



WMCA Board

Date	15 March 2024
Report title	Financial Monitoring Report 2023/24
Portfolio Lead	Finance - Councillor Bob Sleigh
Accountable Chief Executive	Laura Shoaf, West Midlands Combined Authority email: laura.shoaf@wmca.org.uk
Accountable Employee	Linda Horne, Executive Director of Finance and Business Hub email: linda.horne@wmca.org.uk
Report has been considered by	WMCA Executive Board – 6 March 2024 WM FDs – 7 March 2024

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Note the financial position as at 31 January 2024, as detailed in Sections 2 and 3.
- (2) Note the latest forecast for 2023/24 as detailed in Sections 4 and 5.
- (3) Approve the proposed allocations of the anticipated revenue surplus for 2023/24 as outlined in paragraph 4.5 of this report.
- (4) Subject to approval of (3) above, authorise the S151 Officer and the Monitoring Officer to put in place all necessary arrangements to give effect to the agreed recommendations to include entry into the any funding agreements with third parties and expenditure of the amounts described.
- (5) Note the confirmation of the Adults Skills Funding budget (previously referred to as the Adult Education Budget) for the 2024/25 academic year and the Skills Bootcamp funding for the 2024/25 financial year, as detailed in Section 6.

- (6) Approve the acceptance of £14.5m of the Local Electric Vehicle Infrastructure Capital Fund, £20.0m Trailblazer Devolution Deal capital funding and £3.0m grant award from DLUHC to supplement the CWGLF fund and to delegate authority to the S151 Officer and the relevant Executive Directors to enter into any contracts required to enable delivery of the programme in compliance with the grant conditions.
- (7) Delegate authority to the WMCA Executive Director of Finance and Business Hub (S151 Officer) to accept any funds awarded during the pre-election period and up to the June Board meeting, subject to satisfactory terms and conditions and all funds going through the Single Assurance Framework.
- (8) Note the arrangements concerning the UKSPF year 3 payment profile and actions being taken to ensure the West Midlands allocation is maximised (Section 7).
- (9) Delegate to the Section 151 Officer, in consultation with the Portfolio Holder for Finance, the ability to increase the commitment cap on the WMCA commercial and residential loan funds by (up to) an additional £40m (to £250m), subject to the WM Finance Directors consenting to the change (Section 8).
- (10) Note the Local Authority Capacity requirements associated with the WMCA Levelling Up Zones and the WMCA proposal (Section 9).
- (11) Confirm the annual allocations endorsed by WMCA Board on 18 March 2022 for 2024/25 in respect of Highways Maintenance and Local Network Improvement Plan, within the City Region Sustainable Transport Settlement, as detailed at Section 10.
- (12) Note the additional funding awarded to the region for Highways Maintenance works, as part of the Government's Network North plan, and endorse the proposed 2024/25 allocation of this funding (Section 11).
- (13) Note the Treasury and Prudential indicators for the period ending 31 December 2023 as outlined in Section 12 and Appendix 8 of this report.

1.0 Purpose

- 1.1 To provide an update on the Combined Authority's financial position based on the information known at the end of January 2024. The report includes capital and revenue financial performance, explanations for variations, an update on the likely outturn for 2023/24 and risks which are being managed by the Authority.

2.0 2023/24 Year to Date Revenue Position

- 2.1 Appendix 1 shows the overall consolidated revenue position for the West Midlands Combined Authority, whilst Appendices 2 to 4 present the detailed summaries for Transport, the WMCA Portfolios and the Mayoral office, respectively.
- 2.2 The position at the end of January is a surplus of £5.1m, which is a favourable variance from budget of £5.4m.

- 2.3 Within Transport, there is a surplus of £3.4m which represents a favourable variance from budget of £2.8m. This arises from savings due to delayed recruitment, a reduction of £0.6m in the previous year's Metro subsidy and a £0.5m timing difference between receipt of grant and the rising contractual costs of the tendered bus service. Concessionary related underspends have arisen due to patronage remaining below pre pandemic levels. In line with agreement from the Board, these savings on ENCTS have been transferred to a reserve to protect against future transport network risks, £2.5m to date. (This is around 8% of the assessed, annualised risk exposure in relation to the bus network.)
- 2.4 Within the Portfolio budgets there is a favourable variance of £2.6m due to staff vacancies, less than anticipated expenditure on external advice and receipt of new grant income. Expenditure is below budget against the grants within Economic Skills and Communities totalling £23.0m to date, including AEB, Multiply, Digital Skills and UKSPF. This position is a timing variance, with the position largely to be recovered by the end of the financial year based on commitments made.
- 2.5 The Mayoral Office position as at the end of January 2024 was in line with budget.

