

West of England Combined Authority

Statement of Accounts

For the year ended 31st March 2021

West of England Combined Authority

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Introduction

Overview

This is a report looking at activity for the financial year 20/21. As a retrospective account, it reflects priorities for previous Mayor and administration. A new Metro Mayor was elected in May 2021 and the West of England Combined Authority is now refreshing its strategies and priorities in line with his manifesto commitments.

During 2020/21, the West of England Combined Authority responded to the unprecedented challenge of COVID-19 for businesses, residents and public services across the region. The Combined Authority and the Local Enterprise Partnership, (LEP), worked to support businesses and residents through this crisis period and sought to ensure that the support and infrastructure is in place to prepare for recovery.

As the pandemic hit in March 2020, we swiftly adapted our work to help the West of England recover focusing on three key areas:

- **Transport** – making sure public transport was in place to support key workers and others who need to travel; supporting transport companies to expand services safely.
- **Business Support** - helping businesses of all sizes get the support they need as well as capturing their concerns and ensuring their voices are heard by government.
- **Skills and Employment** - bringing local partners together to protect jobs and incomes and ensuring the right support is in place for people affected.

We set up a new West of England Recovery Taskforce in May 2020, a partnership between the West of England Combined Authority, the Local Enterprise Partnership, business, universities and the region's councils. The taskforce put together a Regional Recovery Plan which included measures to help businesses adapt to the new economic landscape and improve resilience, as well as support for residents to develop new skills, training and employment opportunities. This built on support offered to businesses throughout the pandemic via the Growth Hub and successful schemes such as Future Bright helping residents to gain new skills and find employment.

The West of England Combined Authority Committee, committed £9.395m for recovery activity during the financial year across business support, skills and employment initiatives. At that time, this took the total investment in our region's businesses and skills to over £100m over the next four years.

Our Regional Recovery Plan prioritises a green recovery, using changes in behaviour brought about by COVID-19 to accelerate the transition to net zero carbon.

Climate Emergency Action Plan

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We declared a Climate Emergency in July 2019 and published our first Climate Emergency Action Plan in October 2020.

We are delivering carbon reduction programmes and initiatives. For example, through the Local Energy Scheme, Low Carbon Challenge Fund and South West Energy Hub we are increasing regional renewable energy, supporting residents and businesses to be more energy efficient and creating new green jobs.

This action plan identified five high level challenge areas:

- **Low Carbon Transport System**
Work to decarbonise the transport system, increase cycling, walking and the use of public transport
- **Low Carbon Business**
Help businesses and local people benefit from growth in the green economy; maximising government investment in the region & supporting our businesses to build back better
- **Renewable Energy**
Work to decarbonise our energy system and increase local renewable energy
- **Low Carbon Buildings and Places**
Increase the energy performance of buildings and develop low carbon standards in new developments
- **The Green Environment**
Protect and enhance the environment through a proactive approach to green infrastructure

Infrastructure

COVID-19 had a huge impact on the way we travel. As the regional transport authority, WECA worked with bus and rail operators to ensure that the transport network continued to operate safely with social distancing measures in place. We also worked with businesses to share government travel advice and help them access sustainable travel support.

We want to capture the positive changes to travel habits during the pandemic and significantly increase walking and cycling to help reduce congestion and improve air quality. We committed £13m to measures to help more people to cycle and walk in the region and launched a regional campaign to encourage residents to walk or cycle. The West of England Combined Authority continues to invest millions in bus and train travel, and walking and cycling routes, to tackle congestion and improve air quality.

Other key activities during 2020/21 included:

- Supporting public transport operators through COVID-19
- Investing £13m in walking and cycling
- Leading e-scooter trials, as one of the Government's first Future Transport

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Zones £30m of national and local funding committed to Future Mobility Zone proposals. This includes an e-scooter trial that started in October 2020- one of the first projects that will offer a new way to travel around our region.

- Publishing the region's first 10-year rail plan
- Consulting on and agreeing a regional Bus Strategy and Cycling and Walking Plan
- Our [Transport Delivery Plan](#) sets out the currently funded transport projects (2021 – 2026) that are progressing to delivery over the next 5 years in the West of England region.
- We have consulted on a new station at Ashley Down - part of improving the Severn Beach line to provide direct more frequent services to Bath and Westbury, Plans are in place to re-open the Portishead line and provide more frequent services to Yate and Gloucester.
- Joy in the Journey - a behaviour change campaign to encourage walking and cycling in the region.

Through the Local Growth and Economic Development Funds, we're investing in our Enterprise Zones to create jobs and support opportunities for businesses to start, grow and collaborate. To date, this has included £55m at Temple Quarter, £32 million at Bath Quays, £64m at Avonmouth and £12m at Somer Valley.

Business support

During 2020/21, we led work to help kick-start the region's economy - helping businesses build their financial resilience, innovate and adopt best practice, and boost their productivity.

We expanded our West of England Growth Hub which helps SMEs find the right support, acting as a 'shop window' for business support services and initiatives in the West of England, such as Green Business Grants. This helped more businesses access the funding, loans and support they need to adapt and survive.

We adapted a number of different business support programmes to reflect the changing needs of businesses. This includes Creative Scale Up, Mentoring for Growth and Workforce for the Future.

We launched new initiatives in response to business feedback - eg Trading Better Online; Accountancy Support; Business Growth Grants; Creative Freelancer Grants and Thrive West, to support mental health for employees.

We're working with our partners to provide entrepreneurship & business support to non-EU migrants as well as supporting residents looking to start a business and existing businesses looking to grow.

We put together and promoted [a business support guide](#) setting out all the support available. Following excellent feedback from our business community this is being

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regularly updated.

Skills and employment

In response to the pandemic, we expanded our career coaching and support service, Future Bright, to help people whose jobs and income were affected.

We also expanded the Careers Hub which helps young people get better careers advice. This now includes engaging young people in low carbon and green careers, to ensure the West of England has access to the skilled workforce it needs to tackle the climate emergency.

We supported adult education providers to ensure that thousands of people continued to have access to training and re-training opportunities during lockdown. We reformed our adult education funding rules to enable adults aged 19-24 and 50+ to undertake a first full and second full Level 3 qualification for free (equivalent to A-levels). We're also supporting adults aged 24 and over who don't have A-levels, an advanced technical diploma or equivalent, to take their first full Level 3 qualification for free.

We launched a £2m Digital Skills Investment programme to improve digital skills to benefit residents and businesses, and Workforce for the Future – supporting businesses to identify ongoing skills needs and invest in their workforce.

Through our Employability and Skills portal, we worked with partners to ensure that all our residents have the opportunity to get the skills and training they need to succeed, and to secure the jobs that are being created here.

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

Narrative Report

These financial statements provide the reader with a view of West of England Combined Authority's financial performance and its effectiveness in its use of resources during 2020/21. 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.

Organisational overview and external environment

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.

Since we were established, 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.

The Combined Authority is led by the Metro Mayor, with the membership of the Combined Authority committee also including the leaders of three councils – Bath & North East Somerset, Bristol and South Gloucestershire. The Combined Authority 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.

Aims, objectives and achievements

During 2020/21 the West of England Combined Authority focussed on responding to COVID-19, whilst continuing to align with the aims of our region's Local Industrial Strategy - to be a driving force for clean, inclusive growth.

The [Regional Recovery Plan](#) published in October 2020, set out five key ambitions:

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- Rebuilding business, helping new and existing businesses to survive and thrive; to safeguard existing, and create new jobs;
- Getting residents back into jobs that pay above the living wage and offer employment security, through training and work to match skills to opportunities;
- Strengthen inclusion, preventing further widening of inequalities and building an inclusive economy where everyone has the opportunity to achieve their potential;
- A green recovery, using changes in behaviour brought about by the pandemic to accelerate transition to net zero carbon;
- Renewing places, creating greener, healthier, more vibrant places to live and work.

Business Plan 2021/22

Our [Business Plan](#) was published in January 2021, and builds on our [Local Industrial Strategy](#), [Climate Emergency Action Plan](#) and [Regional Recovery Plan](#).

It sets out how we will achieve our ambitions by investing in three priorities areas – infrastructure, skills and business.

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.

Business growth

Our focus is on rebuilding a strong regional economy, to enable long-term recovery for the West of England, following the impact of COVID-19. We will help business build their financial resilience, innovate and adopt best practice, and boost their productivity. In line with our Regional Recovery Plan, we will help our businesses to achieve their potential through recovery as well as attracting more businesses to start, grow and thrive in the region.

Skills

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 Employment and Skills Plan sets out how we will support residents to achieve their potential, and businesses to find the skills and talent they need to innovate, add greater value and thrive.

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Performance

The Combined Authority’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.

WECA’s overall aim of achieving clean and inclusive economic growth will require longer term measurement which take into account the impact of key schemes that are yet to be delivered. We are working closely with the national suppliers who are leading the Gateway review work across the Combined

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Authorities on the evaluation of the West of England Investment Fund. The Final Report from the independent evaluation of the Investment Fund was submitted to Government in November, and it is expected that the outcome will be known shortly. In parallel WECA submitted a Complementary Report which sets out the wider context surrounding the use of the Investment Fund.

The [Monitoring & Evaluation Framework](#) is reviewed annually and shared with Government. The latest version, approved in March 2021, 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.

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- **Mayoral Fund**

The Mayoral Fund's outturn revenue position for the 2020/21 financial year is as detailed in the table below.

Mayoral Fund April to March 2021			
	2020/21 Budget £'000s	2020/21 Outturn £'000s	Variance £'000s
Staff	206	181	(25)
Premises Services	13	12	(1)
Support Services	15	0	(15)
Supplies & Services	10	10	0
Project Spend	0	0	0
	244	203	(41)
Mayoral Election Costs	396	396	0
Payment to Reserve	0	41	41
<u>Contribution to Highway Grants</u>			
Integrated Highway	5,183	5,183	0
Highway Maintenance Grants	10,254	10,254	0
Highway Incentive Grants	2,135	2,135	0
	17,572	17,572	0
Total Expenditure	18,212	18,212	0
Income			
Business Rates Retention Pilot	17,572	17,572	0
Government Grant	0	0	0
Funding Contribution from WECA	640	640	0
Total Income	18,212	18,212	0
NET TOTAL - Under / (Over) Spent	0	0	0

WECA Fund Revenue Budget

A net outturn of £1.127m (2019/20: £551k) surplus was achieved in 2020/21 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.

In year spend on specific projects was £2.1m lower than originally budgeted with the main variations being due to delays in spend linked to the COVID-19 pandemic. These include 'We Work for Everyone' (conditionally approved subject to confirmation of external grant), Workforce for the Future, and Future Bright.

The Revenue Transport levy returned an overall end of year surplus on spend of £719k. The main reason for the Levy underspend is due to the receipt and application of COVID-19 grants. Concessionary Fares and Community Transport reduced as some providers, and routes, stopped operating. In addition, North Somerset Council reduced their reimbursement to operators to reflect the historic trend of decline (8%). There was also some underspending in the Integrated Transport Team costs which were lower than planned due to staff vacancies.

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

WECA Fund April to March 2020/21			
EXPENDITURE	Budget £'000s	Outturn £'000s	Variance £'000s
Staff			
Core Staff	4,896	5,184	288
Integrated Transport Authority Team	892	765	(127)
Project Staff	1,300	1,094	(206)
Total Staff	7,088	7,043	(45)
Supplies & Services			
Premises Services	464	334	(130)
Support Services	44	8	(36)
Supplies & Services	761	817	56
Total Supplies & Services	1,269	1,159	(110)
Project Spend	25,808	23,707	(2,101)
ICT Implementation	297	586	289
Transport Functions			
Community Transport	1,621	1,355	(266)
Concessionary Fares	14,325	14,286	(39)
Bus Real Time Information	453	419	(34)
Supported Bus Services	2,743	8,686	5,943
Metrobus	226	125	(101)
Bus Information	149	145	(4)
Travel West	61	4	(57)
Integrated Ticketing	247	206	(41)
Total Transport Functions	19,825	25,226	5,401
Contribution to Mayoral Fund	640	640	0
Overheads	(451)	(909)	(458)
Departmental Recharges	(1,644)	(1,391)	253
Payment to Reserves	204	2,207	2,003
Total Expenditure	53,036	58,268	5,232
INCOME			
Transport Levy	20,716	20,961	245
Supported Bus Services Government Grant	0	5,749	5,749
Business Rates Retention Pilot	1,200	792	(408)
Government Grants	17,055	17,553	498
Investment Fund Grant	13,045	10,018	(3,027)
Interest on Balances	1,020	2,238	1,218
Transfer from Reserves	0	2,084	2,084
Total Income	53,036	59,395	6,359
NET TOTAL – Under / (Over) Spent	0	1,127	1,127

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.

The level of Business Rates growth has slowed down in the region, even prior to the COVID-19 situation. WECA's share of the business rates retention pilot is 5% budgeted at £1.2m for 2021/22 which is unlikely to be achieved. £408k was drawn down from the Business Rates Reserve in 2020/21 to meet with the estimated in-year shortfall; With £500k transferred from the 2020/21 WECA revenue surplus to the business rates retention reserves to address future expected shortfalls.

The future revenue position for WECA remains volatile whilst core operating costs are funded through temporary sources such as Mayoral Capacity Fund and Business Rates Retention pilot share. The remaining balance of **£627k** (from the overall **£1.127m** end of year surplus) will transfer into the WECA General Reserve bringing the balance of this reserve up to £1.765m. Whereas we have worked hard to increase the General reserve over recent years, this level is still relatively low representing only **3%** of the £56.7m WECA revenue budget for 2021/22. We will continue to keep the holding of reserves under constant review.

WECA Fund April to March 2020/21

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 2022/23 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.

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A high-level summary of the approved programme, as at January 2021, is detailed in the following table:

	Funding Awards and Allocations £000s	
	Dec 2020	Jan 2021
Transport Infrastructure		
Approved Awards and Allocations	67,485	71,482
Associated 'tail' required to deliver all projects up to March 2023	47,445	43,448
Total Investment in Transport Infrastructure	114,930	114,930
Housing, High Streets and Green Infrastructure		
Approved Awards and Allocations	87,513	92,773
Associated 'tail' required to deliver all projects up to March 2023	26,494	26,494
Total Investment in Housing Infrastructure	114,007	119,267
Business and Skills		
Approved Awards and Allocations	80,070	80,070
Associated 'tail' required to deliver all projects up to March 2023	18,854	18,854
Total Investment in Business and Skills Infrastructure	98,924	98,924
Opportunities and Challenges / Other		
Funding put aside to respond to opportunities and challenges	14,321	9,061
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
Total Investment Programme post March 2023	31,189	32,841

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 as the impacts and actions required to support economic recovery, including gaps in national programmes, continue to emerge.

