



**WEST MIDLANDS**  
COMBINED AUTHORITY

## **WMCA Board**

<b>Date</b>	9 March 2018
<b>Report title</b>	Financial Monitoring 2017/18
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<b>Report to be/has been considered by</b>	WMCA Leadership Team - 21 February 2018 WMCA Programme Board - 23 February 2018

**Recommendation(s) for action or decision:**

**The WMCA Board is recommended to:**

- (1) Note the financial position as at the end of January 2018.

## 1.0 Purpose

1.1 To provide an update of the West Midlands Combined Authority finances as at the end of January 2018.

## 2.0 Financial Monitoring

2.1 A summary of the revenue and capital financial positions against the approved budget are attached at appendices 1-5. A summary of the Investment Programme along with current commitments is included in appendices 6 and 7 and a summary of the balance sheet is included in appendix 8.

2.2 Appendix 1 shows the overall consolidated revenue position for the West Midlands Combined Authority. The full year position shows a £5.2 million favourable variance from budget. This is largely within the Transport Revenue Budget where there is a £4.8 million previously reported saving as a result of a change in the Minimum Revenue Provision policy which was approved by the West Midlands Combined Authority Board in November 2017.

2.3 The Budget for 2018/19 has set out plans to use this £4.8 million saving to support the Transport Revenue Budget during the period 2018/19-2020/21, leaving a balance of £0.4 million against Transport as noted in the table below.

2.4 The forecast position has moved adversely overall by £0.8 million from that previously reported as shown below:

£ Million	Forecast Variance 2017/18	
	9 Feb Budget Report	9 Mar Financial Monitoring
Transport Delivery	0.9	0.4
WMCA Operational Budget	0.2	0.0
Mayors Office	0.0	0.0
Mayoral Election	0.1	0.6
Investment Programme	0.0	(0.6)
<b>Total</b>	<b>1.2</b>	<b>0.4</b>

2.5 The Transport Delivery movement reflects the £0.265 million rebate to Constituent Authorities as approved within the 9 February 2018/19 budget, along with £0.2 million other net adverse variances.

2.6 As a result of recent budget discussions the previously reported underspend of £0.2 million on the West Midlands Combined Authority Operational Budget will now be carried forward to 2018/19 to progress Productivity & Skills and PSR activity. The Operational budget is therefore anticipated to breakeven for the year.

2.7 The underspend on the Mayoral election costs will require the funding to be returned to the Investment Programme.

2.8 Following on from the West Midlands Combined Authority Board on 9 February 2018 it is worth noting that as part of the budget the West Midlands Combined Authority confirmed the adoption of the previous Centro pay policy in operation since 2012 that ensures we continue to pay our staff above the UK real living wage subject to an annual review of affordability. This represents no change to the existing policy which has been actively in place since 2012 and applies to the West Midlands Combined Authority, but does not affect the ability of member authorities in setting their own pay policies.

### **3.0 Transport**

3.1 Appendix 2 sets out the position on the Transport Revenue Budget as at the end of January 2018. As noted above this has moved adversely by £0.5 million since previously reported, as a result of the £0.265 million rebate and other net variations.

3.2 The Appendix sets out further details of an overall forecast saving for the year of £5.2 million primarily as a result of a £4.8 million saving on capital financing costs, as a result of a change in the West Midlands Combined Authority Minimum Revenue Provision policy, that was approved by the West Midlands Combined Authority Board in November 2017.

3.3 The full year favourable variance continues to reflect savings on concessions expenditure, primarily as a result of savings on the national bus concession scheme owing to lower patronage (£0.9 million) as well as savings within the local child concession scheme (£0.3 million).

3.4 This position continues to be offset by an adverse variance within Rail and Metro Services due to provision being set aside for Midland Metro Ltd mobilisation work (£0.8 million) and an adverse variance on Bus Services, mainly in respect of routine infrastructure maintenance costs (£0.3 million) as previously reported.

3.5 As noted above the latest forecast position also reflects a rebate granted to Constituent Authorities of £0.265 million approved in the 9 February 2018/19 budget report that will be returned to West Midlands Combined Authority to fund Mayoral costs in 2018/19.

### **4.0 West Midlands Combined Authority Operational Budget**

4.1 Appendix 3 sets out the position on the West Midlands Combined Authority Operational budget as at the end of January 2018.

4.2 There is a favourable year to date variance of £0.5 million, which is primarily due to a delay in the start-up of planned activity. The Appendix details a favourable variance of £0.3 million within the Productivity and Skills budget due to activities not taking place this financial year, as originally planned. This funding will be carried forward to 2018/19 to progress these activities.

4.3 Appendix 3 also sets out year to date savings on the Collective Investment Fund (CIF) of £0.3 million as the CIF is now expected to cover its fees and cost of capital in the year.

4.4 The favourable year to date variances are partly offset by the approved one off contribution to the Commonwealth Games bid of £0.25 million.

4.5 The full year forecast position reflects the contribution towards the Commonwealth Games bid of £0.25 million, additional staffing costs relating to senior West Midlands Combined Authority posts of £0.2 million and additional support within the Housing and Land workstream of £0.2 million. Offsetting this are savings relating to vacant posts and delayed or cancelled activity within various work streams.

4.6 As part of the budget process, any saving on the overall Operational Budget will be carried forward to enable the planned spend to be funded in 2018/19. The Operational Budget is therefore anticipated to break even for the year.

## **5.0 Mayor's Office**

5.1 Appendix 4 details the Mayor's office spend and the cost of the mayoral election. The forecast is in line with the budget.

5.2 There are savings forecast within the mayoral election budget of around £0.5 million as overall costs were lower than originally anticipated. This funding will be returned to the Investment Programme.

## **6.0 Transport Delivery Capital Programme**

6.1 In Appendix 5 transport schemes are behind budget, with a variance of £0.9 million to the end of January. The directly delivered Investment Programme schemes shows expenditure being behind budget £1.0 million, primarily due to the Edgbaston Metro Extension (£3.3 million) which is off-set by deferred activity on the Wolverhampton Metro Extension (£2.2 million) where the delivery profile has been reviewed.