3.0 2023/24 Year to Date Capital Programme Position

- 3.1 Appendix 5 sets out the position on the Capital Programme as at the end of January 2024. Actual costs totalled £287.5m, resulting in a favourable variance of £196.3m against a phased budget of £483.8m and £2m less than the latest forecast. This means that around 59% of the planned programme has been delivered in line with original phasing.
- 3.2 The year to date expenditure to budget variance is primarily contained within Transport (£85.2m), Housing and Regeneration (£33.3m) and a further £76.5m within the capital programme delivered externally by Local Authorities.
- 3.3 Within Transport, the variances are across the entire programme, but the most significant are within Metro (£43.8m), Rail (£12.4m), Bus (£9.7m) and Sprint (£8.1m). Within Metro, there are variances due to rescheduling of works to reflect the latest expectations, namely £12.2m on Birmingham Eastside Extension, £12.6m on Metro enhancements where detailed designs have taken longer than anticipated and £4.2m on the Wolverhampton City Centre extension. Within Rail, operational issues (e.g. the wall at Pineapple Road, a well at Kings Heath, and the environmental measures on discovering badgers and soil nailing activity at Moseley) have impeded progress in meeting the schedule anticipated at budget development. The Bus and Sprint programmes have also been reprofiled, with work now due for completion mainly in 2024/25. March 2024 and onwards.
- 3.4 Within the Housing and Regeneration programme, the favourable variances are mainly due to timing, with the most significant being £18.7m underspend on the Brownfield Land Fund due to land acquisition by a partner authority not progressing at the pace initially anticipated, as well as the impact of cancelled projects following a review of schemes. Rephasing of works to match the latest delivery expectations has led to variances of £10.5m of which £4.0m is within the Phoenix 10 project within the Black Country Land and Property Investment Fund. A further £3.8m is linked to the prioritisation of brownfield pipeline projects to ensure the grant conditions deadline is met.
- 3.5 In relation to the externally delivered programme, progress on schemes is behind the schedule originally anticipated at budget setting, specifically £39.7m relating to the Coventry City Centre South Regeneration project, £3.2m for the Active Travel Fund 3 Cycling and Walking schemes and £19.2m for the Sustainable Transport schemes.

4.0 Revenue Forecast Update

- 4.1 A refresh of the full year forecast was under-taken during January and the position now reflects the expected outturn at year end. The latest projection for the revenue budget is an overall underspend of £7.4m, net of £1.2m earmark for air quality and data commitments and which has moved favourable by £6.1m from that previously reported. The underspend is made up of £0.9m in Transport, £1.0m within Portfolios, with the main movement reflecting £5.5m as a one-off, windfall gain on capital financing.
- 4.2 The Authority is in a position to release, at Quarter 3, the anticipated windfall savings of £5.5m arising from capital financing decisions. Due to the material slippage on the capital programme covered in this and previous reports, the Authority has been able to avoid anticipated debt charges, largely relying on higher than normal cash balances. Prudent treasury management activity has resulted in strategic decisions being taken to maximise returns on this cash balance, contributing to the savings. It should be noted that this is a one-off opportunity.
- 4.3 Within Transport, the main movement relates to advertising income where the variable element is expected to be higher than previously forecast. The improved position on Portfolios is due to reductions in external advice spend due to activities no longer taking place this financial year, impact of delayed recruitment and availability of additional grant funding to support delivery of key activities.
- 4.4 The Mayoral budgets are forecast to outturn in line with budget with a minor favourable variance.
- 4.5 Of the £7.4m underspend identified above, it is proposed that the following allocations be made:
- a) £1.5m to be ringfenced in relation and importantly, subject to, this Board consideration of a separate report under the private agenda of this meeting.
 - b) Up to £3.5m (£0.5m per Local authority) to support capacity building for local authorities to deliver Growth Zone, Place strategies and regeneration schemes. (See section 9 of this report for further details).

The final overall net surplus of £2.4m will then transfer into WMCA general reserves to support ongoing financial resilience. It is important to note that the Authority General Reserves are already lower than the recommended level highlighted by the Authority's Auditor so this will help recover that position.

- 4.6 The WMCA is on track for full delivery of its £3m efficiency target within Transport.

5.0 Capital Forecast Update

- 5.1 The latest capital forecast indicates expenditure of £375.8m, with £89.6m delivered externally and £286.2m delivered internally. This is against a budget of £606.7m, meaning that there is £231.0m of expenditure which has been deferred to future years. Based on the latest projections, around 62% of programme is expected to be delivered within this fiscal year, with 29% of the forecast expenditure scheduled for delivery in the final quarter.

5.2 Compared to quarter two, spend has reduced by £77.7m. The most significant movements are within the internally delivered Transport programme (£54.0m), the externally delivered Transport (£17.6m) and Housing & Regeneration Programmes (£7.0m). Within the internally delivered transport programme the key movements are within Metro and Rail as detailed below:

- WBHE – Phase 1 Flood Street £18.6m – Design delays have impacted material order placement, subcontractor procurement and installation, leading to rescheduling of works.
- Metro Network Enhancements (Wednesbury Depot Upgrades) £3.0m – Spend has been deferred to later years due to project slippage.
- Rail - Camp Hill Line Local Enhancements (Package 2) £5.0m – Operational issues have impacted project progress, necessitating a rephasing to reflect latest expectations.
- Rail - Walsall to Wolverhampton Local Enhancements (Package 1) £3.7m – Phasing has been changed to reflect the latest view of project delivery.

5.3 Additionally, the externally delivered Transport programme’s forecast expenditure has reduced since partners have not brought forward business cases in line with original plans, impacting on the release of funding and delivery of the projects. The reduction in the Housing & Regeneration programme is largely due to the review of the Brownfield Land Housing pipeline projects where some projects have been removed as deemed ineligible to meet the grant funding criteria.