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 2020/21 outturn position is spend of £34.3m against a revised budget of £51.6m as detailed in the table below:

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WECA and Mayoral Capital Programme 2020/21

	Revised Budget £'000	Outturn £'000	Variance £'000
WECA Capital			
Transport Scheme Business Case Development	3,790	1,956	1,834
Real Time Information	94	93	1
Cribbs Patchway Metrobus Extension	9,443	1,863	7,580
CPNN Cycle Links	1,656	992	664
On Bus Contactless Payment	6	2	4
Great Stoke Roundabout Improvements	1,956	1,342	614
Wraxall Rd	1,131	1,046	85
Whitfield Tabernacle Kingswood (Love our High St)	80	-	80
South Bristol Industrial Light Workspace	131	-	131
Metrowest phase 2	305	372	-67
Unlocking Lockleaze	3,006	-	3,006
Yate A432 Park & Ride	1,300	-	1,300
	22,898	7,666	15,232
WECA Capital – other			
FTZ DfT funding to the capital programme	905	517	388
DfT Active Travel Fund to the capital programme	1,745	45	1,700
	2,650	562	2,088
Mayoral Capital			
Highways and Transport Grants	17,572	17,572	-
Pothole Action Fund Grant	8,519	8,519	-
	26,091	26,091	-
Grand Total	51,639	34,319	17,320

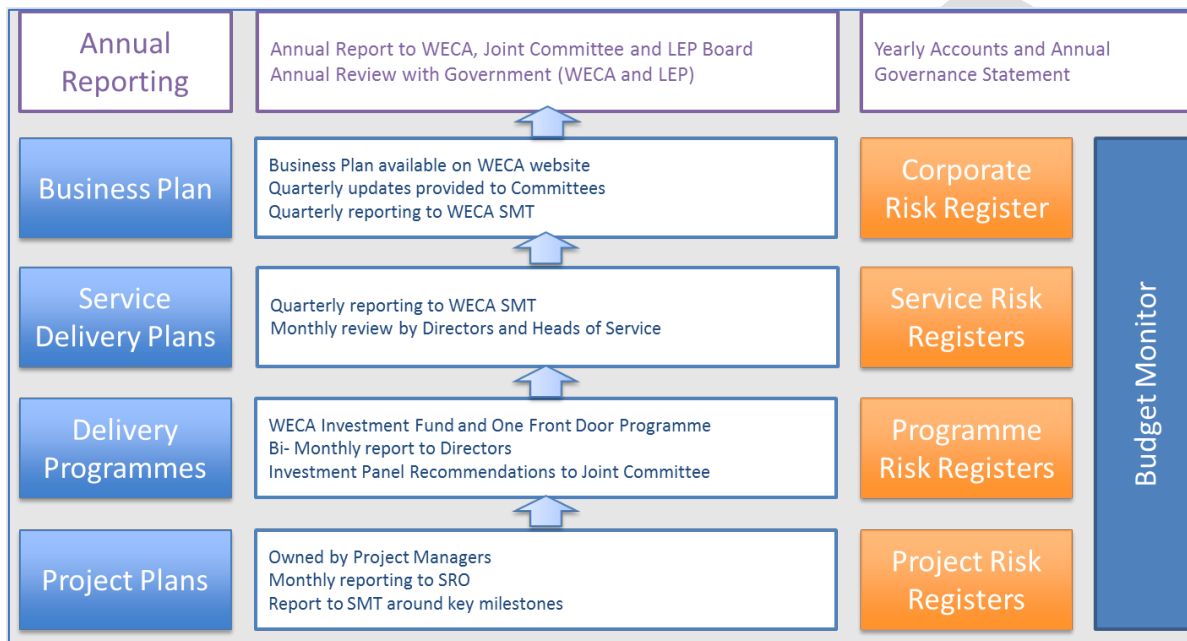
Part of the reduced capital spend in year reflects our approach of maintaining a 'single pot' of investment funding within the region. For example, for the Cribbs Patchway MetroBus extension, the funding source was blended during 2020/21 to ensure that we fully utilised Local Growth Funding which expired on 31 March 2021.

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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.



The Corporate Risk Register is reviewed each month by the Management Team (Senior Management Team (SMT) plus Heads of Service) alongside the Directorate Risk Registers. A quarterly update on the Corporate Risk Register is provided to WECA SMT as part of our wider reporting processes and a summary of key risks is provided in our quarterly progress reviews to WECA and Joint Committees.

The [Risk Management Framework](#) is reviewed annually by the Audit Committee. The latest version, approved in March 2021, 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 UK LLP are the external auditors for WECA who maintain an independent view on the strength of our financial governance and delivery of value for money.

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Medium Term Financial Outlook

WECA published a Medium-Term Financial Forecast, in January 2021, as part of the 2021/22 Revenue Budget setting. Anticipated spend of revenue budgets has been profiled across financial years up to 2024/25. Overall grants and committee approvals amount to **£261.9m** for the period, with **£56.7m** relating to 2021/22 as detailed in the following table:

	2020/21 <u>£000s</u>	2021/22 <u>£000s</u>	2022/23 <u>£000s</u>	2023/24 <u>£000s</u>	2024/25 <u>£000s</u>	Total £000s
Core Revenue Funding	3,860	4,222	3,552	3,531	3,540	18,705
Specific Grant Funding	17,246	17,372	16,632	15,528	14,902	81,680
Investment Fund (managed by WECA)	12,154	9,028	5,600	2,582	0	29,364
Transport Levy (and NSC Recharge)	20,990	21,455	21,884	22,322	22,768	109,419
WECA Managed Revenue Budgets	54,250	52,077	47,668	43,963	41,210	239,168
Investment Fund (UA and third parties)	7,906	4,635	5,875	4,302	36	22,754
Total WECA Revenue Budget	62,156	56,712	53,543	48,265	41,246	261,922

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 2021/22 financial year.

Statement of Accounts 2020/21

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 2021. 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 2020/21 (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.

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Governance

Governance arrangements continue to be strengthened under the political leadership of the West of England Mayor ably supported by an experienced Senior Management Team of Officers. WECA have an 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 23 to 32; 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: 30th July 2021

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) Malcolm Coe in the role of Director of Investment and Corporate Services
- (ii) Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- (iii) Approve the Statement of Accounts.

2. The CFO's Responsibilities

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

In preparing this Statement of Accounts, the CFO has:

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

The CFO has also:

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

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 2021.

Malcolm Coe
Director of Investment and Corporate Services and Chief Finance Officer
Date: 30th July 2021

4. Approval of the financial statements

I certify that this Statement of Accounts for the period ended 31 March 2021 was approved by a resolution of WECA Audit Committee at its meeting on

Chair, West of England Combined Authority Audit Committee

Date:

Annual Governance Statement 2020/21

1. Scope of Responsibility – Context for Statement

- 1.1 West of England Combined Authority (WECA) is responsible for ensuring 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*. A copy of our code is available from our website.
- 1.4 WECA's Local Code of Corporate Governance aims to ensure that in conducting its business it will:
 - operate in a lawful, open, inclusive and honest manner
 - make sure public money is safeguarded, properly accounted for and spent wisely
 - has effective arrangements in place to manage and control risk
 - secure continuous improvements in the way it operates.
- 1.5 This Annual Governance Statement explains how WECA has complied with our 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.

2. Governance Framework – Background & Overview for 2020/21

- 2.1 In preparing the Annual Governance Statement WECA has:
 - Reviewed the Authority's existing governance arrangements against the revised CIPFA / SOLACE framework - 2016 Edition' good practice guidance;

- Assessed the effectiveness of WECA’s Local Code of Corporate Governance;
 - Taken into consideration the findings of external inspection agencies, CIPFA guidance notes and the auditor’s formal opinion on the internal control framework.
- 2.2 During the last year the governance framework was tested by the COVID-19 pandemic and as a result of the emergency legislation introduced by government the Authority responded promptly to ensure it could continue to function and make key decisions.
- 2.3 This led in the initial phase of the pandemic - in March 2020 - to enact emergency decision making through the Chief Executive Officer in consultation with the Mayor. Each of these decisions were then published on the Authority’s website. This phase only lasted for a short period whilst the Authority adjusted to the national lockdown requirements and implemented the detail of the coronavirus regulations so that its governance framework could move to online delivery. This entailed all formal (& informal) governance boards and committees meeting virtually through the use of Zoom. This was accomplished quickly and meant that no further significant changes were required to the processes underpinning key decision making, policy development and the Corporate Governance of the Authority.
- 2.4 WECA’s Constitution, which sets out how the Authority operates, is kept under constant review and updated as necessary through the year. It clearly defines the roles of councillors and officers and this clarity contributes to effective working relationships.
- 2.5 As part of this ongoing review the WECA Committee, at its June 2020 meeting, approved further changes to its Constitution and governance framework including –
- a) Updates to Terms of Reference of the WECA Committee, Scrutiny Committee and Advisory Boards primarily in relation to tackling the Climate Emergency;
 - b) Widening delegations around transport to the Head of Transport as a result of the transfer of various responsibilities to WECA;
 - c) Referencing the move to online meetings to make key decisions;
 - d) Increasing the level of delegations for key officers in managing their respective functions;
- 2.6 There are two main decision-making committees being the WECA Committee, which oversees the operations of the Combined Authority, and the Joint Committee which governs decisions across the wider West of England region, including North Somerset Council. From January 2020 this became the West of England Combined Authority Committee and the West of England Joint Committee (for ease of reference through this document this is referred as the WECA Committee).
- 2.7 Prior to January 2020, the WECA Committee and the Joint Committee met separately on the same day. To streamline arrangements and to enable more efficient meetings, Mayors and Leaders agreed in January 2020 that the WECA Committee and the Joint Committee should meet together at a joint meeting. This enables, for example, all reports to be published as one, unified agenda and means that a combined public forum session can take place at the start of the meeting thus avoiding duplication. The two committees are separate bodies in legal terms but now meet as a joint meeting.

2.8 To supplement formal committees there are a number of established senior officer and member forums which facilitate full engagement and consultation on all significant issues and decisions for committee consideration. *Figure 1* details the governance structure for both formal member meetings and key internal officer groups.

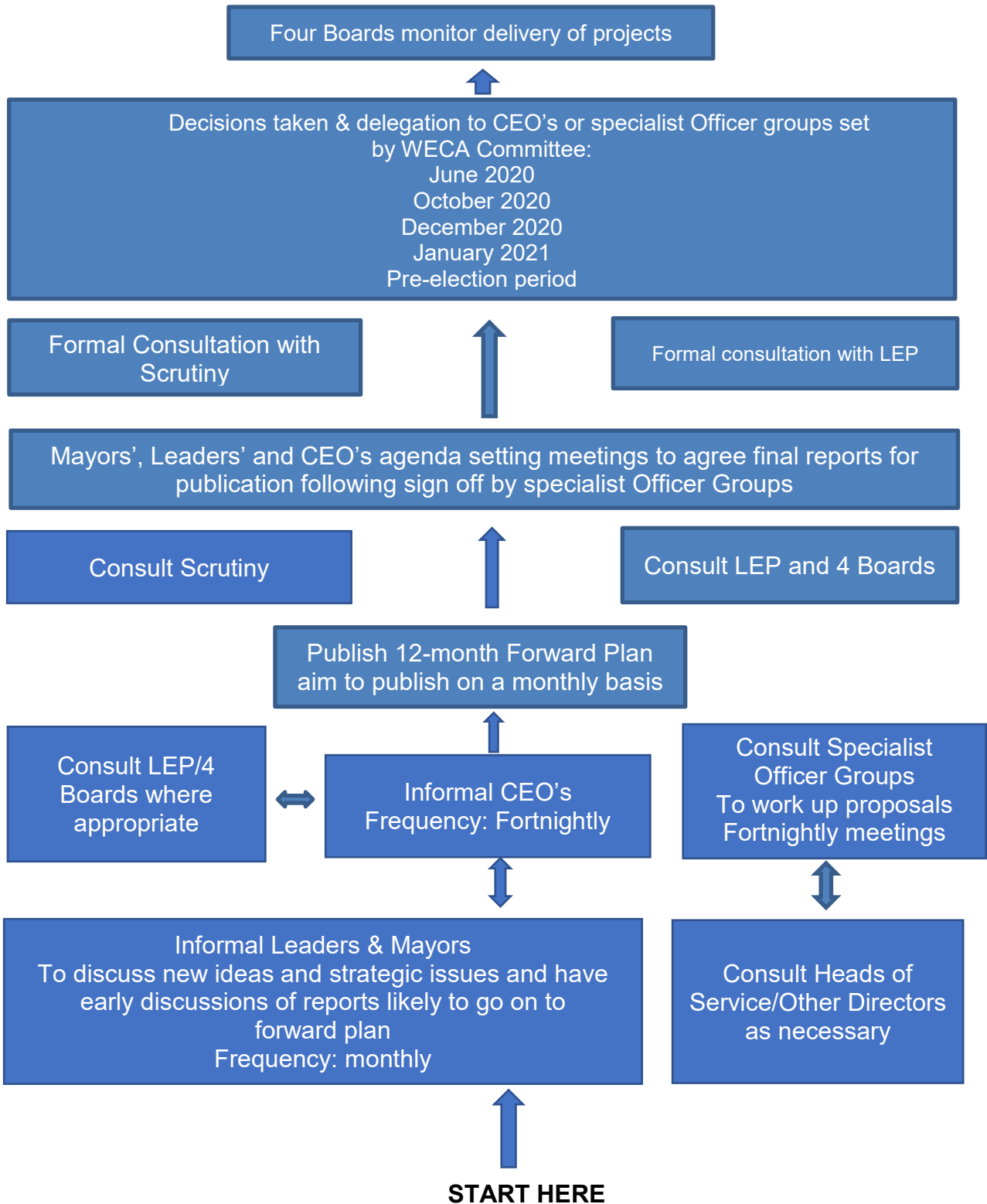
2.9 Alongside the preparation of this statement we also rely on independent assurance provided by Internal Audit in reviewing the effectiveness of our governance arrangements. They do this through assessing the level of assurance provided against the eight themes of their 'Reasonable Assurance Framework' as detailed. This forms part of the core work of Internal Audit and is reported on through the WECA Audit Committee.



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2.10 Elections were held during May 2021 for a new Metro Mayor for the West of England, with Dan Norris duly elected to represent WECA for the next four years. The process for elections was overseen by the Monitoring Officer acting as Returning Officer for the election taking into account the restrictions of the pandemic.

Figure 1: West of England Combined Authority Structure and Arrangements



3. WECA assessment against the 7 ‘good practice’ Governance Framework Principles

The following section provides an update on the current status of WECA’s governance and operations against the seven good practice governance framework principles as laid out within the CIPFA / SOLACE framework:

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

WECA has both a Members Code of Conduct and an Employees Code of Conduct which the respective Individuals are required to adhere to in their respective roles. The Members Code is recorded within the Constitution.

All members appointed to WECA roles have a full induction and training programme, including the Members Code of Conduct. Dependent on the roles allocated to members additional tailored training is provided. The Monitoring Officer has overall responsibility for member induction and support services for elected members.

Officers sign contracts of employment and are required to complete a probationary period of employment as standard. All relevant HR policies are in place and include a formal disciplinary procedure, a Whistleblowing Policy, Information Governance Policies, Counter Fraud Strategy bringing together the Authority’s Anti-Fraud and Corruption Policy, Anti-Bribery Policy and Money Laundering Policy under one umbrella. We maintain electronic registers of interests and gifts & hospitality for staff.

Members are required to declare interests, as a standing item at each committee, with declarations at meetings being recorded. There is also a member complaint policy which is overseen and administered by the Monitoring Officer.

WECA’s Constitution sets out the legal requirements around its business including decision making. Guidance is available through the website to ensure that decisions are taken by the appropriate committee or nominated officer under the approved Scheme of Delegation.

All reports requiring decision must be cleared by the S151 and Monitoring Officers. The adopted report template requires the author to record consultation undertaken, a risk management assessment, public sector equalities duties and finance, legal, property, human resources and climate change implications.

All WECA contracts must comply with the Authority’s Contract Standing Orders and guidance from specialist procurement officers and legal advice is available in order to comply with legal requirements e.g. EU Procurement regulations.

ii. Ensuring openness and comprehensive stakeholder engagement

The Constitution outlines citizen’s rights to access information including rights to attend meetings; notice of meetings being held; access to agendas and reports; access to meeting minutes; and rules around the exclusion of access by the public to meetings.

Key decisions are all recorded and the templates for decisions require officers to provide all necessary and pertinent information to make an informed decision. The forward plan of business is published in advance in accordance with access to information requirements.