6.2 The forecast for the year assumes overall spend in advance of budget £4.3 million (down from £6.1 million in October) which includes a continuation of the acceleration against the Edgbaston Metro Extension scheme in addition to acceleration within the overall budget against the East Birmingham to Solihull and Wednesbury Brierley Hill Metro schemes. Again, this is offset by a variance of £3.4 million which is attributable to the deferral of activity against the original Wolverhampton Metro Interchange scheme.

6.3 There is one minor cost pressures relating to projects in the minor works programme, being due to knotweed at Walsall cutting, £0.140 million funded by prior call on the 2018/19 Integrated Transport block funds. The Managing Short Trips Programme has been accelerated ahead of budget following a review of the Programme.

## **7.0 Investment Programme**

7.1 The West Midlands Combined Authority is currently reviewing governance and performance reporting for the Investment Programme including ranking and scheduling, of both funding and costs. This will be reported to the Board in early 2018; ahead of this the current year's financial position is as follows.

- 7.2 Appendix 6 details the progression of the West Midlands Combined Authority Investment Programme in full, which is broadly on track. Appendix 6 currently notes forecast costs greater than funding on the Metro schemes to Birmingham Airport and Brierley Hill. This includes a movement from Amber to Red on the Metro Birmingham Interchange Project due to delays in agreeing a Development Agreement with HS2. However at this early stage of development it is assumed this will be value managed down as the project detail develops. Those projects and programmes flagged as Red or Amber rated are reviewed by the HS2 Growth Delivery Board and mitigating actions to reduce risks are considered and challenged.
- 7.3 The West Midlands Combined Authority Investment Programme is reported as a consolidated picture, by collating both the West Midlands Combined Authority direct spend and local authority returns. As such, the reporting of Investment Programme financial is one month behind as this enables Districts two weeks post month end to supply their latest claim and forecast figures. The initial budget for the Investment Programme for 2017/18 is shown under Appendix 7.
- 7.4 Investment Programme projects with a West Midlands Combined Authority funding value of £314 million have received approval via the West Midlands Combined Authority Assurance Framework to the end of December 2017, most notable of which is the £98.7 million towards the Coventry City Centre Regeneration project. Further details are shown in Appendix 7. The key movements from that included in the January 2018 Progress Update are approvals on the Brownfield Land and Property Development Fund, HS2 Rail Schemes and Sprint Business Case works.
- 7.5 A separate report on the Investment Programme overall and current financial commitments and funding was considered by West Midlands Combined Authority board on 12 January and further work is underway regarding project scheduling.

## **8.0 Balance Sheet**

- 8.1 Appendix 8 shows the West Midlands Combined Authority Balance Sheet which shows a healthy financial position at the end of January. Main changes reflect Transport for West Midlands capital spend and work-in-progress mainly funded by grants in advance, resulting in the increase in the long-term assets.
- 8.2 Payments for the National Productivity Investment Fund Quarter 3 were the main contributor to the short-term deposits and cash.
- 8.3 Loans interest due has decreased following the Public Works and Loans Board principal repayment of £5 million last month and the increase in short-term creditors/accruals is the result of invoices received relating to Midlands Connect and the Metro Edgbaston scheme.
- 8.4 The increase in the grants receipts in advance is largely due to the Enterprise Zone funding for the Metro Centenary Square scheme.

## **9.0 Legal implications**

- 9.1 There are no legal implications.

## **10.0 Equalities implications**

- 10.1 There are no equalities implications.

## **11.0 Appendices**

- Appendix 1 – WMCA Consolidated Summary – January 2018
- Appendix 2 – WMCA Transport Revenue Summary – January 2018
- Appendix 3 – WMCA Operational Revenue Summary – January 2018
- Appendix 4 – WMCA Mayor Revenue Summary – January 2018
- Appendix 5 – WMCA Capital Transport Delivery Programme – January 2018
- Appendix 6 – WMCA Investment Programme Summary – December 2017
- Appendix 7 – WMCA Investment Programme Commitments – January 2018
- Appendix 8 – WMCA Balance Sheet – January 2018

## Consolidated Summary – January 2018

<b>WMCA Consolidated Position as at January 2018</b>						
	January 2018 YEAR TO DATE			FULL YEAR 2017/18		
	ACTUAL £'000	BUDGET £'000	VARIANCE £'000	FORECAST £'000	BUDGET £'000	VARIANCE £'000
<b>INCOME</b>						
General (un-ringfenced) resources:						
- Transport Levy	101,285	101,285	0	121,542	121,542	0
- Devolution Deal grants	36,500	30,417	6,083	36,500	36,500	0
- Business rates growth	2,500	1,250	1,250	3,000	1,500	1,500
- Grants from Constituent members	1,240	1,240	0	1,487	1,488	(1)
- Grants from Non Constituent members	301	301	0	361	361	0
- Investment Income	649	537	112	730	632	98
<b>Total income</b>	<b>142,475</b>	<b>135,030</b>	<b>7,445</b>	<b>163,620</b>	<b>162,023</b>	<b>1,597</b>
<b>EXPENDITURE</b>						
Operating expenditure:						
- Transport delivery	96,677	101,676	4,999	116,329	121,542	5,213
- Operational budget	3,019	3,561	542	4,279	4,279	0
- Interest payable	0	0	0	0	0	0
- Investment Programme Governance	(1,338)	1,929	3,267	(681)	2,222	2,903
- Mayoral Office	266	300	34	362	364	2
- Network Resilience	0	0	0	0	0	0
- Mayoral Elections	4,439	5,000	561	4,322	5,000	678
Capital Financing:						
- Revenue finance of capital expenditure	34,256	22,564	(11,692)	33,793	28,616	(5,177)
Contributions to reserves						
<b>Total expenditure</b>	<b>137,319</b>	<b>135,030</b>	<b>(2,289)</b>	<b>158,404</b>	<b>162,023</b>	<b>3,619</b>
<b>Net</b>	<b>5,156</b>	<b>0</b>	<b>5,156</b>	<b>5,216</b>	<b>0</b>	<b>5,216</b>

The full year position shows forecast savings of £5.2 million against budget. This largely reflects savings within the Transport budget where a change in MRP policy has generated in year savings of £4.8 million in addition to savings against Concessions budgets totalling £1.4 million offset by a provision being set aside for Midlands Metro Limited mobilisation work of £0.800 million and a one-off £0.265m reallocation of forecast Transport for West Midlands underspend to fund the 2018/19 Mayoral Office costs.