5.4 There has been ongoing engagement with grant providers in respect of the slippage in the capital programme to minimise risk of any grant clawbacks.

5.5 It is important to note that this forecast represents the best assessment at the time of writing, however, as the January 2024 position is mainly in line with the forecasted outturn, it is deemed that there is no material risk to the forecast position.

6.0 New Funding

6.1 Details of new grant awards, totalling £207.4m, are summarised in the table below including an additional £3m WMCA has been able to secure from DLUHC following discussion previously at Board for the unforeseen need to supplement the community projects fund.

Grant name	Value	Grant period		Purpose
	£m	From	To	
Adult Skills Funding	133.700	August 2024	July 2025	Devolved Adult Skills Funding (Formerly referred to as Adults Education Budget) to fund the delivery of education and training for learners aged 19+.
Bootcamp wave 5	26.794	April 2024	March 2025	Bootcamp Wave 5 for spend in 2024/25.
Trailblazer Devolution Deals	20.000	April 2023	March 2024	DLUHC trailblazer devolution deal capital funding.
Local Electric Vehicle Infrastructure Capital Fund	14.549	April 2023	March 2025	Funding for the provision of electric vehicle chargepoints throughout the region. Allocations cover two financial years: 2023/24 £13.094m and 2024/25 £1.455m. The grant is aimed at delivering a step-change in deployment of local, primarily low power on-street charging infrastructure and accelerating the commercialisation of, and investment in, the local charging infrastructure sector.
Free Courses for Jobs (FCFJ)	9.376	September 2024	August 2025	To deliver level 3 qualifications.
Commonwealth Games Legacy Fund Supplement (CWGLEF)	3.000	April 2023	March 2024	Funding from DLUHC to supplement the Commonwealth Games Legacy Fund (CWGLEF) budget to support community projects.
Total	207.419			

- 6.2 As verbally communicated at WMCA Board on 09 February 2024, devolved grant funding, totalling £143.1m has been confirmed for the academic year 2024/25 to deliver priorities in relation to skills development. This is a £1.5m increase on the values included in the 2024/25 budget report, and therefore the budget will be adjusted accordingly to reflect the latest position. A separate report on Skills funding will be taken to the March 2024 WMCA Board covering the procurement and award of the funding to partners.
- 6.3 The Chancellor delivered his Budget on 6 March 2024. It was announced that the WMCA has been granted £10m in new funding to support culture and heritage and £5m ringfenced capital for inward investment following a submission letter to HMG.
- 6.4 It is proposed that authority is delegated to the Executive Director of Finance and Business Hub, in conjunction with the relevant Executive Director, to accept any grants notified during the pre-election period and up to the June WMCA Board meeting, subject to satisfactory terms and the Single Assurance framework being followed. A report on any further successful awards will be reported to the Board in June 2024.

7.0 UKSPF Year 3 Payments

- 7.1 UKSPF (UK Shared Prosperity Fund) is the Governments post-Brexit fund which was intended to fill the gap when EU funding to the UK ceased. The allocation to the West Midlands (£88m over 3 years) is managed by the WMCA as the accountable body and Local Authorities and WMCA are the commissioning / contracting bodies for the various workstreams.
- 7.2 Regionally we lost approximately 4 months of delivery time between year 1 and year 2 whilst WMCA satisfied DLUHC's carry forward processes. As we enter year 3 in April 2024, DLUHC have agreed to relax these processes meaning the region can carry forward all unspent balances to year 3 automatically. This means WMCA will be entitled to the full £88m, subject to WMCA being able to demonstrate this level of spend by 31 March 2025.
- 7.3 The new carry forward arrangements from DLUHC do mean, from a cash perspective, the final payment to WMCA (and hence Local Authorities), being 30% of the year 3 value, will be claimable in arrears and receivable in quarter one of 2025/26.
- 7.4 It should be noted that any funds from the £88m not spent by 31 March 2025 would be lost. This risk is magnified by the fact the programme is significantly back ended with the £88m being distributed £5m, £27m and £56m for years 1, 2 and 3 respectively.
- 7.5 Processes are being established and presented to Economic Growth Board concerning how regionally, we manage the allocation to ensure no funding is lost to the region. This may involve agreeing to move funding between Local Authorities and to new propositions / project, (subject to agreement to those proposals at this Board). It is recommended that in Quarter 1 2024/25, an assessment of spend and forecasts is undertaken to determine what mitigating actions may be required to maximise the regional allocation. If however, the 2023/23 out-turn results are lower than expected, this exercise may be brought forward at the discretion of the WM Finance Director group.

8.0 Commercial & Residential Loan Fund Limit Extension

- 8.1 WMCA Board are requested to approve an extension to the current commitment cap which applies to the WMCA commercial and residential loan portfolio. The cap exists to ensure there is a limit to the financial exposure WMCA can take on as loans and it was originally established by WMCA in 2016.