To help ensure decision making rules are followed an intranet page provides officers with information about the stages to be followed for formal decision making and urgent decisions.

WECA's website contains information about services and provides key links such as 'Committee Meetings and Decisions'.

WECA also comply with the Local Government Transparency Code and the Transparency page on the internet provides the links to access business operations and outcomes (such as payments to suppliers / expenditure over £500) as required by the Code.

We have developed an effective and efficient system for managing Freedom of Information (FoI) and data protection requests and have an excellent record in terms of providing responses within required timescales.

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

WECA has had a published Operating Framework in place since 2018, as detailed under the Narrative report – Operating Framework section, which states the high-level objectives and priority areas that drives and determines the authority's decision making.

Building on this, working in partnership with the Local Enterprise Partnership and other key regional stakeholders, WECA published a, strongly evidenced based, Local Industrial Strategy in the summer of 2019 which is the core strategic document that will direct and influence our future investment priorities.

Annual Business Plans are published and reviewed regularly at public committees. Business Plans translate longer term strategy into specific targets, measures and actions for the forthcoming financial year. Performance metrics are detailed within the 2020 WECA Business Plan which detail the anticipated outcomes that will be achieved through WECA investment by March 2023.

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

WECA published a £350m regional investment programme in July 2019 which details all priority interventions that will be made over the next three years. A Capital Investment Strategy is published in December each year which details the different funding streams available to the region explicitly detailing the purpose and uses of WECA funding. This is then regularly reviewed and updated through the WECA Committee.

Each individual project has to comply with published criteria prior to entry into the WECA investment programme which includes a transparent value for money assessment in

terms of the outcomes achievable through investment.

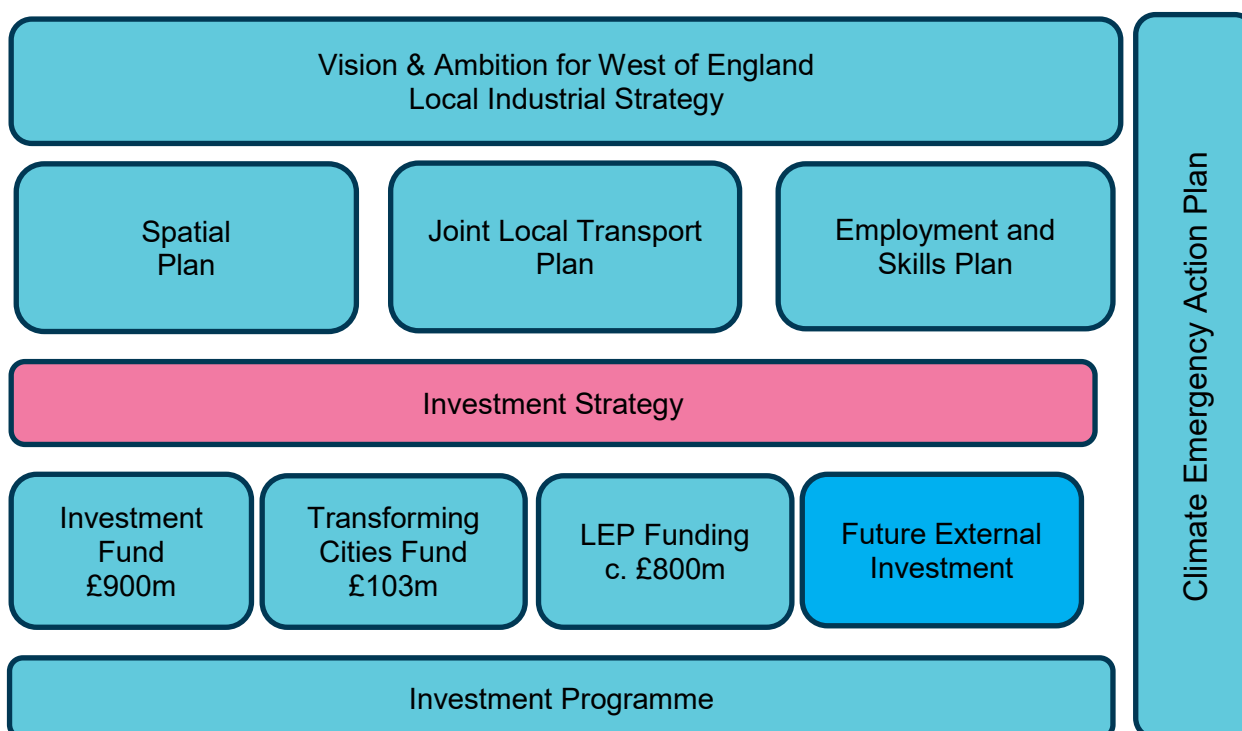
WECA Director of Infrastructure holds regular meetings with his counterparts within the neighbouring Unitary Councils to determine the priority interventions required for transportation and housing enabling - working jointly to develop a coherent regional investment programme. A similar process is facilitated through WECA Director of Business and Skills ensuring that investment is prioritised to deliver the core strands of the region’s Local Industrial Strategy.

Additionally, the Chief Executives meet on a regular basis to discuss strategic matters and current major cross-authority issues. This is chaired by the WECA Chief Executive Officer with the other constituent council Chief Executive Officers in attendance (B&NES, South Gloucestershire and Bristol) and is also attended by the North Somerset Chief Executive Officer.

There is also a separate (Local Growth) Assurance Framework which WECA operates and updates are provided each year to the Audit Committee.

Figure 2 details how WECA investment is aligned to the delivery of regional strategies and priorities. This graphic is detailed within our Capital Investment Strategy and Business Plan.

Figure 2: Linkage between WECA Strategic Direction and Funding decisions.



WECA’s decision making processes are set by its Constitution and citizens and service users are consulted where appropriate prior to decisions being taken.

The decision-making process requires objective and rigorous analysis of options and

associated risks. A Risk Management Strategy and Toolkit has been adopted and this provides guidance on the assessment of risks related to recommended actions / decisions.

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

WECA has an established senior management structure and has recruited suitably experienced officers into its leadership team. A structured organisational development programme was introduced from September 2019 which supplements and complements the authority's appraisal process.

A comprehensive induction programme has been rolled out to all employees which incorporates a presentation from the Chief Executive on the vision, mission and objectives of the Combined Authority. A formal training budget has been established to fund bespoke training needs which supplements the organisational development programme.

WECA undertook its first formal staff survey in July/August 2019 with the overall results being extremely positive. Action plans have been developed by the Senior Management Team and Directorate Management teams to respond to identified areas requiring further development and this is repeated on an annual basis.

In terms of financial capacity, WECA has set about growing the expertise, knowledge and capabilities of in-house staff resource. Further investment has been made in the Finance service utilising funding that was previously allocated to third party support. Treasury Management was brought back in-house, (previously provided through Bath and North East Somerset), in April 2019 and reliance on contractor support for developing the authority's Statement of Accounts has been reduced with WECA firmly leading the process for 2019/20. Bespoke support is still contracted on an identified needs basis for example, for specific tax advice, (through Public Sector (PS) Tax), and technical aspects of the accountancy requirements (through CIPFA).

WECA published a three-year Medium-Term Financial Plan on 31 January 2020 as an integral part of the 2020/21 budget setting process and this was updated in 2021. This plan details the revenue resources available to the Combined Authority through Investment Fund approvals along with various confirmed, and anticipated, grant allocations. Contributions have been made to WECA General Fund Reserve throughout 2019/20 and 2020/21, with non-earmarked reserves increased.

WECA maintains strong relationships and networks both regionally, and nationally. Finance Directors and Monitoring Officers across the West of England meet regularly, developing regional solutions to issues and sharing best practice, and the authority is a key member and co-ordinator for the M9 Combined Authority (national) network, and the Monitoring Officer chairs the Urban Transport Group Legal arm.

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

WECA adopted a Risk Management Strategy and Toolkit during 2019/20 which has been endorsed by the Audit Committee. The Strategy records key activities and frequency with the toolkit providing detailed guidance on risk management processes.

WECA continues to raise awareness of the importance of good risk management and embed the adopted processes. Directors give on-going assurance to the Chief Executive regarding the management of risks within their area of service delivery. Risk management objectives are monitored through the Audit Committee in line with its terms of reference to evaluate the effectiveness of the risk management strategy and framework.

Performance Management arrangements continue to be strengthened with an adopted Monitoring and Evaluation Framework, (as endorsed by the Audit Committee), key performance metrics incorporated within WECA Business Plan and transparent published criteria in relation to outcomes being delivered through approved investments.

The Combined Authority Local Growth Assurance Framework was revised and approved by WECA Committee in January 2020. This embeds a 'single pot' approach to governing all core LEP and WECA funding streams including the:

- Investment Fund;
- Transforming Cities Fund;
- Local Growth Fund;
- Getting Building Fund;
- Revolving Infrastructure Fund;
- Economic Development Fund; and;
- Adult Education Budget

WECA maintains a robust system of internal control with a, (risk assessed), review and monitoring of internal controls undertaken by Internal Audit and other 'independent' inspectors. The Audit Committee's 'Terms of Reference' includes approving the Internal Audit Plan alongside monitoring its delivery and effectiveness (including the implementation of audit recommendations).

WECA's Financial Regulations require Members and staff to inform the Chief Finance Officer and / or the 'Chief Audit Executive' immediately of any suspected financial irregularity. This enables the Internal Audit function to investigate all reported cases promptly to ensure the integrity of the system of internal control.

Financial updates are regularly reported to WECA Committee and this includes budget monitoring and outturn reports. All decision papers for Committees, or officer delegated decisions, require S73 financial sign-off before the decision can be taken. The Director of Investment and Corporate Services acts as the S73 Chief Financial Officer for the Combined Authority.

As part of good governance WECA has also carried out an initial assessment against the CIPFA Financial Management code 2019. A key goal of the Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management which is especially important considering the last 12 months. Whilst 2020/21 is a shadow year in terms of compliance, preparations have commenced including a full self-assessment by the Finance function to understand if any key actions

are necessary. The outcome of this process has been positive with 32 out of 36 areas assessed as high compliance with the remaining 4 at medium compliance. This is an ongoing process and during 2021/22 any necessary actions or updates will be monitored through the Audit Committee.

The Director of Investment and Corporate Services has confirmed that the principles outlined in the CIPFA Statement on the Role of the Chief Financial Officer, (s151/s73 Officer), in Local Government have been compiled with in performing his duties.

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

Transparency is a key condition and driver for the delivery of WECA services. As a publicly funded organisation, we have a duty to our residents to be transparent about our business operations and outcomes.

Committee meetings and reports are easily accessible through WECA's website and the public are encouraged to engage with the operations of the authority and contribute to public committee meetings. Public Scrutiny Committees are held in advance of all WECA and Joint Committee meetings in order to scrutinise papers in advance of formal consideration. The respective Chairs of Scrutiny and the Local Enterprise Partnership have a standard slot on WECA committee agendas to feed in their comments in advance of the formal debate. Strong governance arrangements have remained fully effective, in a virtual environment, throughout the lockdown period.

WECA constitution requires decisions to be taken by an appropriate committee, or officer delegation, and requires formal 'sign-off' by the S73 and Monitoring Officers in advance. All decisions taken are published in a Decision Notice template.

The annual governance review, which has been carried out to produce this statement, requires a robust methodology to be followed to enable a statement to be published within the statutory Statement of Accounts.

4. Independent Assessment & Opinion – Internal Audit

Internal Audit works independently of the management of the organisation and reports through to the Audit Committee. During 2020/21 whilst work was naturally affected by the pandemic, no significant changes were necessary to planned work and the opinion of the Head of Internal Audit is that he is satisfied that the risk, governance and control environment of the Authority is adequate to ensure delivery of WECA's priorities. Through the work of Internal Audit and delivery of the Annual Audit Plan, some control issues have been identified, however none are deemed significant when assessed against the key criteria. Internal Audit is content that management have accepted responsibility to address the control weaknesses.

The Plan focused on core financial and other systems and areas presenting the greatest risk to the authority and was designed to ensure sufficient depth and breadth of audit

coverage to meet the requirements of those charged with governance. In forming an opinion on the governance, risk and control environment Internal Audit also considered other sources of assurance including reports from external regulators, external audit and commissioned reviews.

West of England Combined Authority (WECA)

Annual Governance Statement (continued)

5a. Conclusion - Certification

As laid out in the statement WECA's governance arrangements have been reviewed and considered in line with the CIPFA/SOLACE code of practice. To the best of our knowledge the governance arrangements as defined have been effectively operating during the year 2020/21. Significant governance issues identified through the Annual Governance Statement Review process are recorded in Section 5.

We propose to take actions to address the issues raised with the objective of enhancing the WECA's governance arrangements. The issues and related actions will be monitored as part of the annual governance review process.

SIGNED BY:

DAN NORRIS

WEST OF ENGLAND METRO MAYOR

PATRICIA GREER

CHIEF EXECUTIVE

DATE:

West of England Combined Authority (WECA)

Annual Governance Statement (continued)

5b. Conclusion – Significant Governance Issues

SIGNIFICANT GOVERNANCE ISSUES 2020/21

Having considered all of the evidence, data and input from regulators, the following significant governance issues have been identified within the 2020/21 financial year:

	Issues identified in 2020/21	Commentary & Mitigating actions for 2020/21
1	<p>Coronavirus/COVID-19 Impacts: The impacts of COVID-19 both internationally, nationally and regionally have been unprecedented in both Health and Economic terms. The country has been under emergency legislation which has led to a wider range of measures to manage the wide-ranging impacts.</p> <p>On a regional level this has significantly impacted on the Public Sector and the Constituent Authorities of WECA. Whilst WECA is less exposed economically due to its role as a Combined Authority it still has an important role to work with its constituent Authorities to support its local communities, specifically the business sector.</p> <p>The scale and scope of various grants has been significant and WECA has been central to this support process to assist regional business and to lobby central government on behalf of its constituent Authorities.</p> <p>The WECA Committee formally considered its response to the pandemic at its June and October 2020 meetings setting</p>	<p>Actions to support recovery from COVID-19 are set out in detail within the papers for the WECA Committee. In summary these include –</p> <p>Establishment of a regional economic recovery taskforce and creating of specific actions around 5 key pillars –</p> <ul style="list-style-type: none"> a) Rebuild business to help new and existing businesses to survive and thrive in order to safeguard existing and create new jobs. b) Get residents back to work in jobs which pay above the living wage and offer security of employment through targeted training and brokerage to available opportunities. c) Strengthening inclusion to prevent further widening of inequalities and build an inclusive economy where everyone has the opportunity to achieve their potential and reducing inequality gaps.