Within the Investment Programme there is a favourable variance relating to Business Rates where the original budget was prudent and pending the outcome of discussions with Government and the Constituent Local Authorities regarding the formula to allow Business Rates Growth to be received by West Midlands Combined Authority. The Constituent local authorities have now agreed to a settlement of £3 million for 2017/18 and the above income accrued reflects this position.

There is a £2.9 million underspend against budgeted Investment Programme Governance which comprises £0.4 million relating to delays in recruiting into key roles and vacancies, the remaining £2.4 million relates to the reclassification of costs as capital spend both in the current year and for 2016/17.

These favourable variances within the Investment Programme are fully offset by increased revenue financing of capital expenditure in year.

\* Note that the Investment Programme budget was updated during the early part of 2017/18 from the originally reported position in February 2017 to reflect latest mobilisation timescales and funding sources.

## Appendix 2

### Transport Revenue Budget – January 2018

	January 2018 Year to Date			Full Year 2017/18			Comments
	Actual £'000	Budget £'000	Variance £'000	Forecast £'000	Budget £'000	Variance £'000	
<b>INCOME</b>							
Transport Levy	101,285	101,285		121,542	121,542		
<b>Total Income</b>	<b>101,285</b>	<b>101,285</b>		<b>121,542</b>	<b>121,542</b>		
<b>EXPENDITURE</b>							
<b>Concessions</b>							
National Bus Concession	43,294	43,883	589	51,619	52,519	900	The favourable FY variance of £1,355k and YTD variance of £974k is primarily as a result of savings on the national bus concession scheme owing to lower patronage and savings on the local child concession budget due to the release of a provision set aside in the budget which is no longer required.
Metro / Rail	3,601	3,674	73	4,290	4,409	119	
Child Concession	7,812	8,089	277	9,303	9,609	307	
Passes and Permits	(53)	(18)	35	(32)	(3)	29	
	54,654	55,628	974	65,179	66,534	1,355	
<b>Bus Services</b>							
Bus Stations / Infrastructure	3,886	3,613	(273)	4,525	4,213	(313)	The adverse YTD and FY variance within bus stations and infrastructure has largely occurred due to an overspend within the routine maintenance budget YTD (£219k) and FY (£129K) due to upward pressures as a result of greater maintenance requirements. Also travel outlets have an adverse variance of (£100k) due to additional agreed contribution to NX for travel shop contracts. Other minor variances make up the balance. These variances are offset by a one off favourable variance of £120k YTD and £127k FY within the RTI maintenance budget due to new franchise arrangement and due to a favourable variance within cleaning costs £157k YTD and £203k FY due to lower cleaning activity taking place.
Subsidised Network	6,485	6,498	12	7,793	7,772	(21)	
Tendering / Monitoring	656	691	35	820	816	(3)	
Accessible Transport	6,138	6,141	3	7,365	7,369	4	
	17,166	16,943	(223)	20,504	20,171	(333)	
<b>Rail and Metro Services</b>							
Metro	1,838	1,167	(671)	2,224	1,408	(815)	The adverse variance within metro operations is as a result of a provision being set aside for MML mobilisation work of FY £800k and YTD £666k.
Rail Operations	211	158	(53)	271	191	(80)	
Car Park and Ride	1,119	1,174	55	1,423	1,426	3	
West Midlands Rail	259	298	39	289	316	27	The favourable FY £286k and YTD £263K variance within Bromsgrove Rail station has occurred due to receiving greater income from the DFT in relation to the long term change.
Bromsgrove Rail Station	9	272	263	40	326	286	
	3,436	3,069	(367)	4,247	3,668	(579)	
Safety and Security	747	775	28	923	924	1	The FY adverse variance within Passenger Information is due to the costs for a consultancy piece of work to look at a single view rti system (£60k). Also there are additional costs for interim consultancy support to progress the transport branding project. These costs are offset by one-off additional E-purse commission from sales being received (£50k), and underspends against marketing campaigns & monitoring work, which are expected to take place by the end of the year.
Passenger Information	4,722	4,719	(3)	5,773	5,531	(242)	
Sustainable Travel	118	49	(70)	145	60	(86)	Sustainable travel has an adverse variance both in the FY and YTD position due to the costs of two unbudgeted members of staff which have not been funded from the LSTF contingency as done in previous years (£101k).
	5,587	5,543	(45)	6,841	6,514	(327)	
<b>Business Support Costs</b>	3,068	3,344	277	3,796	4,052	255	The FY and YTD favourable variances within business support costs are primarily as a result of savings within staff costs due to vacant posts and higher than budgeted investment income due to more favourable cash balances.
<b>Policy and Strategy and Elected Member Services</b>	1,515	1,663	148	2,149	2,075	(74)	
<b>Finance Charges</b>							
Finance Costs	8,911	13,106	4,195	10,803	15,673	4,870	The FY and YTD variance within finance costs is as a result of the MRP saving from the approved change to the Capital Finance policy FY £4.8m and YTD £3.6m. Along with Interest savings on long term borrowing costs as a result of a delay in planned borrowing due to current market conditions.
Deregulation Pension Costs	1,093	1,130	37	1,310	1,356	46	
Transport Development	1,250	1,250		1,500	1,500		
	11,253	15,486	4,232	13,613	18,529	4,915	
<b>Total Expenditure</b>	<b>96,679</b>	<b>101,676</b>	<b>4,998</b>	<b>116,329</b>	<b>121,542</b>	<b>5,213</b>	
<b>Net</b>	<b>4,606</b>	<b>(391)</b>	<b>4,998</b>	<b>5,213</b>	<b>()</b>	<b>5,213</b>	