- 8.2 The loan portfolio exists to provide commercially priced loans to developers for housing and commercial projects where traditional lenders (e.g. banks) are unwilling to lend (e.g. for speculative developments). The fund is considered to have been a success, with strong results to date including:
- £111m of loans repaid since 2016.
 - £248m of Private Sector Leverage achieved.
 - £14m of Business Rates per annum achieved.
 - No defaults to date against loan repayments.
- 8.3 Upon establishment of the Combined Authority in 2016, the loan limit was set at £70m and the decision to cap the value of commitments (i.e. full value of loans legally entered into, whether they were drawn or not) was taken as a prudent measure to ensure WMCA did not financially over-stretch in the event all loans did fully draw.
- 8.4 Extensions to the loan fund cap were agreed in February 2019 when the commercial fund was supplemented with a residential fund and the headroom for additional loans to be committed against the commercial fund was agreed. The current cap is £210m.
- 8.5 The success of the loan fund means, despite the current drawn value (e.g. cash actually paid to developers) being £82.5m, a number of potential loans which are currently going through due diligence will not be able to be agreed because the loan cap will be breached.
- 8.6 Due to there being no Board meeting between March and June 2024, the delegation is requested to allow the Section 151 Officer to temporarily increase the commitment cap. This would only be actioned once the WM Finance Director Group and the Portfolio Holder for Finance provide consent.
- 8.7 The increase required (£40m) would take the cap to £250m and would be treated as a temporary increase, to allow a certain number of known loans to be agreed. A more detailed, longer term proposal for loan portfolio limits will be presented to Board in the summer of 2024. In addition it is important to note that the 'drawn' and hence actual financial exposure amount will not be affected over this period by this decision.

9.0 Levelling Up Zone: Local Authority Capacity Funding

- 9.1 As previously detailed to this Board, WMCA and Local Authorities are commencing the development and delivery of Place Based strategies (incorporating Investment Zones, Growth Zones).
- 9.2 The scale of the task is significant, and all Authorities will require additional capacity promptly in order to give the Levelling Up Zones the best chance of success. Over the short term, there is an urgent need for resources to be allocated to areas such as business case development, programme co-ordination, investor attraction, governance and decision-making support.
- 9.3 WMCA has reached out to Local Authorities to determine what their initial requirements may be with a view to developing a solution to the capacity issue. The information from Local Authorities demonstrated a need for between £0.30m and £0.45m over the next two years.

- 9.4 It should be noted, there likely to be some additional capacity funding available for Local Authorities hosting Investment Zones (funding by the Government IZ grant) and a business case is being developed to outline the intended use for this funding.
- 9.5 In light of the WMCA revenue surplus documented in this report (which has mostly occurred due to one-off treasury investment gains), it is proposed that £0.5m per Constituent Local Authority is provided by WMCA in 2023/24 to each Constituent Authority to assist with the short-term capacity matter. This will allow longer term solutions to the capacity issue to be developed.
- 9.6 In order for this funding to have a lasting effect, WMCA expect Local Authorities to use this funding to help build regional long-term capacity. Additionally, opportunities for using this funding in a strategic manner (e.g. pooling and centralising under one Authority specific tasks (e.g. data & analysis) where it may make sense to do so), will be explored with Local Authority officers.
- 9.7 Subject to approval at this Board, the WMCA Section 151 Officer will consult with the Local Authority Section 151 Officers in order to agree the arrangements underpinning this funding, ensuring these are adequate and proportionate.

10.0 City Region Sustainable Transport Settlement – Local Network Improvement Plan ('LNIP') and Highways Maintenance

- 10.1 On 18 March 2022, WMCA Board approved (subject to conditions now satisfied) the annual allocations for the Local Network Improvement Plans and Highways Maintenance stated below:

£	Annual LNIP Funding	Highways Maintenance
WMCA	5,465,000	-
Birmingham	6,253,500	-
Coventry	2,034,000	4,086,400
Dudley	1,760,400	4,486,100
Sandwell	1,797,900	4,741,300
Solihull	1,184,100	3,872,100
Walsall	1,563,100	3,568,700
Wolverhampton	1,442,000	3,325,400
Annual Total	21,500,000	24,080,000
Five-Year Programme Total	107,500,000	120,400,000

- 10.2 The allocations were awarded for the five-year CRSTS period and are subject to annual confirmation by WMCA Board.
- 10.3 The WMCA Board is recommended to confirm the allocation for 2024/25 as stated above, and delegate authority to the Executive Director of Transport to approve payment to the recipient local authorities, subject to satisfactory receipt of routine monitoring information.
- 10.4 It should be noted that a CRSTS annual report is expected to be presented to WMCA Board in June 2024 documenting progress against the programme.

11.0 Network North (2024-25)

- 11.1 As reported to WMCA Board on 12th January 2024, DfT recently wrote to WMCA to confirm the availability of further funding of £2,586,000 for 2024/25 for the West Midlands.

- 11.2 This funding is from the Road Resurfacing Fund for local highways maintenance and is in addition to the previous Pothole allocations and any funding from CRSTS used for Highways Maintenance (refer to Section 8).
- 11.3 WMCA Board is recommended to delegate authority to the Executive Director of Transport to enter into agreements with the constituent member authorities to distribute this funding, subject to receipt of the grant determination letter from DfT and confirmation that the associated terms and conditions are not materially different to those included for the funding for 2023/24.
- 11.4 The funding allocation proposed is set out in the table below and is the same as the allocations agreed for 2023/24 by WMCA Board on 12th January 2024.

