emergency Action Plan, which will build on the plans of our neighbouring councils.

Delivery objectives

Our objectives are centred around three core areas of delivery:

Infrastructure

Our ambition is to enable residents to move seamlessly around the West of England region between work, home and leisure activities, and to provide high quality, affordable homes. We are working towards that ambition in a way that addresses our commitment to achieving zero net carbon by 2030. The right infrastructure is central to that commitment, both physical and digital. Infrastructure is also key to maximising productivity across the region, connecting rural and urban communities, and driving clean and inclusive growth.

Our activities are aligned with five objectives for infrastructure:

1. Better links to connect people and encourage use of sustainable transport
2. Improved national and international connections
3. Regional housing growth that promotes a mix of sustainable and affordable homes
4. Employment spaces that meet the needs of businesses and communities
5. World-leading digital connections to support innovation and collaboration

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, inclusive and sustainable economy that recognises a need to tackle the climate emergency. We want to find better ways of working 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 & advanced engineering, creative & 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 and clean growth, all of which are at the heart of so much of our success.

Our activities are aligned with four objectives for business growth:

1. Help businesses to start-up, grow and flourish, nurturing inclusivity and entrepreneurial spirit
2. Support businesses to invest in the region and realise export opportunities
3. Drive an innovative and collaborative economy
4. Protect and promote our region's culture

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Skills

Our region's Skills and Employment Plan was launched this year, linked to the Local Industrial Strategy. It sets out that by 2036, the West of England will be internationally recognised for its sustainable, inclusive and diverse economy, providing a high quality of life, prosperity and opportunities for all its residents.

Our people will be skilled, healthy and able to achieve their potential. Our businesses will play an active role in shaping employment and skills provision across the region and they will be able to find the skills and talent they need to innovate, add greater value and thrive.

Our activities are aligned with five objectives for skills:

1. Integrate our employment, skills and education system to align with employers' needs
2. Enable all young people to achieve their potential
3. Address barriers to employment and progression
4. Empower people to progress in employment and access higher paid opportunities
5. Ensure employers can recruit and retain the skills and talent they need to thrive

Operating Framework:

Our operating framework sets out our priorities for clean and inclusive economic growth in the West of England.

Our ambition is for the region to be a place of growth and innovation, where economic, cultural and environmental diversity is celebrated and forms the foundation of prosperity for all. We are investing in people and places – including jobs, skills, transport, homes, and digital connections – to ensure we are creating healthy communities where people want to live, work and visit.

We will achieve our ambitions by investing in the three priority areas: infrastructure, skills and business.



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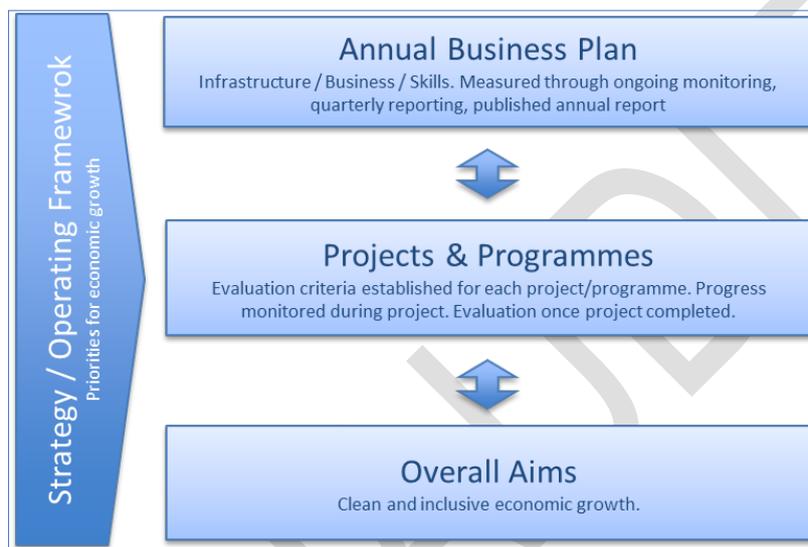
Local Industrial Strategy

Developed by leaders and businesses from across the region, working closely with government, the Local Industrial Strategy (LIS) draws on the unique strengths of the people and places across the West of England. The strategy represents a strong partnership between local and national partners and a recognition of the shared ambition and opportunity for the region. It identifies the strengths and challenges of the West of England and plans the foundations upon which the region will thrive, for the benefit of all its residents.