## Appendix 3

## West Midlands Combined Authority Operational Budget - January 2018

FINANCIAL SUMMARY AS AT JANUARY 2018	JANUARY 2018 YEAR TO DATE			FULL YEAR 2017/18			WMCA OPERATIONAL BUDGET STATUS
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECA ST £000	BUDGET £000	VARIANCE £000	
Contribution - 7 Met Council's	1,240	1,240	0	1,488	1,488	0	<p>At the end of January there is a favourable variance of £542k within the WMCA Operational budget. The full year position is forecast to be in line with budget reflecting an adverse movement of £158k during January.</p> <p>YTD Variance:</p> <p>Key year to date variances include a favourable variance relating to the Collective Investment Fund £292k due to the current anticipated return on investment being ahead of plan. This is offset by an adverse variance within the Housing and Land budget largely due to additional support required to deliver expected outputs by March 31st. Additionally there is an adverse variance within the Growth Company due to transitional costs which are partly offset by a saving due to membership commencing in May rather than April as planned. Programme, policy and support has an adverse variance due to a one off contribution of £250k to the Commonwealth Games and due to staff recruitment costs for senior posts.</p> <p>Culture and tourism has a favourable variance due to the cross innovation work which will now not take place and the timing of Year 1 of the British film Institute project funding of £100k, where activity has only recently commenced.</p> <p>Significant favourable variances within Productivity &amp; Skills and Mental Health budgets have occurred due to the timing of activities. A high volume of activity is forecast in the last 2 months of the year within these areas.</p> <p>FY Variance:</p> <p>The key FY variances are primarily due to a saving of £350k on the Collective Investment Fund which is expected to cover its fee and the cost of capital in year. Additionally, there are savings within the P&amp;S budget of £220k and within the C&amp;T budget of £87k due to work that will not take place this financial year. These savings will be carried forward to fund part of the 18/19 budget. Savings are partly offset by a one off contribution of £250k to the commonwealth games and higher than anticipated recruitment and staffing costs relating to senior WMCA posts (£204k), along with additional support for Housing delivery and Industrial Strategy.</p>
Non-Constituent Members	266	266	0	319	319	0	
Associate Members / Official Observers	35	35	0	43	43	0	
Contribution to / from Gain Share	1,669	1,614	55	1,936	1,936	0	
Investment Income	411	411	0	494	494	0	
<b>Total Income</b>	<b>3,621</b>	<b>3,566</b>	<b>55</b>	<b>4,280</b>	<b>4,280</b>	<b>0</b>	
Black Country Economic Intelligence Unit	(176)	(200)	24	(240)	(240)	0	
Collective Investment Fund	0	(292)	292	0	(350)	350	
Communications	(269)	(313)	44	(374)	(375)	1	
Culture and Tourism	(47)	(205)	158	(159)	(246)	87	
Housing & Land Commission	(221)	(83)	(138)	(261)	(100)	(161)	
Growth Company	(661)	(583)	(78)	(699)	(700)	1	
Mental Health Commission	(113)	(192)	79	(230)	(230)	0	
Productivity & Skills Commission	(113)	(441)	328	(324)	(544)	220	
Program/Policy/Support	(1,044)	(783)	(261)	(1,483)	(932)	(551)	
Public Sector Reform	(362)	(400)	38	(428)	(480)	52	
Transport	(67)	(68)	1	(80)	(81)	1	
<b>Total Expenditure</b>	<b>(3,073)</b>	<b>(3,560)</b>	<b>487</b>	<b>(4,278)</b>	<b>(4,278)</b>	<b>0</b>	
<b>TOTAL RETURN</b>	<b>548</b>	<b>6</b>	<b>542</b>	<b>2</b>	<b>2</b>	<b>0</b>	

## West Midlands Combined Authority Mayoral Budget - January 2018

	JANUARY 2018 YEAR TO DATE			FULL YEAR 2017/18			OVERALL REVENUE BUDGET STATUS
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000	
<b>MAYORAL OFFICE</b>							
Staff Costs	(247)	(188)	(59) 31%	(315)	(229)	(86) 38%	The costs of the Mayor's Office are expected to be in line with budget.
IT	(3)	(6)	3 50%	(11)	(6)	(5) 83%	
Promotions, Information and Initiatives	(1)	0	(1) 0%	(1)	0	(1) 0%	
External Advice	(1)	(61)	60 98%	0	(75)	75 100%	
Travel & Subsistence	(11)	(34)	23 68%	(30)	(42)	12 29%	
Other	(4)	(12)	8 67%	(5)	(12)	7 58%	
<b>TOTAL EXPENDITURE</b>	<b>(267)</b>	<b>(301)</b>	<b>34 11%</b>	<b>(362)</b>	<b>(364)</b>	<b>2 1%</b>	
<b>MAYORAL ELECTIONS</b>							
Mayoral Election Costs	(3,007)	(3,360)	353 11%	(2,876)	(3,360)	484 14%	Claims for Election costs by Local Authorities will be c£484k lower than budgeted. There are also savings within the marketing budget due to lower expenditure on marketing activities during the election campaigns. This is reflected in the latest forecast position.
Promotions, Information and Initiatives	(745)	(1,000)	255 26%	(760)	(1,000)	240 24%	
Travel & Subsistence	0	0	0 0%	0	0	0 0%	
Other	(686)	(640)	(46) 7%	(686)	(640)	(46) 7%	
<b>TOTAL EXPENDITURE</b>	<b>(4,438)</b>	<b>(5,000)</b>	<b>562 11%</b>	<b>(4,322)</b>	<b>(5,000)</b>	<b>678 14%</b>	
<b>MAYORAL EVENTS</b>							
Income	19	0	19 0%	0	0	0 0%	Income and expenditure relate to the Diwali celebrations organised by WMCA in October. The event was funded by sponsorship raised from private sector companies.
Expenditure	(18)	0	(18) 0%	0	0	0 0%	
<b>NET</b>	<b>1</b>	<b>0</b>	<b>1 0%</b>	<b>0</b>	<b>0</b>	<b>0 0%</b>	