	Allocation	2024/25 £
Birmingham	0%	PFI
Coventry	17%	438,844
Dudley	19%	481,772
Sandwell	20%	509,183
Solihull	16%	415,829
Walsall	15%	383,245
Wolverhampton	14%	357,127
TOTAL	100%	2,586,000

12.0 Compliance with Treasury and Prudential Limits (December 2023 update)

- 12.1 Appendix 6 provides details of the Treasury and Prudential indicators for the period ending 31 December 2023 (the third quarter). This is being reported in accordance with the requirements of the 2021 CIPFA Prudential Code for Capital Finance in Local Authorities and 2021 CIPFA Treasury Management in the Public Services Code of Practice to help Members understand and evaluate the prudence and affordability of the Authority's capital expenditure plans and the borrowing and investment activities undertaken in support of this.
- 12.2 The Authority is fully compliant with the Treasury and prudential limits and no difficulties are envisaged for the current or future years in complying with these indicators.

13.0 Investment Programme

- 13.1 The financial results for the West Midlands Regional Investment Programme run behind the regular management accounts, due to the requirement to consolidate outputs across the metropolitan area.
- 13.2 Appendix 7 summarises grant funding commitments approved by WMCA for projects within the WMCA Investment Programme, which total £853.7m as at 31st January 2024 (no overall change from the last reporting at WMCA Board).
- 13.3 WMCA Investment Programme funding drawn / incurred by projects against these funding commitments totals £598.6m.

14.0 CRSTS

- 14.1 CRSTS funding formally approved and available to be utilised totalled £548.7m as of 31st January 2024. Expenditure incurred from within this funding formally approved totals £184.3m as at 31st December 2023. A breakdown of this total is provided in Appendix 8.
- 14.2 Earlier this year DfT gave all mayoral combined authorities receiving CRSTS funding the opportunity to make changes to their approved CRSTS capital programme, in recognition of the effects of high levels of inflation in recent years. Amendments to the West Midlands region CRSTS 1 programme were approved locally at the September 2023 sitting of WMCA Board. A re-baselined CRSTS programme has subsequently been submitted to DfT and is with Ministers for final approval.
- 14.3 The proposed re-baselined CRSTS programme extends the original £1.05bn programme to a £1.21bn programme, because DfT have allowed overprogramming to be included to cover the risk of some projects failing to drawdown all allocated CRSTS funding by the end of the first CRSTS settlement period. The amount of funding remains static, however, at £1.05bn.

15.0 Administered Funds

- 15.1 Administered Funds totalled £77.9m as of 31 January 2024. The report excludes funds fully utilised and concluded by 31 March 2023. A breakdown of this amount is included within Appendix 11. Of this amount, £44.8m has been spent to date.
- 15.2 These funds do not form part of the Authority's own revenue and capital budgets but are effectively funds received by WMCA and passported to partner authorities for delivery.
- 15.3 Elements of the overarching grants listed at Appendix 9 which are not passported are excluded from this Appendix.

16.0 Balance Sheet

- 16.1 Appendix 10 presents the West Midlands Combined Authority Balance Sheet which shows a healthy financial position as at 31 January 2024.
- 16.2 The increase in property, plant and equipment reflects TfWM capital spend in relation to the Metro extension programme.
- 16.3 The reduction in short term debtors arises from receipt of the grant income for the Local Transport Fund.
- 16.4 The increase in short-term deposits arises largely due to grants received for CRSTS of £52.9m and Brownfield Infrastructure & Land Fund of £33m offset by repayments of short-term loans, AEB, Investment Programme and Metro extension schemes.
- 16.5 The grants received contributed to a net increase in grants receipts in advance whilst the payments for the AEB and the Investment Programme have resulted in a net decrease in earmarked reserves.
- 16.6 Short-term creditors/accruals have increased because of higher accounts payable and accruals.

17.0 Financial Implications

17.1 The financial implications are set out in the report.

18.0 Legal Implications

18.1 In respect of the funding and passporting of funds there will be conditions that WMCA will need to adhere to. Legal support will be required for any legal documentation entered in respect of the above.

19.0 Other Implications

19.1 There are no Equalities, Inclusive Growth, Geographical or Other implications arising from this report.

20.0 Appendices

- Appendix 1 – WMCA Consolidated Summary – January 2024
- Appendix 2 – WMCA Transport Revenue Summary - January 2024
- Appendix 3 – WMCA Portfolio Budget Summary – January 2024
- Appendix 4 – WMCA Mayor Revenue Summary – January 2024
- Appendix 5 – WMCA Capital Programme – January 2024
- Appendix 6 – Compliance with Treasury and Prudential Limits (Quarter 3 update)
- Appendix 7 – WMCA Investment Programme Commitments – December 2023
- Appendix 8 – WMCA CRSTS Programme Commitments – January 2024
- Appendix 9 – WMCA Administered Funds – January 2024
- Appendix 10 – Balance Sheet – January 2024