Our Local Industrial Strategy and Climate Emergency Action Plan provide the framework for policy development and to identify priorities for investment in planning, transport, employment and skills. The actions from the Local Industrial Strategy are embedded in WECA's business plan.

Performance

WECA's monitoring & evaluation framework sets out our overall approach to the monitoring and evaluation of activities across WECA and the Local Enterprise Partnership. The approach is structured around three levels as set below:



- Annual business plan. Delivery of the annual business plan which includes in-year activity to support WECA and the Local Enterprise Partnership. Our business plan for 2020/21 was approved by WECA and Joint Committee on 31st January 2020;
- Project and Programme delivery. This is focused on schemes funded through the WECA Investment Fund, Transforming Cities Fund, West of England One Front Door Programme and other significant grant funding streams. WECA have implemented a comprehensive [Local Growth Assurance Framework](#) which clearly sets out the process, and governance, for accessing and approving funding allocations and awards.

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The Longer-term organisational impact of the Investment Fund is measured through government five-year gateway reviews, the first of which is taking place during 2020. We have developed a series of indicators that reflect the anticipated combined impact across the region of the entire WECA £350m Investment Programme (up to March 2023). These indicators, which are incorporated in our approved 2020/21 Business Plan, are summarised as:

- £845m of economic output (gross value added)
- 4,350 new jobs
- 1,540 people moving into work or gaining increased earnings
- 12,900 learners gaining new qualifications or skills
- Approximately 4,250 business receiving enterprise support
- 24,000m² of commercial floorspace enabled
- 500,000 new bus journeys per year
- Over 6,300 additional cycling and walking trips per day on new or improved routes
- Patronage increases of some 25% on targeted bus corridors benefitting from improvements in infrastructure, services and ticketing;
- 1,450,000 new rail journeys per year
- 5 new railway stations opened
- 3 new park and ride sites developed
- Contribution to spatial planning and delivery, and revitalisation of a number of high streets

The intended medium-term outcomes may be impacted as a result of the Covid which would therefore require a prioritisation review within the Investment Fund.

The monitoring & evaluation framework is reviewed annually and shared with Government. The latest version, approved in February 2020, is available on the WECA website and includes links to detailed project monitoring & evaluation plans.

Financial Performance

The following paragraphs provide a brief overview of the financial position 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 the carry forwards for the Bristol Temple Meads Masterplan (£762k), which will be completed in 2020/21, the Mayoral Fund's outturn revenue position for the 2019/20 financial year returned a balanced budget as detailed in the table below.

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Mayoral Fund April to March 2019/20			
	Budget £'000s	Outturn £'000s	Variance £'000s
EXPENDITURE			
Staff	172	169	(3)
Supplies & Services			
Premises Services	12	11	(1)
Support Services	12	16	4
Supplies & Services	15	10	(5)
Mayoral Election - Transfer to Reserve	396	396	-
Feasibility Studies	1,221	464	(757)
Contribution to Highway Grants	-	-	-
Integrated Highway	5,183	5,183	-
Highway Maintenance Grants	10,254	10,254	-
Highway Incentive Grants	2,135	2,135	-
Total Supplies & Services	19,228	18,469	(759)
Total Expenditure	19,400	18,638	(762)
INCOME			
Business Rates Retention Pilot	17,572	17,572	-
Funding Contribution from WECA	1,828	1,066	(762)
Total Income	19,400	18,638	(762)
NET TOTAL - Under / (Over) Spent	-	-	-

WECA Fund Revenue Budget

A net outturn of a £551k (2018/19: £976k) surplus was achieved in 2019/20 which reflects a higher return from investments on cash balances. This position has been reported consistently throughout the financial year as we maintained relatively high balances and achieved above average returns through diversifying our investment portfolio.

Project spend in the year was significantly, (£13.7m) less than budgeted. This was primarily due to two factors:

- (1) The treatment of approved investment fund allocations being coded entirely to the year in which the approval was given. The largest such item relates to a £10m approval for High Street

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regeneration work which was originally represented, in total, against the 2019/20 revenue budget – whereas the vast majority of the spend will be incurred in subsequent years following the production of detailed business cases. WECA has now produced a Medium-Term Revenue Budget, (approved on 31 January 2020), which profiles the anticipated spend against all revenue approvals across each financial up to and including 2022/23;

- (2) A difference of £2.6m between the indicative figures that we had for the Adult Education Budget when the 2019/20 budget was approved and the actual allocation when received from government.