Appendix 5

West Midlands Combined Authority Transport Delivery Capital Programme - January 2018



Financial Summary Month Ending January 2018	JANUARY YEAR TO DATE			FULL YEAR 2017/18		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
<b>TFWM Directly Delivered Investment Programme Schemes</b>						
<u>HS2 Connectivity Programme:</u>						
Bilston Road Track Replacement Phase 2	(13,010)	(15,248)	2,238	(14,858)	(15,699)	841
Sprint Network	(596)	(1,900)	1,304	(1,043)	(2,894)	1,851
Investment Programme Rail Programme	(352)	(431)	79	(559)	(518)	(41)
Metro Centenary Square Extension	(8,364)	(9,199)	835	(11,262)	(11,423)	161
Metro Wolverhampton City Centre Extension	(4,578)	(6,815)	2,237	(5,138)	(8,500)	3,362
Metro Edgbaston Extension	(9,125)	(5,872)	(3,253)	(12,529)	(7,647)	(4,882)
Metro Catenary Free	(50)	9	(59)	0	4	(4)
<u>Other TFWM Investment Programme Schemes</u>						
Metro Birmingham Eastside Extension	(1,418)	(1,520)	102	(2,033)	(1,678)	(355)
Metro East Birmingham to Solihull Extension	(2,058)	(1,800)	(258)	(3,856)	(2,024)	(1,832)
Metro Wednesbury to Brierley Hill Extension	(3,955)	(1,703)	(2,252)	(5,017)	(2,133)	(2,884)
<b>TOTAL TFWM INVESTMENT PROGRAMME</b>	<b>(43,506)</b>	<b>(44,479)</b>	<b>973</b> 2%	<b>(56,295)</b>	<b>(52,512)</b>	<b>(3,783)</b> 7%
<b>TFWM Other Major Schemes</b>						
Birmingham City Centre Metro Extension	(787)	(762)	(25)	(785)	(800)	15
Longbridge Connectivity Package	(218)	(624)	406	(1,978)	(2,000)	22
<b>TOTAL TFWM INVESTMENT PROGRAMME</b>	<b>(1,005)</b>	<b>(1,386)</b>	<b>381</b> 27%	<b>(2,763)</b>	<b>(2,800)</b>	<b>37</b> 1%
<b>TFWM Minor Works Programme</b>						
TFWM Minor Works Programme	(3,710)	(3,642)	(68)	(5,917)	(5,322)	(595)
<b>TOTAL TFWM INVESTMENT PROGRAMME</b>	<b>(3,710)</b>	<b>(3,642)</b>	<b>(68)</b> 2%	<b>(5,917)</b>	<b>(5,322)</b>	<b>(595)</b> 11%
<b>TFWM Administered Programme</b>						
TFWM Administered Programme	(4,466)	(4,082)	(384)	(6,471)	(6,533)	62
<b>TOTAL TFWM INVESTMENT PROGRAMME</b>	<b>(4,466)</b>	<b>(4,082)</b>	<b>(384)</b> 9%	<b>(6,471)</b>	<b>(6,533)</b>	<b>62</b> 1%
<b>GRAND TOTAL TFWM CAPITAL PROGRAMME</b>	<b>(52,687)</b>	<b>(53,589)</b>	<b>902</b> 2%	<b>(71,446)</b>	<b>(67,167)</b>	<b>(4,279)</b> 6%

The direct TFWM Investment Programme spend to the end of January was £1.0m behind budget.

The main variances include **Metro Edgbaston Extension** (£3.253m) due to accelerated utility works, which is budgeted for within the metro programme. In addition, the **Metro Wednesbury to Brierley Hill Extension** (£2.252m) is ahead of budget due to the acceleration of design works.

Offsetting this, the Bilston Road Track Replacement Phase 2 (£2.238m) below budget, and has now completed, with settlement of final accounts still to be come which have been reflected in the Annual Forecast. Also the **Metro Wolverhampton City Centre Extension** (£2.237m) is behind budget, due to the implementation of a revised construction strategy, which has delayed the commencement of construction to synchronise with the wider Wolverhampton Interchange Project (includes station and car park). The **Sprint Network** (£1.304m) is behind budget primarily due to a change in delivery approach on the Hagley Road scheme. In addition the **Metro Centenary Square Extension** (£0.835m) is behind schedule due to a phased start to construction, owing to pending design approvals with Birmingham City Council.

The annual forecast is £3.783m ahead of the 2017/18 budget (reduction of £0.7m in January). The main variance relates to **Metro Edgbaston Extension** (£4.882m) reflecting the accelerated utility work following a DRF award in September 2017. In a similar vein, the **Metro Wednesbury to Brierley Hill Extension** (£2.884m) and **Metro East Birmingham to Solihull Extension** (£1.832m) have been advanced, as is Offsetting this, the revised construction strategy for the **Wolverhampton City Centre Extension** (£3.362m), will see work being combined between the Rail station and Pipers Row in 2019. The **Sprint Network** (£1.851m) is behind schedule due to a review of the delivery approach which will now encompass a Phase 2 scheme.

The reduction of £0.7m on the Annual Forecast in January 2018 is primarily due to the reductions identified on the **Sprint Network** (£0.83m).

The Other Major Schemes Programme is £0.367m behind budget, primarily due to **Longbridge Connectivity Package** (£0.406m), owing to design development delays and option solution finalisation. These have now been resolved, paving the way for the award of the Construction contract to meet the GBSLEP Grant conditions.

The Annual Forecast is on Budget, and assumes that the materials to construct the 5 Decked car park will be on site, satisfying the conditions of the time bound GBSLEP grant £1.8m. Further approvals are being sought to source the additional funding required.