West of England Combined Authority (WECA)

Annual Governance Statement (continued)

	Issues identified in 2020/21	Commentary & Mitigating actions for 2020/21
	<p>out its current position and the range of actions it was taking to support its communities.</p> <p>The recovery plan should be considered as an initial approach to address the known impacts of the crisis. Whilst the pandemic has had a significant impact on the region, the situation continues to evolve and the full extent of the long term implications are not yet clear. Work to respond to the impacts of the pandemic will continue over the coming months with further WECA funding allocated to recovery activity.</p>	<p>d) Green recovery to use the changes in behaviour brought about by the pandemic to accelerate our transition to net zero carbon.</p> <p>e) Renew places to re-think our approach to 'place' creating greener, healthier, more vibrant places to live and work and so continuing to attract people from across the world.</p>

Update on Previous Year – 2019/20

	Issues identified in 2019/20	Update on Mitigating actions delivered through 2020/21
1	<p>Coronavirus: The current (March 2020) global known, and anticipated, impact of the coronavirus might have a material impact on core governance issues. Flexibility will need to be exercised on areas such as delegated decision making and procurement practices. There could also be an impact on the transition to operating our new Agresso financial system through Agilisys from April 2020.</p>	<ul style="list-style-type: none"> • Refreshed WECA business continuity arrangements; • Ensured that core groupings of staff are able to process and authorise financial information remotely; • Equipped all WECA staff for effective homeworking; • Regular updates and communications provided to staff; • All relevant WECA events were re-scheduled as virtual sessions; • Maintained effective networks with neighbouring Unitary Councils and other Combined Authorities in terms of controls put in place in response to coronavirus;

West of England Combined Authority (WECA)

Annual Governance Statement (continued)

	Issues identified in 2019/20	Update on Mitigating actions delivered through 2020/21
		<ul style="list-style-type: none"> • Incorporated climate change considerations within WECA decision making processes; • Successfully facilitated, and enabled, virtual meetings of full WECA Committee and WECA Scrutiny Committee
2	<p>Robustness of the Statement of Accounts: Problems were encountered when finalising the Combined Authority’s Statement of Accounts for 2018/19. Although draft accounts were issued on WECA website by the statutory deadline of 31 May 2019, the external auditors, Grant Thornton UK LLP, were not able to complete their audit, or form an opinion on the accounts, in time for the scheduled audit committee on 31 July 2019 due to a number of errors and incomplete information. Lack of functionality of our previous Finance system and problems encountered with external contractors, (commissioned to produce a draft set of accounts), were key contributing factors.</p>	<ul style="list-style-type: none"> • Conducted ‘lessons learnt’ sessions to identify improvements needed for the 2019/20 accounts closedown process – subsequently developed a finance improvement plan; • Increased in-house finance capacity in WECA and reduced reliance on external contractors for drafting a full set of accounts; • Commissioned, and developed, a new version of the Agresso finance system through a new ICT provider, Agilisys; • Commissioned expertise to help design the new finance system with a clear focus on improving automation and reducing reliance on manual systems; • Engaged CIPFA as technical experts, to supplement internal finance capacity, on specific elements of 2019/20 technical accounting identified as being high risk.

West of England Combined Authority (WECA)

Independent Auditor's Report

HOLD

Independent Auditor's Report
UNAUDITED

West of England Combined Authority (WECA)

Independent Auditor's Report

HOLD

Independent Auditor's Report
UNAUDITED

West of England Combined Authority (WECA)

Independent Auditor's Report

HOLD

Independent Auditor's Report
UNAUDITED

Comprehensive Income and Expenditure Statement

For the year ended 31 March 2021

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

	Gross Expenditure £'000	Gross Income £'000	2019/20 Net Expenditure £'000	Notes	Gross Expenditure £'000	Gross Income £'000	2020/21 Net Expenditure or (Income) £'000	
	56,799	(16,632)	40,167	Combined Authority Services	6	80,638	(33,397)	47,241
	19,565	(1,066)	18,499	Mayoral Fund	7	18,067	(640)	17,427
	76,364	(17,698)	58,666	Cost of services		98,705	(34,037)	64,668
	61	306	367	Financing and investment income and expenditure	8	142	(4,120)	(3,978)
	2,965	(60,349)	(57,384)	Taxation and non-specific grant income and expenditure	9	3,300	(65,680)	(62,380)
	79,390	(77,741)	1,649	(Surplus) or deficit on provision of services		102,147	(103,837)	(1,690)
			-	Fair value movement on financial assets		-	-	-
			2,990	Remeasurement of the net defined benefit liability	27	-	-	1,448
			2,990	Other comprehensive (income) and expenditure		-	-	1,448
			4,639	Total comprehensive (income) and expenditure	-	-	-	(242)

Movement in Reserves Statement

For the year ended 31 March 2021

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

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	Usable reserves			Unusable reserves						Total reserves £'000
	General fund balance £'000	Ear-marked reserves (note 24) £'000	Total usable reserves £'000	Pooled Investment Fund Adjustment Account £'000	Accumulated Absences Account £000	Collection Fund Adjustment Account £000	Capital adjustment account £'000	Pensions reserve £'000	Total unusable reserves £'000	
Balance at 31 March 2019	989	3,993	4,982	(342)	(28)	(42)	928	(2,715)	(2,199)	2,783
Movements in reserves										
Total comprehensive income and expenditure	(1,649)	-	(1,649)	-	-	-	-	(2,990)	(2,990)	(4,639)
Adjustments between accounting basis under regulations	3,432	-	3,432	(2,348)	-	(86)	(137)	(861)	(3,432)	-
Increase before transfer to earmarked reserves	1,783	-	1,783	(2,348)	-	(86)	(137)	(3,851)	(6,422)	(4,639)
Transfers (from)/to reserves	(1,134)	1,134	-	-	-	-	-	-	-	-
Movement in reserves in the year	649	1,134	1,783	(2,348)	-	(86)	(137)	(3,851)	(6,422)	(4,639)
Balance at 31 March 2020	1,638	5,127	6,765	(2,690)	(28)	(128)	791	(6,566)	(8,621)	(1,856)
Movements in reserves										
Total comprehensive income and expenditure	1,690	-	1,690	-	-	-	-	(1,448)	(1,448)	242
Adjustments between accounting basis under regulations	8,843	-	8,843	1,693	(85)	(9,310)	132	(1,273)	(8,843)	-
Increase before transfer to earmarked reserves	10,533	-	10,533	1,693	(85)	(9,310)	132	(2,721)	(10,291)	242
Transfers (from)/to reserves	(10,358)	10,358	-	-	-	-	-	-	-	-
Movement in reserves in the year	176	10,358	10,534	1,693	(85)	(9,310)	132	(2,721)	(10,291)	242
Balance at 31 March 2021	1,814	15,485	17,299	(997)	(113)	(9,438)	923	(9,287)	(18,912)	(1,613)

Balance Sheet as at 31 March 2021

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).

UNAUDITED

West of England Combined Authority (WECA)

		2021	2020
	Note	£'000	£'000
Intangible assets	14	424	507
Property, plant and equipment	15	499	285
Long-term investments	16	45,434	-
Long term assets		46,357	792
Short-term investments	17	175,548	128,601
Trade and other debtors	18	16,023	4,943
Financial assets at fair value through other comprehensive income	29	-	-
Financial assets at fair value through income and	29	32,966	21,274
Cash and cash equivalents	19	25,726	27,302
Current assets		250,263	182,120
Short Term Loans	20	(20,005)	(15,005)
Trade and other creditors	21	(28,600)	(10,754)
Grant receipts in advance - revenue	10	(56,350)	(48,990)
Current liabilities		(104,955)	(74,749)
Net current assets		145,308	107,371
Grant receipts in advance - capital	10	(96,637)	(58,506)
Net pensions liability	27	(9,287)	(6,566)
Provisions	23	(3,022)	(3,092)
Agency creditor	22	(84,332)	(41,853)
Non-current liabilities		(193,278)	(110,017)
Net assets/(liabilities)		(1,613)	(1,854)
General fund balance	24	1,814	1,638
Earmarked reserves	24	15,485	5,127
Usable reserves		17,299	6,765
Pooled Investment Fund Adjustment Account	25	(997)	(2,689)
Accumulated Absences Account		(113)	(28)
Collection Fund Adjustment Account	25	(9438)	(128)
Capital adjustment account	25	923	792
Pensions reserve	25	(9,287)	(6,566)
Unusable reserves	25	(18,912)	(8,619)
Total reserves		(1,613)	(1,854)

West of England Combined Authority (WECA)

The financial statements were approved and authorised for issue by:

Malcolm Coe
Director of Investment and Corporate Services and Chief Finance Officer
Date: 30th July 2021

UNAUDITED

Cash Flow Statement

For the year ended 31 March 2021

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.

UNAUDITED

West of England Combined Authority (WECA)

	Note	2021 £'000	2020 £'000
Net (Deficit)/surplus on the provision of services		1,690	(1,649)
Adjustments to net surplus or deficit on the provision of services for non-cash movements			
Depreciation of property, plant and machinery	15	191	121
Amortisation of intangible assets	14	344	277
Release of impairment on investments			(18)
Change in pensions reserves	27	1,273	861
Increase in trade and other debtors	18	(11,080)	1733
Increase in trade and other creditors	21	17,846	4516
Decrease in provisions	23	(70)	232
Increase in agency creditor	22	42,479	(34,852)
Net interest receivable	8	(4,120)	306
Interest received		2,023	2,018
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and			
Capital grants received	10	(23,383)	(24,062)
Net cash flows from operating activities		27,217	(50,516)
Investing activities			
Purchase of property, plant and machinery	15	(405)	(70)
Purchase of intangible assets	14	(261)	(192)
Capital grants received for the purchase of property, plant and equipment	10	23,383	24,062
Increase in long and short-term investments	16,1	(92,000)	(12,000)
Increase in financial assets at fair value through other comprehensive income	29	(10,000)	(14,000)
Net cash flows from investing activities		(79,283)	(2,200)
Financing activities			
Increase in capital grants receipts in advance	10	38,131	9,654
Increase in revenue grants receipts in advance	10	7,360	11,501
Increase in short term loans	20	5,000	15,000
Net cash flows from financing activities		50,491	36,155
Net increase or decrease in cash and cash equivalents	19	(1,576)	(16,561)
Cash and cash equivalents at 1 April	19	27,302	43,863
Cash and cash equivalents at 31 March	19	25,726	27,302

Notes to the Financial Statements

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West of England Combined Authority (WECA)

1. Basis of preparation

a) General principles

The Statement of Accounts summarises the West of England Combined Authority's (WECA) transactions for the financial year 2020/21 and its position as at 31 March 2021. 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 2020/21 (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. WECA has the ability to raise a levy to constituent authorities to fund its integrated transport functions and has access to significant revenue and capital grant income in order to meet the revenue and capital commitments as they are agreed by WECA Committee. The Authority receives funding for Highways Maintenance expenditure under the 100% Business Rate Retention Pilot, subject to a minimum income 'safety net'. On conclusion of the pilot the funding should revert to central government grant.

d) Changes in accounting policies and disclosures

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

e) Accounting Standards issued but not yet adopted

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

The Code requires local authorities to disclose information relating to the impact of an accounting change that will be required by a new standard under the International Financial Reporting Standard (IFRS) that has been issued but not yet adopted by the Code. The accounting standards that are to be introduced in the 2021/22 CIPFA Code of Practice are:

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7
- Interest Rate Benchmark Reform –Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

Most of these standards will not be applicable to the Authority. For those standards that apply, they are not anticipated to have a material impact on the financial statements.

CIPFA/LASAAC has deferred implementation of IFRS16 Leases for local government to 1st April 2022. The standard will require authorities that are lessees to recognise most leases on their balance sheet as right of use assets with corresponding lease liabilities. The estimated impact of this standard is not yet known.

2. Significant accounting policies

Taxation

Corporation, income and capital gains tax

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

Value added tax (VAT)

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

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

a) Accruals of Income and Expenditure

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

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

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

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

b) Government grants and other contributions

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

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

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

c) Revenue expenditure funded from capital under statute

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

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

d) Pensions scheme

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

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

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

e) Financial assets

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

Classification

The Combined Authority classifies its financial assets in the following measurement categories:

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

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

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

For investments in equity instruments that are not held for trading, this will depend on whether the Combined Authority has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

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

Recognition and derecognition

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

Subsequent measurement

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

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

Cash and cash equivalents

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

f) Financial liabilities

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

Classification

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

Recognition and derecognition

All financial liabilities are recognised initially at fair value.

A financial liability is derecognised when the obligation under the liability is

discharged or cancelled or expires.

Subsequent measurement

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

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

g) Property, plant and equipment

Recognition and measurement

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

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

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

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

Depreciation

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

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

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

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

h) Intangible assets

Intellectual property – The 5G Smart Tourism Project

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

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

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

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

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

Economic Model

The acquired Economic Model is capitalised on the basis of the costs incurred to acquire and bring to use the model.

i) Impairment of Non-financial assets

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

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

j) Impairment - Financial assets (including debtors)

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

k) Provisions and contingent liabilities

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

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

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

l) 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.

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3. Significant Judgements and Estimation Uncertainty

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

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

Judgements

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

Agency

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

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

Similarly, WECA assumed the Accountable Body role for the Invest in Bristol and Bath inward investment function.

This agency accounting approach has been taken because;

- Expenditure decisions on these service areas are taken at a separate Joint Committee of the four Unitary Authorities and involve funding and expenditure decisions for a geographic area, North Somerset, which is outside the Combined Authority area. They do not form part of the decision-making process at WECA Committee that governs the business of the Mayoral and Combined Authority Funds.

West of England Combined Authority (WECA)

- WECA is not exposed to significant risks or rewards associated with its actions in relation to these functions. Separate budgets are maintained and reported to the Joint Committee and where staff time and office overheads are shared between WECA and LEP/other agency duties, the actual costs are apportioned between those budgets on an appropriate basis.
- Any surpluses that are held on behalf of the four Unitary Authorities, whether from their own contributions or grant funding, may only be redistributed by a decision of the Joint Committee, WECA itself has no control over determining the use or remaining benefits of such assets and they do not result in an increase in equity for the Combined Authority.

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A separate Disclosure for all the above functions, where the Authority acts as Agent, is shown at Note 22.

This provides a reconciliation between expenditure and income for agency functions and the cash balances held at 31 March 2021, where these are held on behalf of other organisations, and treated as a creditor liability in the Balance Sheet.

Estimates and assumptions

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

The items in the Balance Sheet at 31 March 2021 for which there is a risk of material adjustment in the forthcoming financial year are as follows:

Pension benefits

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

- A 0.1% p.a. increase in the discount rate will reduce the pension fund liability by £0.525m.
- An increase of life expectancy at retirement by 1 year will increase the pension fund liability by £0.645m.
- 0.1% p.a. increase in inflation will increase the pension fund liability by £0.537m.
- 0.1% p.a. increase in pay growth will increase the pension fund liability by £0.102m.

NNDR Appeals

Under the 100% BRR Pilot, WECA is liable for its proportionate share of successful appeals against Business Rates charged. A provision has been estimated by officers at each of the Billing Authorities for the amount that businesses have been overcharged up to 31 March 2022. The provision for the 2010 list of cases has been estimated using Valuation Office Agency data and analysis of successful appeals to date. Provision for appeals against 2017 rateable values list is calculated at 4.7% of net rates payable for 2017-2019. Because of the lack of data, this % has been applied as per Central Government advice. The Authority's share of the business rate appeals provisions held at 31st March 2021 amounted to £3m (£3.1m 19/20). If

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appeals were to increase by 10% then this could require an increase in the Authority's share of the appeals provision by £0.3m.

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Investment Fund Grant Income

In the 2017/18 and 2018/19 accounts, WECA treated the Investment Fund Grant as 'conditional'. This was due to the uncertainty surrounding the forthcoming 5-year government gateway review on how the fund had been deployed and subsequent outcomes delivered.

During 2019/20 a 4-year investment programme has been developed that allocates all Investment and Transforming Cities Funding against regional strategic priorities. The programme to 2022/23 was agreed at the WECA Committee in July 2019. We have been working closely with the government's commissioned contractors, SQW, to better understand the specifics of the review. The contractors have been engaged to undertake the evaluation of investment fund type arrangements across all localities who have these nationally. The One Year Out (baseline) Report has now been agreed and work progresses to complete the Final Report by the end of the year which will trigger the release of the next 5-year tranche of £150m funding from 2021/22.

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 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 WECA's services.