Appendix 1

WMCA Consolidated Revenue Budget Summary – January 2024

£000's	Year to Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Transport Levy	99,462	99,462	0	119,355	119,355	0
Commonwealth Games	0	0	0	0	0	0
Revenue Grants & Other Income	41,733	38,416	3,317	86,021	44,141	41,880
Adult Education Funding	111,764	126,854	(15,090)	136,345	141,391	(5,046)
Share of Business Rates	0	0	0	0	0	0
Constituent Membership	3,870	3,870	0	4,644	4,644	0
Non Constituent Members	325	350	(25)	390	420	(30)
Investment Programme	5,798	0	5,798	36,500	36,500	0
Investment Income	6,617	3,926	2,691	7,565	4,712	2,853
Use of Reserves	8,984	8,856	128	21,347	21,200	147
Total Funding	278,553	281,734	(3,181)	412,167	372,363	39,804
Transport for West Midlands	105,012	107,653	2,640	132,456	133,229	773
Economic Delivery, Skills & Communities	140,853	165,971	25,118	193,252	186,554	(6,698)
Strategy, Integration and Net Zero	15,666	5,369	(10,297)	33,878	6,378	(27,500)
Housing & Regeneration	1,738	1,530	(208)	2,058	1,837	(221)
Portfolio Support	(2,191)	(2,538)	(347)	4,658	3,053	(1,605)
Investment Programme	11,666	3,265	(8,401)	43,167	40,418	(2,749)
Mayoral Office	663	741	78	796	894	98
Mayoral Election	0	0	0	0	0	0
Total Expenditure	273,407	281,991	8,583	410,265	372,363	(37,902)
Net Expenditure (before transfer to earmarked reserves)	5,146	(257)	5,402	1,902	0	1,902
Release of windfall treasury savings	0	0	0	(5,500)	0	5,500
Transfer to earmarked reserves (Known Commitments 2024/25)	0	0	0	5,000	0	(5,000)
Net Expenditure (after transfers to earmarked reserves)	5,146	(257)	5,403	2,402	0	2,402

The position at the end of January shows a surplus of £5.1m equating to a favourable variance against budget of £5.4m. This comprises £2.8m within Transport and £2.6m within Portfolios. The full year position shows a projected surplus against budget of £1.9m within operational areas and also one-off, windfall savings on capital financing of £5.5m, giving a total of £7.4m. Of this £7.4m, it is proposed that £5.0m be reprioritised for specific emerging pressures and requirements, leaving a residual balance of £2.4m. As outlined in section 4 of this report, the net surplus of £2.4m will be transferred to the WMCA General reserves to bolster financial resilience.

The projected full year operational surplus is £1.9m, this is before the release of windfall savings of £5.5m within Capital Financing that have arisen due to a combination of capital slippage and excellent cash management. This results in an overall surplus of £7.4m of which potentially £5m will be utilised as set out and subject to board approval.

Apart from staff savings, the year to date position within Transport reflects a current under-spend within the Tendered Bus Services budget of £0.5m, largely due to Local Transport (LTF) grant received in the first quarter of the year. This receipt has been offset monthly by increased contractual costs and the full year position is expected to be in line with budget. There is a saving against Metro to date of £0.6m which largely relates to a reduction of in the previous year's Metro subsidy. In addition, there are savings against the rail operating budget of £1.1m due to the timing of station openings and child concessions of £0.4m that will be allocated against the £3m efficiency target. The full year savings in these areas are expected to be £2.8m leaving £0.2m to be delivered before the end of the year with robust plans in place.

These positive variations offset unbudgeted costs of £0.6m relating to Metro car body repairs. Savings within the ENCTS of £2.5m due to lower patronage and fares, have been transferred to a risk reserve in recognition of significant pressures around the transport network in the coming year. The saving on this element is anticipated to be in the region of £6.0m by the end of the financial year.

Savings of £2.6m within the Portfolio budgets are due to staff vacancies, reduced spending on external advice and new grant income within Economic Delivery, Skills and Communities. The full year position within Portfolios reflects new grant income within the Economy & Innovation and Health and Communities portfolios which has freed up local funding along with savings against establishment costs and external advice budgets.

There remains below budget spend against the grants within Economic Skills and Communities totalling £23.0m to date, including AEB, Multiply, Digital Skills and UKSPF. This variance has continued to reduce over the last 2 months and is expected to be recovered by the end of the year.