The Programme spend to-date is marginally ahead of budget. There are offsetting variances primarily within the **Sustainable Travel Programme** (£0.655m), offset by reductions on **TBT Programme** (£0.257m), and **Metro Minor Programme** (£0.130m). The main variance to-date relates to **Managing Short Trips**, where new Canal cycle paths have been accelerated in advance of Budget. Offsetting this, the **Digital Advertising Panel** rollout (£0.173m), owing to a rescheduling of Shelter refurbishment / replacement work to February 2018.

The Annual forecast is £0.595m ahead of budget, primarily reflecting the acceleration of the **Managing Short Trips Programme** (£1.268m) and **North Walsall Cutting** (£0.140m) owing to knotweed clearance. Offsetting these is the **Park and Ride Expansions Developments** (£0.192m) due to slippage in the Programme and **Network Wide Park and Ride Upgrades** (£0.100m), where the budget has been released back into the Capital Programme due to the new train operating franchisee committing cycling facilities at rail stations. Further reductions relate to **Digital Advertising Panel** rollout (£0.100m) as identified above, and **Bradley Lane redevelopment** (£0.115m) which has slipped into 2018/19.

The Annual Forecast was increased by £0.338m in January 2018, with minor changes across the wider Programme.

The Programme spend to-date is ahead of budget by £0.384m. The main reason for this relates to the **National Productivity Investment Fund** (£0.468m), due to acceleration of Local Authority Road and Transport schemes.

A saving on a Birmingham City Council led scheme Bromford Gyatory Scheme has been reflected in the Annual Forecast in January 2018.

# HS2 Growth Strategy Financial Summary

Period Ending 31st December 2017

	PROJECT RAG	2017 / 2018 TO DATE			2017 / 2018 FULL YEAR			COST TO COMPLETION					
		ACTUAL	BUDGET	VARIANCE	BUDGET	FORECAST	VARIANCE	PRIOR YEAR ACTUAL	2017/18 FORECAST	FUTURE YEARS FORECAST	TOTAL FORECAST OUTTURN	TOTAL BUDGET	VARIANCE
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
UK CENTRAL : HS2 INTERCHANGE		1,342	1,309	(33)	2,016	2,188	(172)	1,982	2,188	600,431	604,601	1,019,937	415,336
UK CENTRAL : HS2 INFRASTRUCTURE		482	2,497	2,015	4,387	3,975	412	751	3,975	629,615	634,341	648,648	14,307
CURZON STREET STATION MASTERPLAN		0	0	0	1,000	1,000	0	0	1,000	555,200	556,200	556,000	(200)
METRO BIRMINGHAM EASTSIDE		1,209	1,399	190	1,678	2,157	(479)	4,457	2,157	130,586	137,200	137,200	0
METRO BIRMINGHAM INTERCHANGE		1,812	1,692	(120)	2,026	3,858	(1,832)	1,041	3,858	730,101	735,000	675,000	(60,000)
HS2 WIDER CONNECTIVITY PACKAGE *		38,313	46,189	7,876	68,187	55,602	12,584	56,729	55,602	978,780	1,091,111	1,070,624	(20,487)
BRIERLEY HILL METRO EXTENSION		3,290	1,485	(1,805)	2,133	4,808	(2,675)	2,021	4,808	336,771	343,600	310,000	(33,600)
NATIONAL COLLEGE FOR HIGH SPEED RAIL		7,780	7,780	0	8,687	9,985	(1,298)	16,022	9,985	0	26,007	25,233	(774)
HS2 GROWTH STRATEGY PROGRAMME MANAGEMENT		255	499	244	594	472	122	304	472	2,303	3,079	4,400	1,321
HIGH SPEED SUPPLY CHAIN & BUSINESS SUPPORT **		400	400	0	25,748	25,748	0	10,870	25,748	313,382	350,000	350,000	0
<b>HS2 Growth Strategy Total</b>		<b>54,883</b>	<b>63,250</b>	<b>8,367</b>	<b>116,456</b>	<b>109,793</b>	<b>6,663</b>	<b>94,177</b>	<b>109,793</b>	<b>4,277,169</b>	<b>4,481,139</b>	<b>4,797,043</b>	<b>315,903</b>
COVENTRY UK CENTRAL PLUS CONNECTIVITY*		1,913	1,301	(612)	3,217	5,342	(2,125)	454	5,342	466,644	472,440	472,350	(90)
COVENTRY CITY CENTRE REGENERATION		833	642	(191)	7,842	7,894	(52)	464	7,894	349,709	358,067	359,311	1,244
COLLECTIVE INVESTMENT VEHICLE		7,813	7,813	0	20,000	20,000	0	3,589	20,000	976,411	1,000,000	1,000,000	0
LAND RECLAMATION		0	0	0	20,000	20,000	0	0	20,000	180,000	200,000	200,000	0
DEVOLVED TRANSPORT INVESTMENT		0	0	0	0	0	0	0	0	1,299,000	1,299,000	1,299,000	0
E2 EXPANSION EXCLUDING CURZON		0	0	0	0	0	0	0	0	20,000	20,000	20,000	0
BUSINESS INNOVATION		21	21	0	25	25	0	0	25	4,975	5,000	5,000	0
<b>OTHER INVESTMENT PROGRAMME SCHEMES</b>		<b>10,580</b>	<b>9,777</b>	<b>(803)</b>	<b>51,084</b>	<b>53,261</b>	<b>(2,177)</b>	<b>4,507</b>	<b>53,261</b>	<b>3,296,739</b>	<b>3,354,507</b>	<b>3,355,661</b>	<b>1,154</b>
<b>GRAND TOTAL</b>		<b>65,463</b>	<b>73,027</b>	<b>7,564</b>	<b>167,540</b>	<b>163,054</b>	<b>4,486</b>	<b>98,684</b>	<b>163,054</b>	<b>7,573,908</b>	<b>7,835,646</b>	<b>8,152,703</b>	<b>317,057</b>

FUNDING SUMMARY (JUNE ACTUALS)	£000
WMCA	23,430
LGF	8,892
DFT	14,124
BCC Borrowing (CIF)	7,813
EZ	4,587
Local Authority	141
RGF	400
Central Govt Other	3,319
EU	110
Private	118
TfWM	2,529
<b>TOTAL</b>	<b>65,463</b>

\* NOTE: An element of the HS2 Connectivity Package is included within the UK Central Hub Growth and Infrastructure Plan.