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2020/21	Net expenditure/ (income) as reported per Management Outturn £'000	Remove transfers to and from reserves from Outturn £'000	Adjustment to arrive at the net amount chargeable to the General Fund Balance (b i) £'000	Net expenditure chargeable to the general fund £'000	Adjustments between funding and accounting basis (bii) £'000	2020/21 Net expenditure in the comprehensive income and expenditure statement £'000
Combined Authority	(1,117)	(6)	23,982	22,859	24,382	47,241
Mayoral fund	-	(145)	17,572	17,427	-	17,427
Cost of services	(1,117)	(151)	41,554	40,286	24,382	64,668
Other income chargeable to the General Fund	-	(9,264)	(41,554)	(50,818)	(15,540)	(66,358)
Surplus or deficit on provision of services	(1,117)	(9,415)	-	(10,532)	8,842	(1,670)
Opening General Fund balance				(1,638)		
Transfers to earmarked reserves				10,358		
Closing General Fund balance				(1,812)		

West of England Combined Authority (WECA)

2019/20	Net expenditure/ (income) as reported per Management Outturn £'000	Remove transfers to and from reserves from Outturn £'000	Adjustment to arrive at the net amount chargeable to the General Fund Balance (b i) £'000	Net expenditure chargeable to the general fund £'000	Adjustments between funding and accounting basis (bii) £'000	2019/20 Net expenditure in the comprehensive income and expenditure statement £'000
Combined Authority	(551)	(836)	17,881	16,494	23,673	40,167
Mayoral fund	-	(396)	17,572	17,176	1,325	18,501
Cost of services	(551)	(1,232)	35,453	33,670	24,998	58,668
Other income chargeable to the General Fund	-	-	(35,453)	(35,453)	(21,567)	(57,020)
Surplus or deficit on provision of services	(551)	(1,232)	-	(1,783)	3,431	1,648
Opening General Fund balance				(989)		
Transfers to earmarked reserves				1,134		
Closing General Fund balance				(1,638)		

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(b i) Note to the Expenditure and Funding Analysis

Adjustments for 2020/21

	Combined Authority Services			Mayoral Fund	Total Adjustments
	Interest Income	Transport Levy Income	Net Business Rates Retention Income	Business Rates Retention Income	
Combined Authority	2,404	20,961	617	-	23,982
Mayoral fund	-	-	-	17,572	17,572
Net cost of services	2,404	20,961	617	17,572	41,554
Other income chargeable to the General Fund	(2,404)	(20,961)	(617)	(17,572)	(41,554)
(Surplus) or deficit on provision of services	-	-	-	-	-

Adjustments for 2019/20

	Combined Authority Services			Mayoral Fund	Total Adjustments
	Interest Income	Transport Levy Income	Net Business Rates Retention Income	Business Rates Retention Income	
Combined Authority	2,060	14,503	1,318	-	17,881
Mayoral fund	-	-	-	17,572	17,572
Net cost of services	2,060	14,503	1,318	17,572	35,453
Other income chargeable to the General Fund	(2,060)	(14,503)	(1,318)	(17,572)	(35,453)
(Surplus) or deficit on provision of services	-	-	-	-	-

West of England Combined Authority (WECA)

(b ii) Note to the Expenditure and Funding Analysis

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

Adjustments for 2020/21

	Adjustments for capital purposes			Grants/ contribu- tions	Collec- tion Fund Adjust- ment Account	Pensions adjust- ments	Accumu- lated Absences Account	Pooled Investment Fund adjustment Account	Total adjust- ments
	Deprecia- tion/loss on disposal	REFCUS	RCCO						
Combined Authority	535	23,382	(666)	-	-	1,131	-	-	24,382
Mayoral fund	-	17,572	(17,572)	-	-	-	-	-	-
Net cost of services	535	40,954	(18,238)	-	-	1,131	-	-	24,382
Other income chargeable to the General Fund	-	-	-	(23,384)	9,310	142	85	(1,693)	(15,540)
(Surplus) or deficit on provision of services	535	40,954	(18,238)	(23,384)	9,310	1,273	85	(1,693)	8,842

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

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Adjustments for 2019/20

Adjustments for capital purposes

	Deprecia- tion/loss on disposal	REFCUS	RCCO	Grants/ contri- butions	Collec- tion Fund Adjust- ment Account	Pensions adjust- ments	Accumu- lated Absences Account	Pooled Investment Fund adjustment Account	Total adjust- ments
Combined Authority	399	22,546	(70)	-	-	800	-	-	23,675
Mayoral fund	-	18,895	(17,572)	-	-	-	-	-	1,323
Net cost of services	399	41,441	(17,642)	-	-	800	-	-	24,998
Other income chargeable to the General Fund	-	-	-	(24,061)	86	61	-	2,347	(21,567)
(Surplus) or deficit on provision of services	399	41,441	(17,642)	(24,061)	86	861	-	2,347	3,431

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Depreciation

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

REFCUS - Revenue expenditure funded from capital under statute

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

RCCO - Revenue Contribution to Capital Outlay

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

Grants/contributions

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

Collection Fund Adjustment Account

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

Pension Adjustments

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

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

Accumulated absences account

The adjustment for the removal of the accrued element of short-term

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accumulating compensated absences (for example holiday pay) to the salaries actually payable in the financial year in accordance with relevant statutory provisions.

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

Available for Sale Reserve

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

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5. Expenditure and income analysed by nature

WECA's expenditure and income is analysed as follows:

	2021 £'000	2020 £'000
Expenditure		
Employee benefits expenses including pension	8,465	4,250
Other service expenses	48,928	30,336
Depreciation, amortisation and impairment	535	399
Revenue expenditure funded from capital under statute	40,954	41,441
Business Rates Retention Tariff	3,300	2,965
Total Expenditure	102,182	79,391
Income		
Local Authority business rates growth and contributions	(21,489)	(22,852)
Levies	(20,961)	(14,503)
Government revenue grants and contributions	(31,818)	(16,553)
Capital grants and contributions	(23,384)	(24,061)
Interest and investment income	(4,120)	306
Other service income	(2,100)	(79)
Total Income	(103,872)	(77,742)
(Surplus)/Deficit on provision of services	(1,690)	1,649

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6. Combined Authority's services

2020/21	Gross Expenditure £000	Grants Received £000	Other Income £000	Net Expenditure £000
Implementation & set up costs	755	-	-	755
Combined Authority Services	3,902	-	-	3,902
Concessionary fares	14,102	-	-	14,102
Community transport	1,251	-	-	1,251
RTI costs	418	-	-	418
Futurebright	1,188	-	-	1,188
Adult Education	14,960	-	-	14,960
Supported Bus Services	8,686	-	-	8,686
Other projects	7,092	-	-	7,092
Mayoral capacity fund	197	-	-	197
Housing capacity fund	1,085	-	-	1,085
Mass Transit Options	1,093	-	-	1,093
Workforce for the Future	995	-	-	995
Productivity Challenge	532	-	-	532
Gainshare - Revenue Contribution	-	(163)	-	(163)
Grant Income	-	(31,669)	-	(31,669)
Other Income	-	-	(1,565)	(1,565)
Amounts chargeable to the General	56,256	(31,832)	(1,565)	22,859
Adjustments between funding and accounting basis, including 5G - Capital REFCUS (note 4)	24,382	-	-	24,382
Per Comprehensive Income and Expenditure Statement	80,638	(31,832)	(1,565)	47,241

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2019/20	Gross Expenditure £000	Grants Received £000	Other Income £000	Net Expenditure £000
Implementation & set up costs	144	-	-	144
Combined Authority Services	3,553	-	-	3,553
Concessionary fares	12,622	-	-	12,622
Community transport	1,691	-	-	1,691
RTI costs	502	-	-	502
Futurebright	1,346	-	-	1,346
Adult education	9,219	-	-	9,219
Apprenticeship grants for employers	94	-	-	94
Other projects	1,604	-	-	1,604
Mayoral capacity fund	852	-	-	852
Housing capacity fund	599	-	-	599
Housing infrastructure bid	611	-	-	611
Workforce for the Future	298	-	-	298
Gainshare - Revenue Contribution	-	(689)	-	(689)
Grant Income	-	(15,723)	-	(15,723)
Other Income	-	-	(220)	(220)
Amounts chargeable to the General Fund	33,135	(16,412)	(220)	16,503
Adjustments between funding and accounting basis, including 5G - Capital REFCUS (note 4)	23,664	-	-	23,664
Per Comprehensive Income and Expenditure Statement	56,799	(16,412)	(220)	40,167

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7. Mayoral Funds

	2021 £'000	2020 £'000
Expenditure		
Mayoral office running costs	195	206
Joint Spatial Plan Scheme Development	-	-
Transport Feasibility Studies	-	464
Election preparation costs	300	-
Revenue expenditure funded from capital under		
- <i>Highways Maintenance Grants</i>	10,254	10,254
- <i>Transport Grants</i>	5,183	5,183
- <i>Highways Incentive Grants</i>	2,135	2,135
- <i>Pothole Action Fund</i>	-	662
- <i>Transport Scheme Business Case Grants</i>	-	661
Gross Expenditure	18,067	19,565
Income		
Gainshare - Revenue Contribution	(640)	(1,066)
Gross Income	(640)	(1,066)
Net Expenditure	17,427	18,499

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

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8. Financing and investment income and expenditure

	2021 £'000	2020 £'000
Net interest on the net defined benefit liability (note 27)	142	61
Fair value movement on financial assets	(1,716)	2,366
Interest receivable and similar income	(2,404)	(2,060)
Net financing and investment income and expenditure	(3,978)	(367)

9. Taxation and non-specific grant income and expenditure

	2021 £'000	2020 £'000
National Non-Domestic Rates	(10,849)	(20,272)
Section 31 National Non-Domestic Rates Grant -	(10,651)	(1,512)
Business Rates Retention Tariff	3,300	2,965
Transport levy from the Constituent Authorities	(20,961)	(14,503)
Pothole Action Fund Grant - DfT	(8,519)	(662)
Gainshare Capital Grant - MHCLG	(14,700)	(22,346)
5G Smart Tourism - DCMS	-	(1,054)
	(62,380)	(57,384)

10. Government and other grant income

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

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors (grants receipts in advance).

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When conditions have been satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

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

	2021 £'000	2020 £'000
Revenue grants credited to cost of services		
Gainshare Revenue Grant - MHCLG	9,103	-
Housing Capacity Fund	-	1,050
Mayoral Capacity Fund	1,000	2,067
Futurebright	1,106	1,346
Workforce for Future	496	-
Supported Bus Services	4,710	-
Adult Education Budget Implementation Grant - SFA	15,113	9,215
Other grants	272	2,875
Total	31,800	16,553
<i>Analysed between the following segments:</i>		
Combined Authority services	31,160	15,487
Mayoral	640	1,066
	31,800	16,553
	2021 £'000	2020 £'000
Capital grants and contributions credited to taxation and non-specific grant income		
Gainshare Capital Grant - MHCLG	14,864	22,346
Pothole Action Fund Grant - DfT	8,519	662
5G Smart Tourism - DCMS	-	1,054
	23,383	24,062

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

	2021	2020
	£'000	£'000
Grants received in advance - capital		
Pothole Action Fund Grant - DfT	2,121	-
Gainshare Capital - MHCLG	34,506	34,506
FTZ - Dft	12,010	-
Transforming Cities Fund - DfT	48,000	24,000
	96,637	58,506
Grants received in advance - revenue		
Gainshare Revenue Grant - MHCLG	54,730	47,380
Future Bright - DWP	-	1,471
Adult Education Budget Implementation Grant - SFA	-	106
ITA Supported Bus Service	1,615	-
T Levels	5	-
Third Party Contributions	-	33
	56,350	48,990

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11. Officers' remuneration

Employees receiving more than £50,000 remuneration per year, which includes exit packages for the year

The remuneration paid to senior employees during 2019/20 and 2020/21 was as follows:

Salary of £150,000 or more for the year ending 31 March 2020 and year ending 31 March 2021

	Salary £	Expenses £	Pension Contributions £	Total Remuneration £
For the period 01/04/2020 - 31/03/2021				
Chief Executive - Patricia Greer	160,352	-	21,648	182,000
For the period 01/04/2019 - 31/03/2020				
Chief Executive – Patricia Greer	159,060	43	22,368	181,471

Salary between £50,000 and £150,000 for the year ending 31 March 2020 and year ending 31 March 2021

	For the period:	Salary £	Expenses £	Pension Contributions £	Total Remuneration £
Director of Infrastructure	01/04/2020 – 31/03/2021	131,007	407	17,686	149,100
Director of Business Skills	01/04/2020 – 31/03/2021	95,228	-	12,851	108,079
Director of Investment and Corporate Services	01/04/2020 – 31/03/2021	125,766	332	16,978	143,076
Director of Legal Services	01/04/2020 – 31/03/2021	83,006	-	11,205	94,211

Salary between £50,000 and £150,000 for the year ending 31 March 2019 and year ending 31 March 2020

	For the period:	Salary £	Expenses £	Pension Contributions £	Total Remuneration £
Director of Infrastructure	01/04/2019 – 31/03/2020	127,500	617	17,956	146,073
Director of Business Skills	01/04/2019 – 31/03/2020	81,187	187	11,431	92,805
Director of Investment and Corporate Services	01/04/2019 – 31/03/2020	122,400	372	17,238	140,100
Director of Legal Services	01/04/2019 – 31/03/2020	81,127	83	11,421	92,631

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

	2021 £'000	2020 £'000
£50,000 - £54,999	8	4
£55,000 - £59,999	3	4
£60,000 - £64,999	6	3
£65,000 - £69,999	6	1
£70,000 - £74,999	1	1
£75,000 - £79,999	-	2
£80,000 - £84,999	4	3
£85,000 - £89,999	1	1
£90,000 - £94,999	-	-
£95,000 - £99,999	2	1
£100,000 - £104,999	-	-
£105,000 - £109,999	-	-
£110,000 - £114,999	-	-
£115,000 - £119,999	-	-
£120,000 - £124,999	-	1
£125,000 - £129,999	1	1
£130,000 - £134,999	1	-
£135,000 - £139,999	-	-
£150,000 - £154,999	-	-
£155,000 - £159,999	-	1
£160,000 - £164,999	1	-

Secondment costs are not included in the above table.

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Exit Packages

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

Cost band (including special payments)	Voluntary redundancies		Total exit packages		Total cost of packages in each band	
	2021 No.	2020 No.	2021 No.	2020 No.	2021 £'000	2020 £'000.
£0 - £40,000	-	1	-	-	-	17
£40,000+	-	-	-	1	-	57
	-	-	-	-	-	74

12. Members' allowances

	2021 £'000	2020 £'000
Allowances	82	78
Expenses	-	1
	82	79

13. External audit costs

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

	2021 £'000	2020 £'000
Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor for the year	39	30
Fees payable in respect of other services provided by Grant Thornton UK LLP during the year	-	-
	39	30

A significant increase in the operations and transactions of the Combined Authority has increased audit expenditure, but, has been offset through a reduction in fees paid to consultancy support.