Appendix 2

Transport for West Midlands Revenue Budget Position 31 January 2024

	Year To Date			Full Year		
	Actual £'000	Budget £'000	Variance £000	Forecast £000	Budget £'000	Variance £000
Transport Levy	99,462	99,462	(0)	119,355	119,355	(0)
Business Rates	0	(0)	0	0	(0)	0
Use of Reserves	8,984	8,856	128	14,021	13,874	146
Total Funding	108,446	108,319	128	133,376	133,229	146
National Bus Concession	(36,014)	(36,067)	53	(47,256)	(47,251)	(6)
Metro / Rail	(3,979)	(3,811)	(169)	(4,574)	(4,572)	(1)
Child Concession	(4,599)	(5,168)	568	(5,778)	(7,162)	1,384
Concessions	(44,592)	(45,045)	453	(57,609)	(58,985)	1,377
Bus Stations / Infrastructure	(6,491)	(6,239)	(252)	(6,847)	(7,374)	527
Subsidised Network	(11,448)	(11,934)	485	(14,155)	(14,255)	100
Accessible Transport	(5,516)	(5,564)	49	(6,610)	(6,630)	20
Bus Services	(23,455)	(23,737)	282	(27,611)	(28,259)	648
Metro Services	(8,791)	(8,801)	10	(11,914)	(11,115)	(798)
Rail Services	(3,003)	(4,182)	1,179	(3,968)	(5,563)	1,595
Rail and Metro Services	(11,793)	(12,982)	1,189	(15,882)	(16,679)	796
Safety and Security	(891)	(745)	(145)	(1,055)	(867)	(188)
Passenger Information	(5,015)	(5,275)	260	(6,244)	(6,620)	376
Sustainable Travel	(1,615)	(1,538)	(77)	(1,852)	(1,891)	39
Integration	(7,520)	(7,558)	38	(9,151)	(9,378)	227
Network Resilience	(2,336)	(2,662)	326	(3,145)	(3,305)	160
Business and Democratic Support	(3,446)	(3,685)	239	(4,282)	(4,605)	323
Strategic Development	(3,333)	(3,436)	103	(4,370)	(4,391)	21
Transport Governance	(107)	(118)	11	(120)	(141)	21
Capital Finance Charges	(8,428)	(8,428)	(0)	(10,485)	(10,485)	(0)
Efficiency Target	0	0	0	200	3,000	(2,800)
Total Expenditure	(105,011)	(107,652)	2,641	(132,456)	(133,229)	773
Net Surplus / Deficit	3,435	667	2,769	920	0	920

Concessions

Savings in year within the ENCTS and child concessions budgets are due to a lower service provision. To date savings within the ENCTS budget of £2.5m that have occurred due to a lower service provision have been transferred to a risk reserve in recognition of significant pressures around the transport network in the coming year. Savings within the child concessions budget will be allocated to the efficiency target, it is anticipated that there will be £1.4m of savings by the end of the year.

Bus Services

The tendered bus services budget has a favourable variance of £0.5m at the end of January, largely due to Local Transport (LTF) grant relating to the first quarter of the year. This is expected to be largely offset by an increase in contractual costs expected in the later part of the year.

Within the bus stations & infrastructure budget the over-spend in year is largely due to lower departure charges in year and higher establishment costs in the short term due to an organisational restructure. In the full year these over-spends are expected to be offset by savings against external advice.

Rail & Metro

The full year position within rail services reflects a reduction in the operational rail budget within Transport of £1.4m largely due to the timing of the station openings. These savings will be allocated to the efficiency target.

Within the Metro budget the full year position reflects car body costs of £1.4m that were not budgeted but will now be accommodated within the year partly offset by a saving against the Midland Metro Limited subsidy of £0.9m.

Integration

Within the passenger information budget there are savings mainly relating to software and bank charges that are partly offset by lower commission receivable.

The overspend within sustainable travel relates to the West Midlands Cycle Hire scheme due to lower than budgeted income.

Network Resilience

The under-spend largely relates to external advice expenditure.

Strategic Development

There are savings to date of £0.1m within strategic development which are largely due to staff vacancies.

Efficiency Target

A £3.0m efficiency target is included within the full year budget. To date savings of £2.8m have been ear marked leaving £0.2m to be delivered via vacancy management which can be delivered based on current recruitment timetables. Savings to date are within the rail services (£1.4m) and child concessions (£1.4m) budgets.

Reserves

Use of reserves drawn down relate to budgeted support for the 2023/24 Transport budget and the delivery of the West Midlands Cycle Hire scheme.

