

WEST OF ENGLAND

Combined Authority

West of England Combined Authority (WECA)

Statement of Accounts

For the period ended 31st March 2017

West of England Combined Authority (WECA)

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West of England Combined Authority (WECA)

Narrative Report

These financial statements provide the reader with information on the West of England Combined Authority (WECA)'s financial performance during 2016/17, enabling key stakeholders to understand the financial position of the Authority.

Organisational overview and external environment

In 2016, three councils in the West of England – 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 WECA and West of England Mayor.

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.

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

The WECA came into being 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 2017. Staff transferred from Bath & North East Somerset and Bristol Councils on 1 May 2017 and the West of England Mayor was elected on 4 May 2017.

The Narrative Statement accompanying the 2017/18 Financial Statements includes full details of the Performance, Aims and Objectives, Risks and Opportunities and Outlook for the WECA following completion of its first full 12 months in existence.

Financial Performance

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

- **WECA Fund**

The only transactions that occurred in 2016/17 were the receipt of £15m Revenue Gainshare Government Grant and £15m Capital Gainshare Government Grant on 17 March 2017, the investment of these amounts with approved counterparties in line with the Treasury Management Strategy and the generation of investment income to 31 March 2017. There was no expenditure incurred apart from a small sum for bank fees;

Investment income:	(£2,947)
Bank Fees	£55
Surplus to General Fund	(£2,892)

The surplus balance as at 31 March 2017 was transferred to the General Fund Reserve.

West of England Combined Authority (WECA)

Narrative Report

Statement of Accounts 2016/17

The Statement of Accounts which follow set out the Council's income and expenditure for the year, and its financial position at 31 March 2017 are 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 2016/17 (the Code). This is based on International Financial Reporting Standards (IFRS's) 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 as at the Balance Sheet date of the assets and liabilities of the WECA. The net assets (assets less liabilities) are matched by the reserves held.
- **Cashflow Statement:**
The Cashflow 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 6 to 19, 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.

West of England Combined Authority (WECA)

Narrative Report

Auditors

Grant Thornton (UK) LLP are the auditors of the WECA for 2016/17. Their appointment was made under part 2 of the Audit Commission Act 1998.

On behalf of the Combined Authority



Tim Richens FCCA CPFA
Director of Investment & Corporate Services
Date: 31 May 2018

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 the period to 31 March 2017 was Tim Richens, 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.

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 2017.



Tim Richens

Interim Director of Investment and Corporate Services and Chief Finance Officer

Date: 12 July 2018

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 2017 was approved by a resolution of the WECA Audit Committee at its meeting on 12 July 2018.

A handwritten signature in blue ink, appearing to read 'W. Sandry', is written over a light grey dotted grid background.

Councillor Will Sandry

Vice-Chair, West of England Combined Authority Audit Committee

Date: 12 July 2018

West of England Combined Authority (WECA)

Annual Governance Statement

WEST OF ENGLAND COMBINED AUTHORITY

2016/17 & 2017/18

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) is a new Authority only coming into inception in February 2017. During its first year it has established appropriate arrangements and governance mechanisms to ensure that its 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 2018 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 2018, and up to the date of the approval of the statement of accounts.

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 and the following diagram illustrates how good governance is integral to supporting the delivery of the organisations priorities.

West of England Combined Authority (WECA)

Annual Governance Statement



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 optimize 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 2018 and will ensure it comprises of policies, procedures, behaviours and values by which WECA is controlled and governed and recognises that establishing and maintaining a culture of good governance is as important as putting in place a framework of policies and procedures.

2.5 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.

2.6 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.

West of England Combined Authority (WECA)

Annual Governance Statement

3. Review of Effectiveness

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

The process for the Annual Governance Statement is a continuous process and the Mayor of West of England, Senior officers and Members from the constituent authorities consider emerging issues during the course of the year. This means that controls issues and risks can be addressed more quickly.

Publication of this Annual Governance Statement is the culmination of this work. WECA's Chief Executive and Mayor of West of England signs the Statement as a summary of the effectiveness of the council's governance framework.