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14. Intangible Assets

	Economic Model £'000	Computer software £'000	Intellectual property £'000	Total £'000
Cost				
At 1 April 2019	115	47	603	765
Additions	-	-	192	192
At 1 April 2020	115	47	795	957
Additions	-	261	-	261
At 31 March 2021	115	308	795	1,218
Accumulated amortisation				
At 1 April 2019	48	25	100	173
Charge for the year	29	16	232	277
At 1 April 2020	77	41	332	450
Charge for the year	29	50	265	344
At 31 March 2020	106	91	597	794
Net book value				
At 31 March 2021	9	217	198	424
At 31 March 2020	38	6	463	507
At 31 March 2019	67	22	503	592

15. Property, plant and equipment

	£'000	Fixtures and fittings	Computer equipment £'000	Total £'000
Cost				
At 1 April 2019		350	127	477
Additions		11	59	70
At 1 April 2020		361	186	547
Additions		-	405	405
At 31 March 2021		361	591	952
Accumulated depreciation				
At 1 April 2019		96	45	141
Charge for the year		69	52	121
At 1 April 2020		165	97	262
Charge for the year		71	120	191
At 31 March 2021		236	217	453
Net book value				
At 31 March 2021		125	374	499
At 31 March 2020		196	89	285
At 31 March 2019		254	82	336

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16. Long Term Investments

Loans to

	local authorities £'000
At 1 April 2019	25,181
Additions	(25,181)
Interest accrued	-
At 31 March 2020	-
Additions	45,000
Interest Accrued	434
At 31 March 2021	45,434

17. Short-term investments

Loans to

	local authorities £'000
At 1 April 2019	91,373
Additions	36,627
Interest accrued	601
At 31 March 2020	128,601
Additions	46,399
Interest Accrued	548
At 31 March 2021	175,548

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18. Trade and other debtors

	2021 £'000	2020 £'000
Trade debtors	171	44
Other debtors	15,852	4,899
Prepayments and accrued income	-	-
	16,023	4,943
Analysed between the following classes of debtors:		
Central government bodies	1,324	803
Other local authorities	14,357	4,070
Other entities and individuals	342	70
	16,023	4,943

As at 31 March 2021 there were £Nil (2020: £Nil) trade debtors past due but not impaired.

As at 31 March 2021 other debtors of £364,770 (2020: £6,000) were impaired in relation to NNDR income and the amount of the impairment provision was £364,770 (2020: £6,000). The movement in the year on the provision for impairment was an increase of £358,770 (2020: £93,000).

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19. Cash and Cash Equivalents

	2021 £'000	2020 £'000
Cash at bank and in hand	77	166
Short-term deposits	25,648	27,136
	25,726	27,302

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

20. Short-term Loans

Loans from

	local authorities £'000
At 31 March 2020	15,005
Additions	4,995
Interest Accrued	5
At 31 March 2021	20,005

As part of its approach to liquidity management, the Authority may borrow short term loans to cover any unplanned cash flow shortages as they arrive.

21. Trade and other creditors

	2021 £'000	2020 £'000
Trade creditors	13,941	2,434
Taxes and social security	370	223
Accruals and deferred income	14,289	8,097
	28,600	10,754
Analysed between the following classes of creditors:		
Central government bodies	10,344	1,668
Other local authorities	10,285	8,672
Other entities and individuals	7,971	414
	28,600	10,754

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

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

Similarly, WECA assumed the Accountable Body role for the Invest in Bristol and Bath inward investment function.

Reconciliation of Agency

	2021	2020
	£000	£'000
Agency Debtors		
IBB	(58)	(2,726)
MetroBus/MetroWest Communications	-	-
Total Agency Debtors	(58)	(2,726)
	2021	2020
	£000	£'000
Agency Creditors		
LEP	60,720	2,449
Grant Balances	23,670	42,130
Total Agency Creditors	84,390	44,579
Total Net Agency	84,332	41,853

Under the agency accounting approach, none of the above transactions are recognised in the Combined Authority's Comprehensive Income and Expenditure Statement. The net cash balances, totalling £84.332m at 31 March 2021 (2020: £41.853m), held by the Authority where it is acting as agent, are treated as a creditor balance within WECA's Balance Sheet, as they are held on behalf of the West of England LEP Unitary Authorities, would be paid to future grant recipients or returned to government. The significant increase in the 2021 LEP figure of £60.7m is the receipt of a Green Homes funding grant for £53m.

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The table below reflects the revenue expenditure incurred by WECA on behalf of the West of England Authorities in 2019/20 and 2020/21:

West of England LEP Revenue Expenditure 2019/20 and 2020/21

	2021	2020
	£'000	£'000
Expenditure		
LEP Management & Co-ordination	817	801
LEP Infrastructure	219	415
LEP Skills & Economy	396	160
Growth Hub	902	484
LEADER	23	24
Inward Investment Table	767	-
RIF Administration	-	124
SW Energy Hub	1,038	356
Local Industrial Strategy	-	95
ERDF Administration	64	-
Enterprise Advisor	-	340
Skills Advisory Panel	56	11
LEP Strategy	332	105
Infrastructure & Investment Delivery Plan	63	38
LEP Innovation & Sector Development	937	486
Other expenditure	485	209
	6,099	3,648

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West of England LEP Revenue Expenditure 2019/20 and 2020/21 continued...

Income		
Local Authority contributions	440	439
Investment Interest	317	415
Higher/Further Education contributions	30	320
Government Grant - Core & Strategic Economic Plan	540	530
Economic Development Grant	893	-
Government Grant - Growth Hub	904	484
Government Grant - Infrastructure & Investment Delivery Plan	167	38
Government Grant - Other	1,794	667
Government Grant – Innovation & Sector	813	432
Movement from Reserves	201	323
	6,099	3,648
	2021	2020
	£'000	£'000
Expenditure/Income yet to be defrayed/received		
Growth Hub Net Creditor	(8)	50
LEADER Net Debtor	(3)	(25)
LEP Net Creditor	6,609	1,594
LEP Reserves	982	830
Cash Balance held	7,580	2,449

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Invest in Bristol and Bath Revenue Expenditure 2019/20 and 2020/21

	2021 £'000	2020 £'000
Expenditure		
Inward Investment Team	767	1,122
	767	1,122
Income		
Economic Development Fund Grant	760	1,100
Other Grants	-	-
Sponsorship Income	-	-
Contributions	7	22
	767	1,122
	2021 £'000	2020 £'000
Expenditure/Income yet to be defrayed/received		
Net Debtor	(58)	(2,726)
Cash Balance Held	(58)	(2,726)

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

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West of England LEP Central Government Grants 2019/20 and 2020/21

2020/21	Funds transferred £'000	Grant received /returned £'000	Interest applied £'000	Grant distributed /recovered £'000	Funds c/fwd £'000
Grants Awarded					
MHCLG - Growing Places Revolving Infrastructure Fund	5,153	-	-	10	5,163
BEIS - Regional Growth Fund 2 Revolving Infrastructure Fund	(13)	-	68	(462)	(407)
RIF - Returned Funds from completed schemes	6,285	-	-	1,938	8,223
MHCLG - Local Growth Fund	39,015	22,875	-	(62,116)	(226)
	50,440	22,875	68	(60,630)	12,753

2020/21

Grant funding yet to be distributed / (returned)

	Funds c/fwd (as above) £000	Net Creditor/ (Debtor) £'000	Impairment of Trade Debtors (RGF3) £'000	Total Cash Balance held £'000
MHCLG - Growing Places Revolving Infrastructure Fund	5,163	-	-	5,163
BEIS - Regional Growth Fund 2 Revolving Infrastructure Fund	(407)	-	-	(407)
RIF - Returned Funds from completed schemes	8,223	-	-	8,223
MHCLG - Local Growth Fund	(226)	10,917	-	10,691
Total	12,753	10,917	-	23,670

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2019/20	Funds transferred £'000	Grant received /returned £'000	Interest applied £'000	Grant distributed /recovered £'000	Funds c/fwd £'000
Grants Awarded					
MHCLG - Growing Places Revolving Infrastructure Fund	5,251	-	-	(81)	5,170
BEIS - Regional Growth Fund 2 Revolving Infrastructure Fund	2,715	(363)	115	(2,975)	(508)
RIF - Returned Funds from completed schemes	6,285	-	-	478	6,763
MHCLG - Local Growth Fund	38,592	13,575	-	(31,439)	20,728
	52,843	13,212	115	(34,038)	32,153

2019/20	Funds c/fwd (as above) £000	Net Creditor/ (Debtor) £'000	Impairment of Trade Debtors (RGF3) £'000	Total Cash Balance held £'000
Grant funding yet to be distributed / (returned)				
MHCLG - Growing Places Revolving Infrastructure Fund	5,170	52	-	5,222
BEIS - Regional Growth Fund 2 Revolving Infrastructure Fund	(508)	-	-	(508)
RIF - Returned Funds from completed schemes	6,763	-	-	6,763
MHCLG - Local Growth Fund	20,728	9,925	-	30,653
Total	32,153	9,977	-	42,130

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23. Provisions, Contingent Liabilities and Guarantees

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

Provision for Appeals - NNDR Income	2021 £'000	2020 £'000
At 1 April	3,092	2,860
Charged to income and expenditure	(70)	232
At 31 March	3,022	3,092

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

The Authority has not entered into any Guarantees.

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24. Usable reserves

The purpose of the individual reserves are as follows:

General Fund Balance

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

Earmarked Reserves

Current year movements	Integrated Transport Authority reserve £'000	BRR Reserve £'000	Mayoral elections £'000	Mayoral Capacity funding £'000	Housing Capacity funding £'000	S31 Excess & TIG	Other £'000	Total £'000
Balance at 1 April 2020	123	500	784	703	2,181		836	5,127
Transfers in year from/(to) general reserves	720	418	104	(196)	(1,085)	9,264	1,133	10,358
Net transfer from/(to) general reserves	720	418	104	(196)	(1,085)	9,264	1,133	10,358
Balance at 31 March 2021	843	918	888	507	1,096	9,264	1,969	15,485

Integrated Transport Authority reserve

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

BRR Reserve

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

Mayoral Elections Reserve

A contribution of £396k was made to this earmarked reserve to meet the estimated costs of the mayoral election in 2021, which is offset against a drawdown for election

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preparation costs.

Mayoral and Housing Capacity Funding

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

Section 31 Excess Reserve

The NNDR collection fund closed with a high deficit in 2020/21 (see note 25 for the breakdown), majority of which was due to COVID-19. To help funding the Covid related deficits, additional S31 grant has been awarded. An earmarked reserve was created to carry this over to 21/22 when the deficit will need to be repaid.

25. Unusable reserves

The purpose of the individual reserves are as follows

Pooled Investment Fund Adjustment Account

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

Capital Adjustment Account

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

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

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	2021 £'000	2020 £'000
Opening balance at 1 April	791	928
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
	(535)	(399)
Charges for depreciation and amortisation of non-current assets		
Revenue expenditure funded from capital under statute	(40,954)	(41,441)
Transfer of revenue contributions on capital outlay (RCCO)	18,239	17,642
Capital financing applied in the year		
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	23,382	24,061
Closing balance at 31 March	923	791

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Pensions Reserve

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

	2021 £'000	2020 £'000
Opening balance at 1 April	(6,566)	(2,715)
Remeasurements (liabilities and assets)	(1,448)	(2,990)
Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on provision of services in the Comprehensive Income and Expenditure Statement	(2,066)	(1,452)
Employers pension contributions payable in the year; Current year	793	591
Closing balance at 31 March	(9,287)	(6,566)

Collection Fund Adjustment Account

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

Collection Fund Adjustment Account 2019/20 and 2020/21

	2021 £'000	2020 £'000
Balance at 1 April	(128)	(42)
Bath & North East Somerset Council	(2,166)	23
Bristol City Council	(4,228)	80
South Gloucestershire Council	(2,916)	(189)
Balance at 31 March	(9,438)	(128)

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Majority of the deficit in 2020/21 has been caused by the unprecedented COVID-19 measures. Additional S31 grant has been awarded to fund this – Reference Section 31 Excess Reserve in Note 24.

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26. Capital expenditure and capital financing

The Authority spent £41.6m (2019/20: £41.7m) on capital during 2020/21. This expenditure is summarised below:

	31 March 2021 £'000	31 March 2020
Office Fit out and ICT Set-up Costs	-	70
CPNN Cycle Links	1,482	-
IT Equipment	666	-
Great Stoke Roundabout Improvements	1,845	-
Wraxall Road	2,328	-
Metrowest Phase 2	588	-
Yate A432 Park & Ride	225	-
5G	250	-
FTZ Dft funding to capital programme	491	-
Dft Active Travel Fund	45	-
Transport Scheme Business Case Development	2,318	661
Highways Maintenance & Infrastructure	26,091	18,233
Real Time Information	93	-
5G Smart Tourism	-	1,054
Bristol Temple Meads Eastern Access	-	560
On Bus Contactless	67	119
Housing Land Acquisition	-	8,297
Cribbs Patchway Metrobus	5,069	12,709
Total expenditure	41,558	41,703
Analysed between the following:		
Intangible Asset (note 14)	261	192
Property, plant and equipment (note 15)	405	70
Total capital expenditure	666	262
Written off to cost of services - transport capital grants and 5G grants	40,892	41,441
	41,558	41,703

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The table below details the funding of the capital programme:

	31 March 2021 £'000	31 March 2020 £'000
Funded by:		
Central government grants	9,305	672
Gainshare Contributions	14,015	23,389
Mayoral Fund RCCO	17,572	17,572
WECA RCCO	666	70
	41,558	41,703

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

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27. Defined benefit pension scheme

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

An actuarial valuation of this fund was carried out by Mercer, an independent firm of actuaries. There are significant increases in the assets and liabilities due to the updating of the position at the 2019 actuarial valuation. In particular, a number of extra members had moved across to WECA after the inception date bringing with them accrued benefits and extra assets.

Since February 2020 there has been substantial volatility in financial markets around the world in relation to the COVID-19 pandemic, and while this has reduced in recent months, the potential for further volatility remains. This may have consequences for asset values, and this will be reflected in the 2020/21 accounting figures. Over the same period, the market volatility has also extended to corporate bonds, and after an initial spike we have seen the yields on AA-rated corporate bonds reduce from previous levels. As the discount rate for accounting purposes is based on corporate bond yields, this will also impact on accounting liabilities. Finally, there has been an impact on market-implied RPI over the period, although this will in part be related to the consultation on RPI reform and demand for gilts, rather than any fundamental shift in expectations.

The decisions of the Court of Appeal in the Sargeant/McCloud cases (generally referred to for the LGPS as “McCloud”) have ruled that the transitional protections afforded to older members when the Public Service Pension Schemes were amended constituted unlawful age discrimination. The Government has accepted that remedies relating to the McCloud judgment are needed in relation to all public service pension schemes, and a consultation was published in July 2020 including a proposed remedy for the LGPS. The key feature of the proposed remedy was to extend the final salary scheme underpin to a wider group of members for service up to 31 March 2022. This applies to all members who were active on or before 31 March 2012 and either remain active or left service after 1 April 2014 (including to those members who no longer have a benefit entitlement from the Fund). Unless specifically requested by employers, our figures already include an allowance for McCloud that is substantially in line with the above. There are some minor areas where our approach differs (principally in respect of members who left service after 1 April 2014), but other than in exceptional circumstances we would expect the impact of these minor proposed changes to be nil. Even where there would be minimal impact, an accurate assessment would be extremely difficult (if not impossible) due to lack of availability of data. Therefore, in our view no further adjustments are required in relation to McCloud.

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Based on the results of this valuation the actuaries advise that the cost of pensions to be charged to the Comprehensive Income and Expenditure Statement from 1 April 2019 should be 13% of the current employees' pensionable pay. This pension cost has been determined after allowing for the amortisation of the difference between the assets and the accrued liabilities relating to the Combined Authority over the average remaining service lives of the current members of the fund.

Calculation method

The figures as at 31 March 2021 are based on the Triennial ongoing valuation assumptions. The membership data from the 2019 Valuation was used as a basis for the 2021 IAS19 Report. The IAS19 Report has been valued on the criteria in the IAS19 Account Standards using high quality corporate bond yield returns.

Liabilities are based on benefit payment and contribution information provided by the fund's administrator as at 31 March 2021. This valuation was carried out by Mercer.

Net liability and pension reserve

The net amount recognised on the Balance Sheet at 31 March 2021 is a deficit of £9,287,000 (2020: £6,566,000).