\*\* NOTE: The High Speed Supply Chain work stream is not a WMCA funded programme and included for information only. The Investment Programme baseline of £350m includes substantial sums as leveraged investment from business.

Spend to the end of December 2017 is £7.6m behind budget, mostly due to slippage against the Wolverhampton Interchange Station / Car Park works within the HS2 Connectivity Package. The delay is due to issues in the procurement of the main contractor as prices are agreed. For the full year 2017/18 the underspend on this Wolverhampton scheme is offset by accelerated work-streams against the design phases of the Brierley Hill Metro Extension and construction works on the Edgbaston Metro Extension (included within the HS2 Connectivity package).

The UK Central Interchange project out-turn has been restated to exclude projects not directly managed and sponsored by Solihull MBC and UGC. Previous financial returns have included a number of investment projects relating to the Interchange Hub zone, as set out in the published UGC Growth & Infrastructure Plan, but which are not directly managed by SMBC/UGC. These projects included an element of HS2 direct investment in the Interchange Station, car park and Automated People Mover (APM).

The UK Central Interchange RAG status has been changed to red for the December report. This reflects the position in regard to the £205m matched funding element of the Birmingham International Station (CEF) redevelopment proposal which is not secured. This funding represents 71% of the forecast cost of this project (£287m). The balance of the Interchange programme, including the remainder of the CEF project, is primarily funded by WMCA.

The UK Central Infrastructure scheme programme continues to show a reduction against the initial budget as activities and funding are aligned to programmes. Previous financial returns have included projects set out in the published UGC Growth & Infrastructure Plan.

The forecast out-turn for the Birmingham to Interchange and Brierley Hill Metro Extensions continue to exceed the original budget as a result of the inclusion of optimism bias into the initial business case estimates. No new funding has been identified to cover these variances.

The recent Devo II announcement confirmed the DCLG/DfT funding for the Brierley Hill Metro extension and therefore the RAG status has moved to green. The RAG status remains red for the Birmingham to Interchange Metro extension because Government funding has not been confirmed. WMCA are working with project stakeholders to identify a funding strategy for this project.

Within the HS2 Connectivity Package, the Wolverhampton Interchange Station / Car Park scheme is now forecasting an additional £30.0m of cost funding for this has been approved by WMCA and CWC.

APPENDIX 7

Scheme	Total Expected VMCA Funding Into Programme £	VMCA Funding Approved to be Released £	ASSURANCE FRAMEWORK STAGES							Notes
			Technical Approval Panel	Investment Approval Group	VMCA Leadership Team	SEP Board	Investment Board	VMCA Full Board		
<b>Approved Investment VMCA Management Board &amp; Assurance Framework:</b>										
Coventry City Centre South	98,753,985	98,753,985	✓	✓	✓	✓	✓	✓	FBC approved and grant agreement in place	
Coventry Friargate	51,200,000	200,000	✓	✓	✓	✓	✓	N/A	Initial study only - see below for FBC approval pending	
Innovation CDIS	50,000,000	25,000	✓	✓	✓	✓	✓	N/A		
Black Country Strategic Brownfield Land Programme	150,000,000	53,040,000	✓	✓	✓	✓	✓	✓	SDC only at VMCA Full Board. Specific Projects will require individual approval.	
Brownfield Land & Property Development Fund	50,000,000	10,084,000	N/A	✓	✓	✓	✓	✓	Grants approved by IB - VMCA, Telford & Wrekin Council, Yardley Brook	
Sprint Birmingham to Sutton	27,100,000	300,000	✓	✓	✓	✓	✓	N/A		
Sprint - A34 Walsall to Birmingham	27,700,000	300,000	✓	✓	✓	✓	✓	N/A		
Sprint - Birmingham to Longbridge	38,400,000	300,000	✓	✓	✓	✓	✓	N/A		
Sprint - Hagley Road (Phases 1 & 2)	74,600,000	2,900,000	✓	✓	✓	✓	✓	✓		
Sprint - Hall Green to Interchange via Solihull	26,900,000	300,000	✓	✓	✓	✓	✓	N/A		
Sutton Coldfield Gateway (Rail)	20,900,000	367,000	✓	✓	✓	✓	✓	N/A		
HS2 Connectivity (Rail)	90,440,000	3,620,000	✓	✓	✓	✓	✓	✓		
Solihull MBC Growth & Infrastructure Plan	UKC Land Valuations	50,000	✓	✓	✓	N/A	N/A	N/A	Approved under delegated authority (under £0.5m)	
	UKC Cap Park Strategy	30,000	✓	✓	✓	N/A	N/A	N/A	Approved under delegated authority (under £0.5m)	
	UKC Utilities Investigations	100,000	✓	✓	✓	N/A	N/A	N/A		
	UKC Infrastructure Programme - Phase 1	62,600,000	3,346,000	✓	✓	✓	✓	✓		
Edgbaston Metro Extension (HS2 CP)	58,900,000	58,900,000	✓	✓	✓	✓	✓	✓	FBC Approved	
Coventry UKC Plus	Country South - A46 Link Road	81,300,000	✓	✓	✓	✓	✓	N/A		
	Coventry South - Binley & Walsgrave Junction	50,000,000	✓	✓	✓	✓	✓	N/A	No funding required at this stage	
	Coventry South Interchange	18,000,000	✓	✓	✓	✓	✓	N/A		
	Coventry South - Tile Hill Station Improvements	7,200,000	✓	✓	✓	✓	✓	N/A		
Vednesburg Brierley Hill Metro	103,000,000	5,600,000	✓	✓	✓	✓	✓	✓		
Metro East Birmingham *	12,000,000	10,200,000	✓	✓	✓	✓	✓	✓		
Volverhampton Interchange	27,400,000	27,400,000	✓	✓	✓	✓	✓	✓		
Coventry UKC Plus Very Light Rail	55,000,000	12,204,821	✓	✓	✓	✓	✓	✓		
Commonwealth Games	25,000,000	25,000,000	N/A	N/A				✓	Approved by VMCA Board	
<b>Sub Total - Firm Funding Commitments</b>	<b>1,206,573,985</b>	<b>313,820,806</b>								