3.2 OTHER CONTRIBUTORY REVIEW / ASSURANCE MECHANISMS

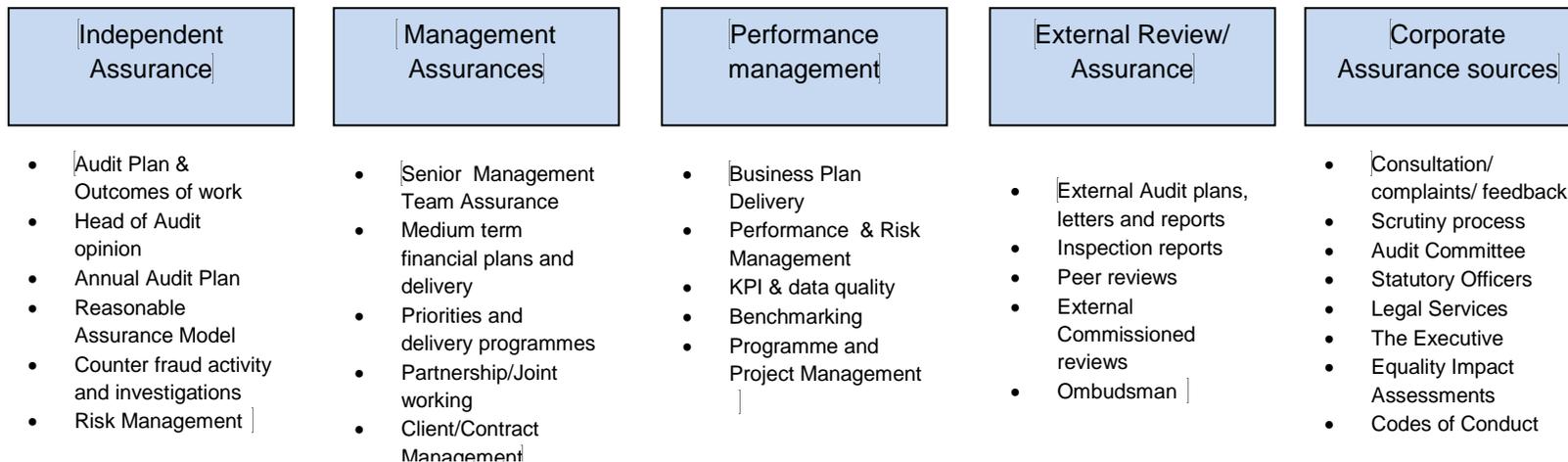
In evaluating the effectiveness of the council's governance, information is available from a range of sources. These include Internal and External Auditors and any relevant government inspectorates and senior management themselves.

The Internal Audit service reviews the effectiveness of the governance framework during the year and the draft Annual Governance Statement. The Statement is signed by the Chief Executive and Mayor of West of England and formally reviewed by the Audit Committee as part of the Financial Statements.

West of England Combined Authority (WECA)

Annual Governance Statement

4. Methodology for preparing the Annual Governance Statement



Set out the arrangements for compilation and approval of the Annual Governance Statement
 Audit Committee by 31 January 2018

Consideration of draft findings and any potentially significant issues from Annual Governance Review
 Senior Management Team Continuous up to 31 May 2018

Certification and formal Approval of Annual Governance Statement

Chief Executive, Mayor and Audit Committee by 31st July 2018

West of England Combined Authority (WECA)

Annual Governance Statement

5. Context for the Annual Governance Statement

- 5.1 In 2016, three councils in the West of England – 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 West of England, for local people to benefit from more job opportunities, a stronger economy and a high quality of life.
- 5.4 WECA came into being 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. The West of England Mayor was elected on 4 May 2017.
- 5.5 WECA is now 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, with progress made during 2017/18 to take forward plans to delegate central government budgets for transport, adult education and economic regeneration by 2019.
- 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 During the past year, the Authority's first full year of operation, it 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.
- 5.11 The Authority's business plan sets out the key activities that WECA will deliver over the 2018 – 2019 period. It includes plans to bring further investment into transport, homes 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 and in more detail 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 (to be finalised) Staff Handbook (to be finalised)
	Respecting the rule of law	<ul style="list-style-type: none"> 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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		<ul style="list-style-type: none"> • 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
Ensuring Openness and comprehensive stakeholder engagement	Openness	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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 • 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 	Communication and consultation strategy on each proposal and issues Wider process to be devised

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		<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 Performance Management Framework (being developed)
	Sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> 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 PID Process WECA Committee Overview and Scrutiny Committee Developing an Energy Strategy
Determining the interventions necessary to optimise the achievement of intended outcomes	Determining interventions	<ul style="list-style-type: none"> 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 PID Process Overview and Scrutiny Committee
	Planning interventions	<ul style="list-style-type: none"> Establishing robust planning and control cycles that cover strategic and operational plans, priorities and targets 	Business Plan