Movement in net pension fund liability during the year

	2021 £'000	2020 £'000
Opening balance at 1 April	6,566	2,715
Employer's pension contributions payable in the	(793)	(591)
Current service cost	1887	1,273
Past service cost	-	10
Curtailment	-	84
Administrative expenses	37	24
Net interest cost	142	61
Remeasurements (liabilities and assets)	1,448	2,990
Closing balance at 31 March	9,287	6,566

Employer's pension contributions expected to be paid in 2021/22 are estimated at £790,000.

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Transactions relating to post-employment benefits

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

	2021 £'000	2020 £'000
Comprehensive Income and Expenditure		
Statement Cost of services		
Current service cost	1,887	1,273
Past service cost	-	10
Administration expenses	37	24
Curtailment	-	84
Financing and investment income and expenditure		
Net interest cost	142	61
Total post-employment benefit charged to the surplus or deficit on provision of services	2,066	1,452
Remeasurements (liabilities and assets)	1,448	2,990
Total post-employment benefit charged to the Comprehensive Income and	3,514	4,442

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	2021 £'000	2020 £'000
Movement in reserves statement		
Reversal of net charges made to the surplus or deficit on provision of services for post-employment benefits in accordance with the Code	(2,066)	(1,452)
Actual amount charged against the General Fund Balance for pensions in the year	793	591
	(1,273)	(861)

Assets and liabilities in relation to post-employment benefits

	2021 £'000	2020 £'000
Present value of scheme liabilities	(22,870)	(16,804)
Present value of scheme assets	13,583	10,238
Amounts recognised as liabilities	(9,287)	(6,566)

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

	2021 £'000	2020 £'000
Opening balance at 1 April	16,804	6,140
Current service cost	1,887	1,273
Past service cost	-	10
Interest on pension liabilities	395	163
Member contributions	467	329
Actuarial losses/(gains)	3,095	8,415
Curtailment	-	84
Benefits paid	222	390
Closing balance at 31 March	22,870	16,804

Reconciliation of fair value of the scheme assets

	2021 £'000	2020 £'000
Opening balance at 1 April	10,238	3,425
Employer's pension contributions payable in the	793	591
Interest on plan assets	253	102
Member contributions	467	329
Actuarial gains/(losses)	1,647	5,425
Administrative expenses	(37)	(24)
Benefits paid	222	390
Closing balance at 31 March	13,583	10,238

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

	2021 %	2021 £'000	2020 %	2020 £'000
Asset				
Equities	37	5,093	44	4,460
Gilts	14	1,919	6	573
Other bonds	9	1,149	9	927
Property	4	511	10	1,013
Cash/liquidity	3	399	2	225
Other	33	4,512	30	3,040
	100	13,583	100	10,238

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Basis for estimating assets and liabilities

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

	2021	2020
Valuation assumptions		
Discount rate	2.2%	2.3%
Rate of salary increase	4.2%	3.6%
Rate of pension increase	2.8%	2.2%
Inflation assumption	2.7%	2.1%
Future life expectancies from age 65		
Retiring today:		
Males	23.3	23.2
Females	25.4	25.3
Retiring in 20 years:		
Males	24.8	24.7
Females	27.4	27.3

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

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring in the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

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Sensitivity analysis

	Per financial statements £'000	+ 0.1% p.a. discount rate £'000	+ 0.1% p.a. inflation £'000	+ 0.1% p.a. pay growth £'000	1 year increase in Life expectancy £'000
Liabilities	22,870	22,345	23,407	22,972	23,515
Assets	(13,583)	(13,583)	(13,583)	(13,583)	(13,583)
Deficit/(Surplus)	9,287	8,762	9,824	9,389	9,932
Projected Service Cost for	2,365	2,292	2,442	2,365	2,444
Projected Net Interest Cost for next year	195	192	207	197	209

28. Financial risk management

The Authority has existed as an entity since February 2017. During the year to 31 March 2021, the focus has been on continuing to develop appropriate governance structures and ensure that sufficient resources are in place to support the delivery of the organisation's objectives.

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

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

WECA is exposed to credit risk, liquidity risk, market risk and price risk. Currency risk is not a significant factor for 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.

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Credit risk

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

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

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

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

	31 March 2021 £'000	31 March 2020 £'000
Long-term Investments	45,434	-
Short-term Investments	175,548	128,601
Trade and other debtors	16,023	4,943
Cash and short-term deposits	25,726	27,302
	262,731	160,846

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

Market risk

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

Price Risk

The Authority invests in one pooled property fund and four multi asset funds, and is therefore exposed to losses arising from movements in these funds. During the initial phase of the pandemic, the sharp falls in corporate bond and equity markets had a negative impact on the value of the Council's pooled fund holdings which was reflected in the 31st March 2020 fund valuations with every fund registering negative capital returns over a 12 month period. Since March 2020 there has been improvement in market sentiment which is reflected in an increase in capital values of these strategic bond, equity and multi-asset income funds in the Authority's portfolio. Similar to many other property funds, dealing (i.e. buying or selling units) in the CCLA Local Authorities' Property Fund was suspended in March 2020 and lifted in September. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment

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objectives is regularly reviewed. These investments are made in the knowledge that capital values will move both up and down on months and quarters, but with the confidence that over a three to five-year period, total returns will exceed interest rates. They provide regular revenue income and in 2020-21 provided an average total return of 3.94%. In light of their performance over the medium-long term, investment in these funds have been maintained.

EU Referendum

Following the triggering of Article 50 on 29 March 2017, 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. WECA are assisted in this regard by professional Treasury Management advisors, Arlingclose Limited.

Coronavirus

The Authority will continue to monitor closely the impacts of COVID-19 including the effect on financial markets and the stability of the financial institutions the Authority has dealings with to ensure that security and liquidity of Group investments are not adversely affected. WECA are assisted in this regard by professional Treasury Management advisors, Arlingclose Limited.

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29. Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet. Financial assets at fair value consist of Pooled Multi Asset fund investments and Money Market Funds. The property funds currently sit in level 1 of the fair value hierarchy reflecting that trading in the fund was unsuspending in September 2020 and was therefore back in the active market in this instrument at year end. The multi asset funds also sit in level 1 of the hierarchy and are valued at unadjusted quoted prices in active markets for identical units. Short-term debtors consist of investments, accrued interest and trade and other debtors. Cash and cash equivalents include investments in Money Market Funds. Short-term creditors consist of trade creditors and accruals.

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Long term			Current		Total	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
<i>Financial assets at fair value through other income or expenditure:</i>						
Pooled funds	-	-	-	-	-	-
<i>Financial assets at fair value through profit and loss:</i>						
Pooled funds - Property FVL1	-	-	9,211	9,277	9,211	9,277
- Multi Asset FVL1	-	-	23,755	11,997	23,755	11,997
<i>Financial assets at amortised cost:</i>						
Investment assets:						
- Principal	45,000	-	175,000	128,000	220,000	128,000
- Accrued interest	434	-	548	601	982	601
Total investments	45,434	-	208,514	149,875	253,948	149,875
<i>Financial assets at fair value through profit and loss:</i>						
- Short-term deposits FVL1	-	-	19,100	6,840	19,100	6,840
<i>Financial assets at amortised cost:</i>						
- Cash at bank and in hand	-	-	77	166	77	166
- Short-term deposits	-	-	6,197	19,974	6,197	19,974
- Accrued interest	-	-	351	322	351	322
Total Cash & cash equivalents	-	-	25,725	27,302	25,725	27,302
- Trade debtors	-	-	171	44	171	44
- Other debtors	-	-	16,384	5,060	16,384	5,060
- Accrued income	-	-	-	-	-	-
- Loss allowance	-	-	(532)	(161)	(532)	(161)
Included in Trade and other debtors *	-	-	16,023	4,943	16,023	4,943
Total financial assets	-	-	250,262	182,120	295,696	182,120

* The trade and other debtors line on the Balance Sheet include £Nil (2020: £NIL) short-term debtors that do not meet the definition of a financial asset as they relate to non-exchange transactions.

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	Long term		Current		Total	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Financial liabilities at amortised cost						
- Trade creditors	-	-	(13,941)	(2,434)	(13,941)	(2,434)
- Short term borrowing	-	-	(20,005)	(15,005)	(20,005)	(15,005)
- Accruals	-	-	(14,289)	(8,096)	(14,289)	(8,096)
Total financial liabilities	-	-	(48,235)	(25,535)	(48,235)	(25,535)
Included in trade and other creditors **	-	-	(28,230)	(10,530)	(28,230)	(10,530)

** The trade and other creditors line on the Balance Sheet include no (2020: Nil) short-term creditors that do not meet the definition of a financial liability as they relate to non-exchange transactions.

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

For the year ending 31 March 2021

	Financial assets at amortised cost £'000	Financial assets at fair value through income and expenditure £000	Total £000
Interest income	(2,404)	-	(2,404)
Gain on assets at fair value through income or expenditure	-	(1,716)	(1,716)
Interest expense	-	-	-
Net impact on surplus/deficit on provision of services	(2,404)	(1,716)	(4,120)
Gain on assets at fair value through other comprehensive income	-	-	-
Net gain for the year	(2,404)	(1,716)	(4,120)

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For the year ending 31 March 2020

	Financial assets at amortised cost £'000	Financial assets at fair value through income and expenditure £000	Total £000
Interest income	(2,060)	-	(2,060)
Loss on assets at fair value through income or expenditure	-	2,366	
Interest expense	-	-	-
Net impact on surplus/deficit on provision of services	(2,060)	2,366	306
Gain on assets at fair value through other comprehensive	-	-	-
Net loss for the year	(2,060)	2,347	306

Fair value of financial assets and liabilities

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

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

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

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

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

	2021		2020	
	Balance Sheet £'000	Fair value £'000	Balance Sheet £000	Fair value £000
Financial assets at fair value through other income and expenditure				
Pooled funds	-	-	-	-
Financial assets at fair value through profit and loss				
Pooled funds	32,966	32,966	21,274	21,274
Financial assets at amortised cost				
Investment assets:				
- Fixed-term investments	220,000	221,754	128,000	129,078
- Accrued interest	982	982	601	601
- Trade and other debtors	16,023	16,023	4,943	4,943
Total investment assets	269,971	271,725	154,818	155,896
<i>Cash and cash equivalents:</i>				
<i>Financial assets at fair value through profit and loss:</i>				
- Short-term deposits	19,100	19,100	6,840	6,840
<i>Financial assets at amortised cost:</i>				
- Cash at bank and in hand	77	77	166	166
- Short-term deposits	6,198	6,200	19,974	20,000
- Accrued interest	351	351	322	322
Total cash and cash equivalents	25,726	25,728	27,302	27,328
Total financial assets	295,697	297,453	182,120	183,224
Financial liabilities at amortised cost				
Trade and other creditors	(28,230)	(28,230)	(10,530)	(10,530)
Short term borrowing	(20,005)	(20,005)	(15,005)	(15,005)
Total financial liabilities	(48,235)	(48,235)	(25,535)	(25,535)

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

Sensitivity analysis

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

Impact on fair value	Impact on income or expenditure			
	5% property price fall £'000	1% interest rate rise £'000	5% equity price fall £'000	1% interest rate rise £'000
Pooled funds	(449)	361	(372)	14
Fixed-term investments	-	1,318	-	1,088
Short-term deposits	-	28	-	225

30. Operating leases

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

The Authority is a lessee for the occupation of its offices at Temple Quay. This is considered an Operating Leases.

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

	31 March 2021 £'000	31 March 2020 £'000
Land and buildings		
Less than one year	173	173
Between two and five years	126	299
	299	472

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

West of England Combined Authority (WECA)

31. Capital commitments

As at 31 March 2021, the Authority has issued a number of Grant Offer Letters funding Transport Scheme Business Cases and Highways and Transport Grants. It has also entered into a contract for the installation of Bus Information hardware.

The major commitments are listed in the table below:

	2021/22	2022/23	2023/24
	£'000	£'000	£'000
WECA Capital			
Business Case Development Grants	660	-	-
Metrowest Phase 1	5,860	-	-
Metrowest Phase 2	5,444	843	4,228
Cribbs Patchway Metrobus Extension	7,968	-	-
CPNN Cycle Links	1,290	-	-
On Bus Contactless Payment	90	-	-
Wraxall Road	3,769	30	-
Quantum Technologies	-	8,501	16,487
Centre for Digital Engineering	140	-	-
Love our High Streets	602	-	-
Keynsham Town Centre	425	-	-
South Bristol Industrial Light Workspace	266	1,667	636
Yate Park and Ride	2,824	-	-
Low Carbon Challenge Fund	200	900	-
FTZ DfT Capital Programme	8,340	9,221	5,899
DfT Active Travel Fund	1,099	-	-
Great Stoke Roundabout Improvements	30	-	-
Mayoral Capital			
Highways and Transport Grants	14,063	-	-
Pothole Action Fund grants	7,071	-	-
	60,141	21,162	27,250

West of England Combined Authority (WECA)

32. 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 WECA or to be controlled or influenced by WECA. Disclosure of these transactions allows readers to assess the extent to which 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 WECA. It is responsible for providing the statutory framework within which WECA operates and provides funding in the form of grants. Grants received from Government Departments are set out in note 10 together with grant receipts not yet recognised due to conditions attached to them at 31 March 2021. A significant body of funding comes from Central Government, which provides the majority of the Authority's funding as part of the Devolution deal, including through redistributed NNDR income.

Members

The Mayor has control over WECA's financial and operating policies. The total of Members allowances paid in 2020-21 is shown in note 12. There were no transactions with related parties during the year.

Officers

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

Constituent authorities

The Leaders of Bath and North East Somerset and South Gloucestershire Councils, and the Mayor of Bristol City Council, alongside the Mayor of the West of England, have direct control over the Authority's financial and operating policies through decision-making at 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 several other committees, details of which are in the Annual Governance Statement.

To support the operation of the Authority, the constituent councils within the region

West of England Combined Authority (WECA)

have provided support to WECA to assist in the discharge of its functions, i.e. The provision of ICT, Payroll, Insurance, Financial Systems and Exchequer services. Recharges have been made by the respective councils to the Authority to recover the cost of providing elements of this support.

Details of material income and expenditure are detailed below.

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

Funding received by WECA from Related Parties

2020/21

	ITA Levy £'000	100% BRR Pilot £'000	Grants £'000	Other Contributions £'000
Government	-	-	-	-
Constituent Authorities				
Bath & North East Somerset Council	5,048	1,256	-	24
Bristol City Council	10,035	6,207	-	62
South Gloucestershire Council	3,935	3,323	-	26
North Somerset Council	1,943	-	-	-
	20,961	10,786	-	112

Funding received by WECA from Related Parties 2019/20

	ITA Levy £'000	100% BRR Pilot £'000	Grants £'000	Other Contributions £'000
Government	-	-	1,066	-
Constituent Authorities				
Bath & North East Somerset Council	4,104	3,281	-	-
Bristol City Council	7,912	10,497	-	223
South Gloucestershire Council	2,566	6,494	-	125
	14,582	20,272	1,066	348

West of England Combined Authority (WECA)

The Authority made the following payments to Related Parties:

Expenditure incurred by WECA to Related Parties 2020/21

	ITA Functions £'000	Second -ments £'000	Support Services £'000	Distribu- tion of Grants £'000	Reimburse- ment of Election Costs £'000	Other Contribu- tions £'000
Government	-	-	-	-	-	-
Constituent Authorities						
Bath & North East Somerset Council	686	89	9	10,316	-	423
Bristol City Council	124	68	5	7,048	-	434
South Gloucestershire Council	1,485	84	12	23,336	-	37
	2,295	241	26	40,700	-	894

Expenditure incurred by WECA to Related Parties 2019/20

	ITA Functions £'000	Second -ments £'000	Support Services £'000	Distribu- tion of Grants £'000	Reimburse- ment of Election Costs £'000	Other Contribu- tions £'000
Government	-	-	-	-	-	-
Constituent Authorities						
Bath & North East Somerset Council	482	23	197	216	-	-
Bristol City Council	1,372	62	15	542	-	-
South Gloucestershire Council	12,960	43	12	26	-	-
	14,814	128	224	784	-	-

Entities controlled or significantly influenced by WECA

WECA owns no subsidiary companies.