The Revenue Transport levy returned a combined net overspend of £175k at the end of the year with BANES returning a surplus and Bristol and South Gloucestershire returning deficits. Having applied a specific reserve balance of £98k, the remaining £77k deficit has been carry forward and charged against a £200k 'transport smoothing reserve' which was created in the budget.

A summary of the WECA out-turn position is detailed in the following table:

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WECA Fund April to March 2019/20			
	Budget £'000s	Outturn £'000s	Variance £'000s
EXPENDITURE			
Core Staff	1,390	1,388	(2)
Project Staff	1,942	1,940	(2)
Staff	3,332	3,328	(4)
Supplies & Services			
Premises Services	215	185	(30)
Support Services	215	265	50
Supplies & Services	55	116	61
Total Supplies & Services	485	566	81
Project Spend	26,737	13,008	(13,729)
ICT Implementation	-	208	208
Transport Functions			
Concessionary Fares	12,445	12,622	177
Community Transport	1,690	1,690	-
Bus Real Time Information	602	502	(100)
Total Transport Functions	14,737	14,814	77
Contribution to Mayoral Fund	1,828	1,066	(762)
Transfer to Reserves	100	1,478	1,378
Total Expenditure	47,219	34,468	(12,751)
INCOME			
Transport Levy	14,737	14,582	(155)
Business Rates Retention Pilot	1,212	1,204	(8)
Government Grants	15,501	13,083	(2,418)
Investment Fund Grant	14,949	3,368	(11,581)
Interest on Balances	820	2,041	1,221
Other Income	-	101	101
Transfer from Reserves	-	640	640
Total Income	47,219	35,019	(12,200)
NET TOTAL - Under / (Over) Spent	-	551	551

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Appendix 1: Glossary of Financial Terms (continued)

Financial Reserves

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

An initial Business Rate Retention, (BRR), Reserve was created as part of the 2017/18 closure of accounts alongside a General Fund Reserve of £312k. The level of Business Rates growth has slowed down in the region, even prior to the Covid situation. Early indications are that WECA's 5% share of the business rates retention pilot might be as much as **£500k** short in 2020/21 with a corresponding recommendation in the 2019/20 budget outturn report to increase the BRR reserve by this amount.

The remaining balance of **£51k** (from the overall **£551k** end of year surplus) will transfer into the WECA General Reserve bringing the balance of this reserve up to £1.140m. Whereas we have worked hard to increase the General reserve over recent years, this level is still relatively low representing only **2.2%** of the £53.0m WECA revenue budget for 2020/21. We will continue to keep the holding of reserves under constant review.

WECA Fund April to March 2019/20

Capital

In July 2019, the Committee approved a £350m investment programme to March 2023 spanning the Investment Fund and Transforming Cities Fund. This sits within the framework of the Capital Strategy report, approved in February 2019, which set out the planned approach for establishing a thematic 20-year programme aligned with regional priority outcomes and objectives as detailed within the published WECA Operating Framework.

The funding available through the Investment Fund and Transforming Cities Fund over the period to 22/23 includes a level of structured over programming. For each allocation and award, an allowance needs to be accounted for in terms of the subsequent costs for final delivery of the full scheme, referred to as the 'tail' which is based upon the current opinion of the most likely level of spend that will be incurred over the next four years.

A high-level summary of the approved programme, as at June 2020, is detailed in the following table:

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Appendix 1: Glossary of Financial Terms (continued)

	Funding Awards and Allocations £000s	
	Mar 2020	Jun 2020
<i>Transport Infrastructure</i>		
Approved Awards and Allocations	72,099	73,940
Associated 'tail' required to deliver all projects up to March 2023	67,491	69,150
Total Investment in Transport Infrastructure	139,590	143,090
<i>Housing Infrastructure</i>		
Approved Awards and Allocations	60,320	62,320
Associated 'tail' required to deliver all projects up to March 2023	24,500	26,000
Total Investment in Housing Infrastructure	84,820	88,320
<i>Business and Skills</i>		
Approved Awards and Allocations	74,890	77,219
Associated 'tail' required to deliver all projects up to March 2023	22,804	21,544
Total Investment in Business and Skills Infrastructure	97,694	98,773
<i>Opportunities and Challenges / Other</i>		
Funding put aside to respond to opportunities and challenges	20,000	12,000
Approved WECA set up, operating costs and elections up to 2023	7,818	7,818
Total Investment Programme up to March 2023	350,000	350,000

It is recognised that the Investment Fund programme will need to be kept under review and that some fundamental reallocations may be required in response to Covid-19 once the impacts and actions required to support economic recovery, including gaps in national programmes, are better understood.