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		<ul style="list-style-type: none"> 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 KPI's as part of the planning process in order to identify how the performance of services and projects is to be 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 	<p>Performance Management Framework</p> <p>Contract Management Framework</p>
	Optimising achievement of intended outcomes	<ul style="list-style-type: none"> 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 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 	<p>Budgeting Process</p> <p>Medium Term Financial Plan</p> <p>Financial Regulations</p> <p>Contract Standing Orders</p>
Developing the entity's capacity, including the capability of its leadership and the individuals within it	Developing the entity's capacity	<ul style="list-style-type: none"> 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 	Business Plan

West of England Combined Authority (WECA)

Annual Governance Statement

		<ul style="list-style-type: none"> Developing & maintaining an effective workforce plan to enhance the strategic allocation of resources 	
	Developing the capability of the entity's leadership and other individuals	<ul style="list-style-type: none"> 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 Operating Framework Business Plan
Managing risks and performance through robust internal control and strong public financial management	Managing risk	<ul style="list-style-type: none"> 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
	Managing performance	<ul style="list-style-type: none"> 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

West of England Combined Authority (WECA)

Annual Governance Statement

	Robust Internal Control	<ul style="list-style-type: none"> 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
	Managing Data	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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
Implementing good practices in transparency, reporting, and audit to deliver effective accountability	Implementing good practice in transparency	<ul style="list-style-type: none"> 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
	Implementing good practice in reporting	<ul style="list-style-type: none"> 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

West of England Combined Authority (WECA)

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	Assurance and effective accountability	<ul style="list-style-type: none">• 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 Audit Committee
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West of England Combined Authority (WECA)

Annual Governance Statement

7. Internal Audit Opinion

Audit West has reviewed the risk, governance and control environment of the council 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 Council 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 council 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 as this is a new Authority and 2017/18 was its first full year of operation.

WECA will continue to focus on improving its governance arrangement and systems to manage risk and will set out in 2018 its final version of its Operating Framework and Business Plan to support delivery of its objectives.

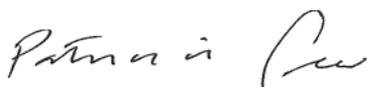
On behalf of the West of England Combined Authority

Signed:



**Tim Bowles
WECA Mayor**

Signed:



**Patricia Greer
Chief Executive Officer**

Date: 12 July 2018

West of England Combined Authority (WECA)

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST OF ENGLAND COMBINED AUTHORITY

We have audited the financial statements of West of England Combined Authority (the "Authority") for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, and the related notes. 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 2016/17.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Act 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.

Respective responsibilities of the Interim Director of Investment and Corporate Services and Chief Finance Officer and auditor

As explained more fully in the Statement of Responsibilities, the Interim 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 2016/17, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Interim Director of Investment and Corporate Services and Chief Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative Report and the Annual Governance

West of England Combined Authority (WECA)

Independent Auditor's Report (continued)

Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements present a true and fair view of the financial position of the Authority as at 31 March 2017 and of its expenditure and income for the year then ended; and
- the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the Narrative Report and the Annual Governance Statement¹ for the financial year for which the financial statements are prepared is consistent with the audited financial statements.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the guidance included in 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE; or
- we have reported a matter in the public interest under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have made a written recommendation to the Authority under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Act.

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

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Respective responsibilities of the Authority and auditor

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.

We are required under Section 20(1)(c) of the Act 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.

West of England Combined Authority (WECA)

Independent Auditor's Report (continued)

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, as to whether 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 criteria 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 2017.

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 form a view on whether in all significant respects the Authority has put in place proper 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 criteria issued by the Comptroller and Auditor General in November 2016, we are satisfied that in all significant respects the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

We certify that we have completed the audit of the financial statements of the Authority in accordance with the requirements of the Act and the Code of Audit Practice.

Barrie Morris

Barrie Morris
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Glass Wharf Bristol
BS2 0ZX

13 July 2018

West of England Combined Authority (WECA)

Comprehensive Income and Expenditure Statement For the period ended 31 March 2017

The Comprehensive Income and Expenditure Statement shows the accounting cost in the period 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	Period to 31 March 2017 Net Expenditure £'000
Combined Authority Services		-	-	-
Mayoral fund		-	-	-
Cost of services		-	-	-
Financing and investment income and expenditure	5	-	(3)	(3)
Surplus on provision of services		-	(3)	(3)
Total comprehensive income and expenditure				(3)
Surplus for the period under funding basis				(3)

West of England Combined Authority (WECA)