Scheme	Total Expected VMCA Funding Into Programme £	VMCA Funding Requested (Pending Approval) £	ASSURANCE FRAMEWORK STAGES							Notes
			Technical Approval Panel	Investment Approval Group	VMCA Leadership Team	SEP Board	Investment Board	VMCA Full Board		
<b>Projects Progressing through the Approval Process:</b>										
Coventry UKC Plus	Coventry Station Masterplan	39,400,000	-	✓	✓	✓	✓	✓	N/A	Next stage VMCA Board 9/3/18
	Coventry North	22,700,000	350,000	✓				N/A	N/A	Next stage IAG 5/2/18
Solihull MBC Growth & Infrastructure Plan	UKC - Interchange: UGC Business Plan	10,061,000	10,061,000	✓					N/A	Next stage IAG 5/2/18
	UKC - Interchange: HS2 Change Request	260,000,000	9,660,000	✓					N/A	Next stage IAG 5/2/18
	UKC - Interchange: Eham Int Station hub	81,000,000	9,270,000							Next stage TAP 7/2/18
	UKC Infrastructure Programme - Phase 1	Incl. above	9,813,000	N/A					✓	Change control - IAG for noting 5/2/18 (and then approval by LT & IB)
Coventry Friargate	Incl. above	51,000,000	✓	✓	✓	✓	✓	✓	Investment Board 29/1/18, VMCA Board 9/3/18	
Brownfield Land & Property Development Fund	Incl. above	4,655,000	N/A	✓	N/A	N/A	✓	N/A	Investment Board 29/1/18 - minutes awaited (2 grants, Opus Land, A&J Mucklow)	
Brownfield Land & Property Development Fund	Incl. above	20,075,000	N/A						IAG 5/2/18 (Commonwealth Games - Athletes Village)	
Innovation CDIS	Incl. above	250,000	✓	✓	✓	✓			Investment Board 29/1/18 - minutes awaited	
<b>Sub Total - Commitments Pending Approval</b>	<b>413,161,000</b>	<b>115,134,000</b>								
<b>Projects Yet to Enter Assurance Process:</b>										
HS2 Connectivity - Sprint Programme (Routes not Detailed above)										
HS2 Connectivity - Rail Programme										
Solihull MBC Growth & Infrastructure Plan	UKC Infrastructure Programme - Phase 2	225,840,000	-							
	UKC Interchange - remaining projects	46,319,000	-							
Coventry UKC Plus	Coventry Ring Road Imp. & remaining funding	10,450,000	-							
Metro - Bilston Road Track Replacement		15,985,000	-							
Employment Education & Skills		20,000,000	-							
HS2 Programme Governance		3,676,000	-							
		<b>415,140,000</b>	-							
<b>Total Potential Commitment Against Devolution Grant</b>	<b>2,034,874,985</b>	<b>428,954,806</b>								

**APPENDIX 8**
**WMCA Balance Sheet as at 31 January 2018**

	31 January 2017 £'000	31 December 2017 £'000	Movement £'000
Property, plant and equipment	289,343	286,486	2,857
<b>Long-term assets</b>	<b>289,343</b>	<b>286,486</b>	<b>2,857</b>
Debtors	36,193	36,279	(87)
Short-term deposits	60,000	61,000	(1,000)
Cash and bank	477	314	163
<b>Current assets</b>	<b>96,670</b>	<b>97,593</b>	<b>(924)</b>
Loans - interest due	(1,476)	(2,042)	566
Short-term creditors/accruals	(49,493)	(48,837)	(656)
<b>Current liabilities</b>	<b>(50,969)</b>	<b>(50,879)</b>	<b>(90)</b>
<b>Net current assets</b>	<b>45,700</b>	<b>46,714</b>	<b>(1,014)</b>
Provisions	(6,883)	(6,614)	(269)
Finance lease liabilities	(992)	(992)	-
PWLB	(142,417)	(142,552)	135
Other loans - Barclays	(10,000)	(10,000)	-
Dudley MBC	(8,499)	(8,499)	-
Grants receipts in advance	(29,058)	(27,416)	(1,641)
<b>Long-term liabilities</b>	<b>(197,848)</b>	<b>(196,073)</b>	<b>(1,775)</b>
<b>Net assets</b>	<b>137,195</b>	<b>137,128</b>	<b>67</b>
General fund balance	6,969	6,628	341
Earmarked reserves	83,712	83,998	(286)
Capital grants unapplied reserve	247	247	-
<b>Usable reserves</b>	<b>90,928</b>	<b>90,873</b>	<b>55</b>
Revaluation reserve	7,149	7,150	(1)
Deferred capital grants account	282,178	279,322	2,856
Capital financing account	(243,060)	(240,217)	(2,843)
<b>Unusable reserves</b>	<b>46,267</b>	<b>46,255</b>	<b>12</b>
<b>Total reserves</b>	<b>137,195</b>	<b>137,128</b>	<b>67</b>

The WMCA Balance Sheet reflects a healthy financial position. Main changes since December reflect TfWM capital spend and work-in-progress funded mainly by grants in advance, resulting in an increase of £2.9m net of depreciation in property, plant and equipment.

The decrease in short-term deposits and cash is mainly due to NPIF Q3 payment.

The decrease in loans interest due resulted from the repayment of £5m PWLB principal loan in December 2017.

The increase in short-term creditors/accruals is the result of invoices received relating to Midlands Connect and Metro Edgbaston scheme.

The increase in grants receipts in advance is largely due to EZ funding for Metro Centenary Square scheme.