The Investment Fund proportion of the WECA Investment Programme is flexible in terms of being 50% revenue and 50% capital. This allows swift progress for developing feasibility studies and early business case development prior to the need for capitalisation. In terms of capital spend, the 2019/20 outturn position is spend of £42.1m against a revised budget of £45.6m as detailed in the table below:

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Appendix 1: Glossary of Financial Terms (continued)

WECA and Mayoral Capital Programme 2019/20

	Revised Budget £'000	Outturn £'000	Variance £'000
WECA Capital			
Scheme Prioritisation (Monitoring and Evaluation Framework)	285	-	285
Transport Scheme Business Case Development	2,105	1,061	1,044
Real Time Information	94	-	94
Housing Land Acquisition Fund	8,297	8,297	-
Cribbs Patchway Metrobus Extension	14,147	12,709	1,438
CPNN Cycle Links	494	-	494
On Bus Contactless Payment	319	119	200
Bristol Temple Meads Station Eastern Entrance	470	560	-90
Great Stoke Roundabout Improvements	316	-	316
	26,527	22,746	3,781
WECA Capital – other			
5G Smart Tourism	875	1,043	-168
IT and Building Alterations	-	59	-59
	875	1,102	-227
Mayoral Capital			
Highways and Transport Grants	17,572	17,572	-
Pothole Action Fund Grant	662	662	-
	18,234	18,234	-
Grand Total	45,636	42,082	3,554

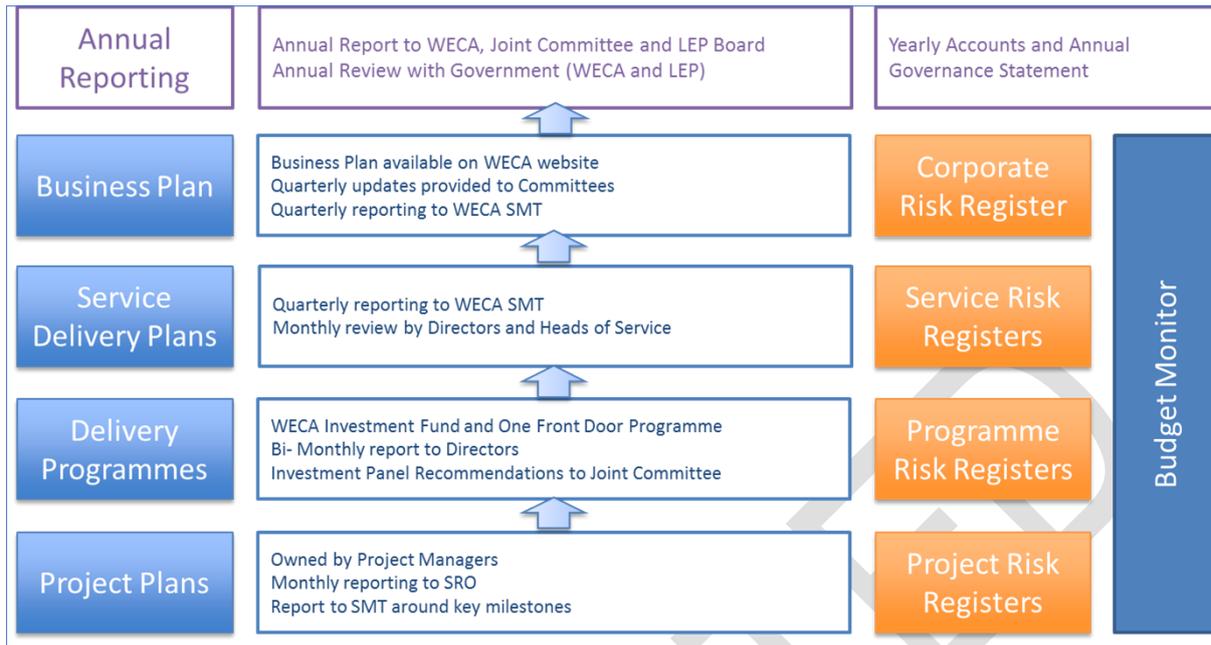
Risks and Opportunities

The West of England Combined Authority is committed to deliver its strategic objectives of clean and inclusive economic growth whilst retaining a clear focus on the potential risks and opportunities associated with the activities set out in the annual business plan.