Movement in Reserves Statement For the period ended 31 March 2017

The Movement in Reserves Statement shows the movement in the period 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 period 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	
	General fund balance £'000	Total reserves £'000
Balance at incorporation	-	-
Movements in reserves		
Total comprehensive income and expenditure	3	3
Balance at 31 March 2017	3	3

West of England Combined Authority (WECA)

Balance Sheet

As at 31 March 2017

The 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	2017 £'000
Short-term investments	8	20,003
Cash and cash equivalents	9	10,000
Current assets		30,003
Grant receipts in advance - revenue		(15,000)
Current liabilities		(15,000)
Net current assets		15,003
Grant receipts in advance - capital		(15,000)
Net assets		3
General fund balance	10	3
Usable reserves		3
Total reserves		3

The financial statements were approved and authorised for issue by:



Tim Richens

Interim Director of Investment and Corporate Services and Chief Finance Officer

Date: 12 July 2018

West of England Combined Authority (WECA)

Cash Flow Statement

For the period ended 31 March 2017

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.

	2017
	£'000
Net surplus on the provision of services	3
Adjustments to net surplus or deficit on the provision of services for non-cash movements	
Net interest receivable	(3)
Net cash flows from operating activities	-
Investing activities	
Increase in short-term investments	(20,000)
Net cash flows from investing activities	(20,000)
Financing activities	
Increase in capital grants receipts in advance	15,000
Increase in revenue grants receipts in advance	15,000
Net cash flows from financing activities	30,000
Net increase or decrease in cash and cash equivalents	10,000
Cash and cash equivalents at incorporation	-
Cash and cash equivalents at 31 March (note 9)	10,000

West of England Combined Authority (WECA)

Notes to the Financial Statements

Notes Index

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West of England Combined Authority (WECA)

Notes to the Financial Statements

1. Basis of preparation

a) General principles

The Statement of Accounts summarises the WECA 's transactions for the financial period from 9 February (when the Authority first existed as a corporate body) to 31 March 2017 and its position as at 31 March 2017. These are the first financial statements that have been prepared for the Authority, and no comparative information has therefore been disclosed. 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 2017/18 (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.

d) 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. The relevant standards are:

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 will adopt 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.

The WECA does not expect the reclassification changes to have a material impact upon the financial statements because the majority of its financial assets will retain the same measurement. To this end, on 1 April 2018 the Council irrevocably elected to present changes in the fair value of the following equity investments in other comprehensive income as permitted by the IFRS:

- CCLA – LAMIT Property Fund

The WECA does not expect the impairment changes to have a material impact upon the financial statements because the impairment charge will be immaterial for its treasury management assets and it already makes a provision for doubtful debts on its trade receivables.

West of England Combined Authority (WECA)

Notes to the Financial Statements

The WECA will adopt IFRS 15 (which replaces IAS 18 Revenue and IAS 11 Construction Contracts) with effect from 1 April 2018 and does not expect to 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. Income includes both revenue arising in the course of normal operating activities of an authority and gains such as the revaluation of property, plant and equipment.

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.

b) Accruals of Income and Expenditure

Activity is accounted for in the period 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.

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.

West of England Combined Authority (WECA)

Notes to the Financial Statements

- 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 to the capital grants unapplied reserve via the Movement in Reserves Statement. When the expenditure is incurred, the grant is transferred to the deferred capital grants 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 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) Financial assets

The Combined Authority's financial assets include trade debtors, short-term investments and cash and cash equivalents. Such financial assets are recognised initially at cost.

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.

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 CIES in the period in which it is recognised.

e) Impairment - Financial assets (including receivables)

Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment. 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.

f) 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.

West of England Combined Authority (WECA)

Notes to the Financial Statements

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 period 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 Authority has made no critical judgements in the Statement of Accounts in the period.

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.

There are no items in the Balance Sheet at 31 March 2017 for which there is a risk of material adjustment in the forthcoming financial year.

West of England Combined Authority (WECA)

Notes to the Financial Statements

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.

	Net Expenditure chargeable to the general fund £'000	Adjustments between funding and accounting basis £'000	Period to 31 March 2017 Net expenditure in the comprehensive Income and outcome expenditure statement £'000
Combined Authority	-	-	-
Mayoral fund	-	-	-
Cost of services	-	-	-
Financing and investment income and expenditure	(3)	-	(3)
Surplus or deficit on provision of services	(3)	-	(3)
Opening General Fund balance	-		
Transfers to earmarked reserves	-		
Closing General Fund balance	(3)		

West of England Combined Authority (WECA)

Notes to the Financial Statements

4. Expenditure and Funding Analysis (continued)

(b) 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.