West of England Combined Authority (WECA)

33. Events after the Balance Sheet date

The Statement of Accounts were authorised for issue by the West of England's Responsible Financial Officer on 30th July 2021. Events taking place after this date are not reflected in the financial statements or notes to the accounts. Where events taking place before this date provided information about conditions existing as at 31 March 2021, the amounts in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

34. 100% Business Rates Retention Pilot

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

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

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

Appendix 1: Glossary of Financial Terms

A

Accounting Period

The period of time covered by the accounts, normally a period of 12 months commencing on 1 April.

The end of the accounting period is the Balance Sheet date.

Accounting Policies

Within the range of possible methods of accounting, a policy is a statement of the actual methods

chosen locally and used to prepare these accounts.

Accounting Statements

The Authority's Core Financial Statements and Supplementary Financial Statements.

Accruals

Sums included in the final accounts to cover income or expenditure attributable to the accounting

period for which no payment has yet been made or received at the Balance Sheet date.

Actuarial Gains and Losses (Pension Schemes)

Changes in the net pensions liability that arise because events have not matched assumptions at the

last actuarial valuation or because actuarial assumptions have changed.

Amortisation

A term used to refer to the charging of the value of a transaction or asset (usually related to

intangible assets or deferred income charges) to the Income and Expenditure Account over a period

of time, reflecting the value to the authority; similar to the depreciation charge for Non-Current

Assets.

AQM

Air Quality Management

Asset

An asset is a resource controlled by the Authority as a result of past events, and

West of England Combined Authority (WECA)

from which future economic benefits are expected to flow to the Authority. An item having value in monetary terms.

See also Current Assets, Non-Current Assets and Financial Asset.

B

Bad (and Doubtful) Debts

Debts/income which may be uneconomic to collect or un-enforceable.

Balances

The reserves of the Authority, which include the accumulated surplus of income over expenditure.

Balance Sheet

A statement of the recorded assets, liabilities and other balances at the end of an accounting period.

Budget

The forecast of net revenue and capital expenditure over an accounting period.

C

Capital Adjustment Account

This provides a balancing mechanism between the different rates at which assets are depreciated under the Code and are financed through capital control system.

Capital Expenditure

Expenditure for the acquisition, provision or improvement of non-current assets, which will be long term value to the Authority, providing services beyond the current accounting period.

Capital Financing

The raising of money to pay for capital expenditure through borrowing, usable capital receipts, capital grants and contributions or use of reserves.

Capital Programme

The capital schemes as the Authority intends to carry out over a specified period.

Capital Grants

West of England Combined Authority (WECA)

Appendix 1: Glossary of Financial Terms (continued)

Grants received towards capital expenditure either generally or for a particular project.

Capital Receipts

Money received from the sale of property, plant and equipment or repayment of a capital advance.

Carrying Amount

The balance sheet value recorded of an asset or a liability.

Cash and Cash Equivalents

This comprises cash in hand, cash overdrawn and short-term investments, which are readily convertible into known amounts of cash.

CIPFA (The Chartered Institute of Public Finance and Accountancy)

CIPFA is the leading professional accountancy body for public services.

Collection Fund

A statutory fund maintained by a billing authority, which is used to record local taxes and NonDomestic Rates collected by the authority, along with payments to precepting authorities, the national pool of Non-Domestic Rates and the billing authority's General Fund.

Consistency

The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.

Consolidated

Added together with adjustments to avoid double counting of income, expenditure or to avoid exaggeration.

Contingency

Money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income.

Contingent Asset

A possible asset that arises from past events from whose existence will be confirmed only by the occurrence of one or more uncertain future events now wholly within the Authority's control.

West of England Combined Authority (WECA)

Appendix 1: Glossary of Financial Terms (continued)

Contingent Liability

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control;
- or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount cannot be measured with sufficient liability.

Council Tax

The main source of local taxation for local authorities. Council Tax is levied on households within its area by the billing authority and the proceeds are paid into the Collection Fund for distribution to precepting authorities and the Authority's General Fund.

Creditors

Amounts owed by the Authority for works completed, goods received, or services rendered before the end of the accounting period but for which payments have not been made.

Current Assets

Assets which can be expected to be consumed or realised during the next accounting period.

Current Liabilities

Amounts which will become due or could be called upon during the next accounting period.

Current Service Cost (Pensions)

The increase in the present value of a defined benefit scheme's liabilities as a result of employee service earned in the current period.

D

Debtors

Amounts due to the Authority for works completed, goods received, or services rendered before the end of the accounting period but for which payments have not been received.

West of England Combined Authority (WECA)

Appendix 1: Glossary of Financial Terms (continued)

De-minimis

Indicates that beneath a certain low level a quantity is regarded as trivial, and treated commensurately.

Depreciation

The estimated benefit of an asset consumed during the accounting period, owing to age, wear and tear, deterioration or obsolescence.

E

Equity

The Authority's value of total assets, less total liabilities.

Equity Instrument (Financial instruments)

A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Events After the Reporting Period

Those events, both favourable and unfavourable, of such materiality that either their disclosure, or amendment to the accounts, is required for the fair presentation of the Statement of Accounts, which occur between the Balance Sheet date and the date on which the Accounts are signed by the responsible financial officer.

Expected credit losses (Financial instruments)

The weighted average of credit losses with the respective risks of a default occurring as the weights. 12-month expected credit losses is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instruments.

Experience gain (Pension schemes)

The actuarial gains and losses element arising where actual events have not

West of England Combined Authority (WECA)

Appendix 1: Glossary of Financial Terms (continued)

coincided with the actuarial assumptions made at the last assessment.

External Audit

The independent examination of the activities and accounts of local authorities in order to give an opinion as to whether the Statement of Accounts have been prepared in accordance with legislative requirements and proper practices, and to ensure the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Expected Return on Pension Assets

For a funded defined benefit pension scheme, the average return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Expenditure

Amounts paid by the Authority for goods received or services rendered of either a capital or revenue nature. This does not necessarily involve a cash payment.

F

Fair Value (FV)

The price an asset could be exchanged for in an orderly transaction between market participants at the measurement date.

Finance Leases

A lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee.

Accounting guidance requires that it should be presumed that such transfer of risks and rewards

occurs if at the inception of a lease the present value of the minimum lease payments including any

initial payment, amounts to substantially all (normally 90% or more) of the fair value of the leased

asset. The present value is calculated using the interest rate implicit in the lease.

Financial Asset

A right to future economic benefits controlled by the Authority that is represented by:

West of England Combined Authority (WECA)

Appendix 1: Glossary of Financial Terms (continued)

- cash
- an equity instrument of another entity
- a contractual right to receive cash (or another financial asset) from another entity
- a contractual right to exchange financial assets/liabilities with another entity under conditions that are potentially favourable to the Authority.

Financial assumptions (Pensions)

Finance related assumptions used by the actuary in assessing pension scheme liabilities (e.g. rates of inflation)

Financial Instruments

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Liability

An obligation to transfer economic benefits controlled by the Authority that is represented by:

- a contractual obligation to deliver cash (or another financial asset) to another entity
- a contractual obligation to exchange financial assets/liabilities with another entity under conditions that are potentially unfavourable to the Authority.

G

General Fund (GF)

The main revenue fund of a billing Authority used to meet day-to-day spending.

Government Grants

Grants made by the Government towards either revenue or capital expenditure to support the cost of provision of the Authority's services. Some grants may be restricted to be used towards the cost of particular capital schemes or revenue expenditure of the Authority.

Gross Expenditure

The total cost of providing the Authority's services before taking into account income from government grants and fees and charges for services.

Growth

West of England Combined Authority (WECA)

Appendix 1: Glossary of Financial Terms (continued)

Any increase in spending from one year to another which enables the Authority to pay for more services rather than to meet higher costs.

GVA

Gross Value Added

H

Historical Cost

The actual cost of assets, goods or services, at the time of their acquisition.

I

Impairment

A permanent reduction in the value of an asset, below its carrying amount on the Balance Sheet.

Income

Amounts that the Authority receives or expects to receive from any source, including fees and charges, sales and grants.

Intangible Assets

Non-financial assets which do not have physical substance but are identified and controlled by the Authority through legal rights.

Interest Receivable

The money earned from the investment of surplus cash.

Inventories

Items of raw materials and stores the Authority has procured to use on a continuing basis and which it has not yet used.

International Financial Reporting Standards (IFRS)

These are statements prepared by the International Accounting Standards Board to ensure consistency in Accountancy matters. Many of these standards now apply to local authorities and any departure from these must be disclosed in the published accounts.

West of England Combined Authority (WECA)

Appendix 1: Glossary of Financial Terms (continued)

J

JLTP4

Joint Local Transport Plan 4

L

Levy

An amount of money, such as a tax, that you have to pay to a government or organisation.

Liability

A liability is where the Authority owes payment to an individual or another organisation. See also

Contingent Liability, Current Liabilities and Financial Liability.

Long-Term Assets

Non-current and other assets which can be expected to be of use or benefit the Authority in providing its service for more than one accounting period.

Long-Term Liabilities

Amounts which will become due or could be called upon beyond the next accounting period.

M

Materiality

The concept that the Statement of Accounts should include all amounts which, if omitted, or misstated, could be expected to influence the decisions of the user of the financial statements.

N

National Non-Domestic Rates (NNDR)

A levy on businesses, based on a national rate in the pound set by the Government, multiplied by the rateable value of the premises they occupy.

Net Debt

The Council's total borrowings less cash investments.

Net Expenditure

West of England Combined Authority (WECA)

Appendix 1: Glossary of Financial Terms (continued)

Gross expenditure less specific service income.

Net Interest on the Net Defined Benefit Liability (Pensions)

The net interest expense - the change during the period in the net benefit liability that arises from the passage of time.

Net Realisable Value

The open market value of the asset in its existence use (or open market value in the case of nonoperational assets), less the expenses to be incurred in realizing the asset.

Non-Current Assets

Property, plant and equipment and other assets that bring longer term benefit or service potential to the Authority.

O

Operating Leases

A lease other than a Finance Lease (see above). The future obligations relating to operating leases are disclosed to provide the reader with an estimate of the outstanding undischarged obligations in relation to such leases.

Other Comprehensive Income

Consists of items that have an effect on the balance sheet amounts, but the effect is not reported on the company's income statement. Instead, these changes are reported on the statement of comprehensive income along with the amount of net income from the income statement.

Out-turn

Actual income and expenditure in a financial year (accounting period).

P

Pension Fund

An employees' pension fund maintained by an authority, or group of authorities, in order to make pension payments on the retirement of its participants. It is financed from contributions from the employing authority, the employee and from investment income.

West of England Combined Authority (WECA)

Appendix 1: Glossary of Financial Terms (continued)

Preceptor

Precepting authorities levy a charge on local tax payers through council tax or business rates in the same way as the local authority for provision of services across the region.

Prior Period Adjustments

Adjustments made to prior years comparator figures arising from changes in accounting policies or from the correction of material errors.

Provisions

Amounts set aside for the purposes of providing for any liability or loss which is likely or certain to be incurred but is uncertain as to the amount or the date on which it will arise.

R

Rateable Value

The annual assumed rental value of a property that is used for NNDR purposes.

Revenue Expenditure Funded by Capital Under Statute (REFCUS)

Expenditure of a capital nature but which gives rise to no tangible asset held by the Authority.

Recognition/Derecognition

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

Related Parties

Two or more parties are related parties when at any time during the financial period:

- One party has direct or indirect control of the other party; or
- The parties are subject to common control from the same source; or
- One party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interest.

Examples of related parties to an authority include central government, local authorities and other bodies precepting or levying demands on the Council Tax, its members, its Chief

West of England Combined Authority (WECA)

Appendix 1: Glossary of Financial Terms (continued)

Officers and its pension fund.

For individuals identified as related parties, it is also presumed that members of the close family, or the same household, or any partnerships, companies in which the individual or a member of their close family, or the same household has a controlling interest, are deemed to be related parties.

Related Party Transactions

The transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. The materiality of related party transactions is judged not only in terms of their significance to the Authority, but also in relation to its related party.

Reserves

Amounts set aside in the accounts for the purpose of meeting general, future expenditure.

Reserves may also be used to smooth the cost of certain activities over a number of years. A distinction is drawn between reserves and provisions (see above), which are set up to meet known liabilities.

Receipts in Advance

Amounts actually received in an accounting period prior to the period in which they are due.

Residual Value

The net realizable value of property, plant or equipment at the end of its useful life.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

Return on Plan Assets (Pensions)

Changes during the period in the net benefit liability that arises from the passage of time, excluding amounts included in Net Interest on the Net Defined Benefit Liability.

Revenue Expenditure

West of England Combined Authority (WECA)

Appendix 1: Glossary of Financial Terms (continued)

Spending on day-to-day items including employees' pay, premises and transport costs and supplies and services.

S

Settlements (Pension schemes)

A gain or loss on settlement arises when an authority enters into a transaction that eliminates all further obligation for the benefits provided under a defined benefit plan. Settlements have the effect of extinguishing a portion of the plan liabilities, usually by transferring plan assets to or on behalf of plan members to their new employer.

T

Total Cost

The actual cost of services reflecting all of the direct, indirect and overhead costs that have been incurred in providing the service, even where the expenditure is not under the control of the service's chief officer.

T Levels

T Level are courses that focus on vocational skills and can help students into skilled employment, higher study or apprenticeships.

Abbreviations used in the Statement of Accounts

B&NES	Bath & North East Somerset Council
BEIS	Department for Business, Energy and Industrial Strategy
BRR	Business Rates Retention
CEO	Chief Executive Officer
CFO	Chief Finance Officer
CIPFA	Chartered Institute of Public Finance and Accountancy

West of England Combined Authority (WECA)

Appendix 1: Glossary of Financial Terms (continued)

CPNN	Cribbs Patchway New Neighbourhood (Cycle Scheme)
DCMS	Department for Digital, Culture, Music and Sport
DFE	Department for Education
DFT	Department for Transport
DWP	Department for Work and Pensions
ERDF	European Regional Development Fund
EU	European Union
FOI	Freedom of Information
FVOCI	Fair Value through Other Comprehensive Income
FVPL	Fair value through Profit or Loss
HR	Human Resources
IBB	Invest in Bristol and Bath
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
ICT	Information Communication Technology
IFRS	International Financial Reporting Standard
ITA	Integrated Transport Authority
LASAAC	The Local Authority (Scotland) Accounts Advisory Committee
LEP	Local Enterprise Partnership
LGf	Local Growth Fund
LGPS	Local Government Pension Scheme
LIS	Local Industrial Strategy
LSTF	Local Sustainable Transport Fund
MHCLG	Ministry of Housing, Communities and Local Government
NNDR	National Non-domestic Rates

West of England Combined Authority (WECA)

Appendix 1: Glossary of Financial Terms (continued)

OCI	Other Comprehensive Income
RCCO	Revenue Contribution to Capital Outlay
REFCUS	Revenue Expenditure from Capital Under Statute
RIF	Revolving Infrastructure Fund
SFA	Skills Funding Agency
WECA	West of England Combined Authority
WIDJET	Women in Digital Jobs, Education & Training

UNAUDITED