The corporate risk framework ensures that key risks are identified, managed and monitored and that risk management is an integral part of WECA's reporting process as set out in the diagram below.

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Appendix 1: Glossary of Financial Terms (continued)



The corporate risk and Service risk registers are reviewed each month by the WECA Senior Management Team (Heads of Service and Directors) and a quarterly report is provided to the WECA Senior Management Team and through to the Committees as part of the wider business plan quarterly reporting process.

The risk management framework is reviewed annually with Audit Committee. The latest version, approved in February 2020, is available on the WECA website.

WECA has 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.

Medium Term Financial Outlook

WECA published a Medium-Term Financial Plan, in January 2020, as part of the 2020/21 Revenue Budget setting. Anticipated spend of revenue budgets have been profiled across the three financial years to 2022/23 to be conterminous with the medium-term investment programme. Overall grants and committee approvals amount to **£189.3m** for the period, with **£53.0m** relating to 2020/21 as detailed in the following table:

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Appendix 1: Glossary of Financial Terms (continued)

	2019/20	2020/21	2021/22	2022/23	Total
	£000s	£000s	£000s	£000s	£000s
Core Revenue Funding	3,639	3,860	3,545	3,373	14,417
Specific Grant Funding	14,507	16,055	15,625	14,700	60,887
Investment Fund (managed by WECA)	2,847	7,273	5,917	3,074	19,111
Transport Levy (and NSC Recharge)	14,737	20,716	21,131	21,554	78,138
WECA Managed Revenue Budgets	35,730	47,904	46,218	42,701	172,553
Investment Fund (UA and third parties)	11,367	5,132	215	-	16,714
Total WECA Revenue Budget	47,097	53,036	46,433	42,701	189,267

Volatility of core revenue funding for WECA remains an issue, with annual income from the Business Rates Retention pilot, (£1.2m), and Mayoral Capacity Fund, (£1m), remaining uncertain beyond the 2020/21 financial year.

The main factor that will influence future finances relate to the Covid-19 Pandemic.

Covid-19 Pandemic

This has created an unprecedented challenge for the businesses, residents and public services across the West of England. WECA and the LEP have been working to support businesses and residents through this crisis period and seeking to ensure that the support and infrastructure is in place to prepare for recovery.

The Mayor of the West of England has established a regional recovery taskforce, made up of a cross-section of our region's economy, to drive our planning. The taskforce will consider how we can use the region's strengths in innovation and collaboration, and our highly-skilled workforce, to accelerate our region's economic renewal. It brings together employers, innovators, educators, trade unions and community champions to identify the challenges and opportunities that businesses and workers across the region are facing. The stages of the crisis and main focus of activity in each stage are summarised in the table below:

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Appendix 1: Glossary of Financial Terms (continued)