Adjustments for the period to 31 March 2017

There were no adjustments in the current period.

5. Financing and investment income and expenditure

	2017 £'000
Interest receivable and similar income	(3)
Net financing and investment income and expenditure	(3)

6. Officers' remuneration

There are no current period figures for officers' remuneration as the Authority did not employ any staff to conduct the organisation's business in the period to 31 March 2017.

7. External audit costs

Fees of £27,000 are recorded as occurring in 2017/18 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.

8. Short-term investments

	Loans to local authorities £'000
At incorporation	-
Additions	20,003
At 31 March 2017	20,003

West of England Combined Authority (WECA)

Notes to the Financial Statements

9. Cash and Cash Equivalents

	2017 £'000
Cash at bank and in hand	50
Short-term deposits	9,950
At 31 March 2017	10,000

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.

10. Usable reserves

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.

11. Capital expenditure and capital financing

The Authority spent no money on capital during the period to 31 March 2017.

The Authority undertook no borrowing during the period ended 31 March 2017.

West of England Combined Authority (WECA)

Notes to the Financial Statements

12. Financial risk management

The Authority has existed as an entity since February 2017.

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 has fixed-term investments, cash 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 and market 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 financing activities, including deposits with banks, other financial institutions and local authorities.

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.

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

	2017
	£'000
Short-term investments	20,003
Cash and short term deposits	10,000
	30,003

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.

West of England Combined Authority (WECA)

Notes to the Financial Statements

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 period 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 CIES.

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.

West of England Combined Authority (WECA)

Notes to the Financial Statements

13. Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet. Short-term debtors consist of investments and accrued interest. Cash and cash equivalents include investments in Money Market Funds.

	Long term 2017 £'000	Current 2017 £'000	Total 2017 £'000
Financial assets – Investments			
Short-term assets:			
- Fixed-term investments	-	20,000	20,000
- Accrued interest	-	3	3
Cash and cash equivalents	-	10,000	10,000
Total financial assets	-	30,003	30,003

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

	2017			
	Financial assets, loans and receivables £'000	Financial liabilities at amortised cost £'000	Financial assets at fair value through other comprehensive income £'000	Total £'000
Interest income	(3)	-	-	(3)
Interest expense	-	-	-	-
Loss on assets at fair value through other comprehensive income	-	-	-	-
Net gain for the period	(3)	-	-	(3)

West of England Combined Authority (WECA)

Notes to the Financial Statements

13. Financial Instruments (continued)

Fair value of financial assets and liabilities

Except for financial assets carried at fair value (short-term deposits within cash and cash equivalents), all other financial assets are carried on the Balance Sheet at amortised cost in accordance with the requirements of the Code and IFRS 13.

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 short-term deposits (investments in Money Market Funds) are valued by reference to the published unit price, this is input level 1 in the fair value hierarchy

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

	2017	
	Carrying amount £'000	Fair value £'000
Financial assets – Investments		
Short-term assets:		
- <i>Fixed-term investments</i>	20,000	19,992
- <i>Accrued interest</i>	3	3
Cash and cash equivalents	10,000	10,000
Total financial assets	30,003	29,995

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.

14. Capital commitments

As at 31 March 2017, the Authority had not entered into any capital expenditure commitments.

West of England Combined Authority (WECA)

Notes to the Financial Statements

15. 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. Grant receipts not yet recognised due to conditions attached to them at 31 March 2017 are shown in the Balance Sheet. 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 was not elected until 4 May 2017. No members allowances were paid in the period ended 31 March 2017. There were no transactions with related parties during the period.

Officers

During the period 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 policies 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.

The Authority received no levy payments and funding from Related Parties and made no payments to Related Parties in the period ended 31 March 2017.

Entities controlled or significantly influenced by the WECA

The WECA owns no subsidiary companies.

West of England Combined Authority (WECA)

Notes to the Financial Statements

16. Events after the Balance Sheet date

The Statement of Accounts were authorised for issue by the West of England's Senior Responsible Officer on 31 May 2018. There have been no adjustments to the financial statements after the Balance Sheet date.

In the case of the Statement of Accounts ending 31 March 2017, there is an extended period between the Balance Sheet date and the date when the Statement of Accounts are authorised for issue. Several events have occurred in the intervening period, such as the election of the West of England Mayor in May 2017, however, none of these is deemed to have an adjusting effect on these Statements.