Short Term (3-6 months)	Medium Term (1-2 years)	Long Term (2 years plus)
Regional Focus: Crisis management and preparation for staged exit from lockdown	Regional Focus: Adaption and resilience building and preparation for recovery	Regional Focus: Rebuilding and growing thriving places
<p>Infrastructure:</p> <ul style="list-style-type: none"> Ensure essential workers can travel to their place of work. Support key public transport services so services can be resumed as soon as possible. <p>Business:</p> <ul style="list-style-type: none"> Help businesses access government support and work with government to ensure that support addresses the particular challenges of our region. <p>Skills:</p> <ul style="list-style-type: none"> Respond to individuals becoming out of work by: refocusing existing interventions e.g. Future Bright using intelligence and analysis to identify gaps in support e.g. apprenticeship provision. Provide financial stability to adult education sector. <p>Other:</p> <ul style="list-style-type: none"> Ensure WECA can operate effectively, with financial and legal, statutory obligations fulfilled and communicate its priorities clearly, while making sure staff have the tools and guidance they need to deal with immediate priorities. Ensure Government has clear feedback on specific challenges faced by our region and work with other regions to coordinate feedback. 	<p>Infrastructure:</p> <ul style="list-style-type: none"> Maintain momentum on infrastructure priorities that reflect the new world including: projects with swift impact; projects that embed positive behaviour change as a result of pandemic e.g. increased cycling and walking; ensure region is ready to benefit from govt funding opportunities. <p>Business:</p> <ul style="list-style-type: none"> Support businesses to improve their resilience and agility, particularly in most exposed sectors of economy. Drive recovery through targeted investment e.g. technology, resource efficiency, start-up, supply chain development. Ensure region's innovative strengths and assets are mobilised in response to challenges e.g. new ways of working. <p>Skills:</p> <ul style="list-style-type: none"> Tackle increased unemployment and ensure individuals can move back into employment (e.g. a regional triage service). Create pathways into employment, aligning skills development with changing needs. Support groups most at risk of exclusion to access opportunities. <p>Other:</p> <ul style="list-style-type: none"> Ensure funding is available to support new priorities including: reprioritising investment, accessing govt funding streams, lobbying for flexibility in existing funding streams. Ensure that our WECA workforce is adequately equipped with flexible HR policies and effective ICT systems <p>Other:</p> <p>Develop a longer-term recovery plan reflecting changes as a result of Covid-19 epidemic, building on strengths of our region, reflecting new opportunities and retaining high level objectives of clean and inclusive growth</p>	<p>Infrastructure:</p> <p>Ensure infrastructure investment programme reflects evidence on changes to economy / demand / behaviour as a result of crisis.</p> <p>Business:</p> <p>Develop initiatives to support a revitalised business base in line with our Local Industrial Strategy.</p> <p>Skills:</p> <ul style="list-style-type: none"> Ensure businesses can access skills they need to thrive in recovery, and residents have access to pathways to employment. Implementation of Employment and Skills Plan. Implications for excluded communities. <p>Other</p> <p>Implementation of Longer Term Recovery Plans</p>

The financial implications of Covid-19 on public sector finances is potentially crippling. All are suffering from significant losses in Council Tax, Business Rates, Commercial, Tourism and Leisure income, alongside rapidly escalating costs on front line services such as social care.

Despite receiving initial government emergency funding of circa £70m to date, the West of England region is still facing a financial shortfall of up to £280m for the 2020/21 financial year which will have a major knock on impact on budgeting in subsequent years.

New Responsibilities

WECA have the statutory responsibility to shape public transport policy and delivery across the region. This includes developing policies for the promotion and encouragement of safe, integrated, efficient and economic transport.

Integrated Transport Operations have moved across, from the respective Unitary Authorities, into a single team managed by WECA, with effect from April 2020. The team will be responsible for public transport, including:

- Concessionary travel – administering a service providing free off-peak bus passes for older people and people with qualifying disabilities.
- Bus service information - providing bus timetable information at bus stops and data to journey planners and apps, including real-time predictions.
- Community transport – funding, advice and support for on-demand local transport services, such as dial-a-ride, community buses and voluntary car schemes.
- Supported bus services – procuring and managing bus contracts supported with public money where the service is not commercially viable.
- Metrobus – managing the metrobus contract and providing service information to metrobus iPoints.
- Travelwest – managing the Travelwest website, including travel information.

West of England Combined Authority (WECA)

Appendix 1: Glossary of Financial Terms (continued)

The formation of the new integrated transport team has been impacted through Covid, needing to hit the ground running supporting local bus operators through the initial emergency period alongside transitioning operations back into commercial viability, giving consideration to increased costs, (for example implementing social distancing arrangements), and falling patronage and corresponding income.

Statement of Accounts 2019/20

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 2020. 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 2019/20 (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

Governance arrangements continue be strengthened under the political leadership of the WECA Mayor ably supported by an experienced Senior Management Team of Officers. WECA have an

West of England Combined Authority (WECA)

Appendix 1: Glossary of Financial Terms (continued)

established constitution, clear financial regulations and delegations and established policies and procedures for managing risks, fraud and freedom of information requests

Further details of our governance arrangements are set out in the Annual Governance Statement that can be found on pages x to x; 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.

Auditors

Grant Thornton (UK) LLP are the auditors of the WECA for 2019/20. 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:

UNAUDITED