Appendix 3

West Midlands Combined Authority Portfolios Budget – January 2024

	JANUARY 2024 YEAR TO DATE			FULL YEAR 2023/24				
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000		
Central Income & Charges								
Mayoral Capacity Funding	0	0	0	204	87	117	The full year position reflects budgeted investment income that will be re-prioritised. Non-Constituent member fees are lower than budgeted as Coventry & Warwickshire and The Marches LEPs have indicated their intention to withdraw non-constituent membership from WMCA resulting in an under collection of budgeted income. £1.2m of the Operational Portfolio surplus will be ear marked to fund air quality and digital and data.	
Other Revenue Income	0	375	(375)	0	500	(500)		
Notional Interest Receivable	749	661	88	898	794	104		
Business Rates Growth Income	0	0	0	0	0	0		
Contribution - 7 Met Council's	3,870	3,870	0	4,644	4,644	0		
Contribution - Non constituent members	325	350	(25)	390	420	(30)		
Use of Specific Reserves	0	0	0	7,326	7,326	0		
Bad debt provision	(60)	0	(60)	(60)	0	(60)		
Total Income	4,884	5,256	(372)	13,402	13,771	(369)		
Corporate Support Recharges to Portfolios	(2,251)	(2,163)	(88)	3,373	3,553	(180)		
Provision for known commitments 2024/25	0	0	0	1,225	0	1,225		
Total Expenditure	(2,251)	(2,163)	(88)	4,598	3,553	1,045		
Central Income & Charges Net Total	7,135	7,419	(285)	8,805	10,219	(1,414)		
Economy & Innovation								
Other Industrial Strategy Income	2,349	1,103	1,246	3,635	1,323	2,312	New grant funding has been secured and activity re-aligned since the budget was set creating projected full year savings of £1.3m. The new grant income largely relates to the British Film Industry (BF).	
Economic Delivery	0	0	0	0	0	0		
Create Central Projects	266	0	266	325	0	325		
Policy and Programme Development	130	0	130	130	0	130		
Total Income	2,745	1,103	1,642	4,090	1,323	2,767		
Industrial Strategy	(2,652)	(1,680)	(972)	(4,090)	(2,016)	(2,074)		
DDCMS - Creative Scale Up	0	0	0	0	0	0		
Economic Delivery	(175)	(393)	218	(238)	(472)	234		
Create Central Projects	(266)	(763)	497	(325)	(916)	591		
Policy and Programme Development	(130)	0	(130)	(130)	0	(130)		
Funding For Growth	(583)	(583)	0	(700)	(700)	0		
Total Expenditure	(3,806)	(3,419)	(387)	(5,483)	(4,104)	(1,379)		
Economy & Innovation Net Total	(1,061)	(2,316)	1,255	(1,393)	(2,781)	1,388		
Health and Communities								
Head of Health & Communities	7	0	7	42	0	42	Savings are largely due to the vacant posts and the timing of External Advice expenditure, along with maximising the use of grant income in order to save local funding.	
Thrive at Work	419	351	68	533	351	182		
IPS Programme	2,951	39	2,912	3,612	39	3,573		
Total Income	3,377	390	2,987	4,187	390	3,797		
Head of Health & Communities	(234)	(682)	448	(508)	(818)	310		
Thrive at Work	(419)	(324)	(95)	(533)	(387)	(146)		
IPS Programme	(2,951)	(127)	(2,824)	(3,612)	(153)	(3,459)		
Total Expenditure	(3,604)	(1,133)	(2,471)	(4,653)	(1,358)	(3,295)		
Health and Communities Net Total	(227)	(743)	516	(466)	(968)	502		
Employment and Skills								
Employment & Skills	39	0	39	39	0	39	The current under-spend against budget relates to vacant posts and the resultant re-profiling of external advice expenditure. The underspend against grant funded programmes within Employment & Skills is falling month on month and is the position is expected to be recovered by the end of the year.	
Construction Skills	69	109	(40)	96	142	(46)		
Adult Education	111,764	126,854	(15,090)	136,345	141,391	(5,046)		
Careers	357	137	220	453	137	316		
Digital Skills	5,732	13,852	(8,120)	15,153	15,647	(494)		
Commonwealth Games	5	0	5	15	0	15		
European Structural & Investment Funding	967	973	(6)	970	994	(24)		
Multiply	1,812	5,700	(3,888)	5,849	5,838	11		
UKSPF	10,744	11,542	(798)	19,315	14,252	5,063		
Health Foundation	131	367	(236)	235	417	(182)		
DBT Growth Hub	349	0	349	670	0	670		
Business Energy Advice Service (BEAS)	5	0	5	2,141	0	2,141		
Total Income	131,974	159,534	(27,560)	181,281	178,818	2,463		
Employment & Skills	(975)	(1,363)	388	(1,238)	(1,649)	411		
Construction Skills	(69)	(109)	40	(96)	(142)	46		
Adult Education	(111,764)	(126,854)	15,090	(136,345)	(141,391)	5,046		
Careers	(357)	(137)	(220)	(453)	(137)	(316)		
Digital Skills	(5,732)	(13,852)	8,120	(15,153)	(15,647)	494		
Commonwealth Games	(5)	0	(5)	(15)	0	(15)		
European Structural & Investment Funding	(967)	(973)	6	(970)	(994)	24		
Multiply	(1,812)	(5,700)	3,888	(5,849)	(5,838)	(11)		
UKSPF	(10,744)	(11,542)	798	(19,315)	(14,252)	(5,063)		
Health Foundation	(131)	(367)	236	(235)	(417)	182		
DBT Growth Hub	(349)	0	(349)	(670)	0	(670)		
West Midlands 5G	(521)	(521)	0	(625)	(625)	0		
Business Energy Advice Service (BEAS)	(5)	0	(5)	(2,141)	0	(2,141)		
Total Expenditure	(133,431)	(161,418)	27,987	(183,105)	(181,092)	(2,013)		
Employment and Skills Net Total	(1,457)	(1,884)	427	(1,824)	(2,274)	450		

	JANUARY 2024 YEAR TO DATE			FULL YEAR 2023/24			
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000	
Levelling Up							
Office of Data Analytics	60	0	60	60	0	60	
Head of Policy & Public Affairs	99	53	46	106	60	46	
Commonwealth Games Legacy Fund	7,846	0	7,846	23,875	0	23,875	
Total Income	8,005	53	7,952	24,041	60	23,981	The current under-spend against budget relates to vacant posts and the resultant re-profiling of external advice expenditure.
Office of Data Analytics	(170)	(142)	(28)	(186)	(180)	(6)	
Executive Director of Strategy, Integration and Ne	(425)	(285)	(140)	(497)	(351)	(146)	The forecast over-spend relates to new roles.
Head of Research & Intelligence	(224)	(272)	48	(388)	(350)	(38)	
Head of Policy & Public Affairs	(392)	(474)	82	(595)	(558)	(37)	
Commonwealth Games Legacy Fund	(7,846)	0	(7,846)	(23,875)	0	(23,875)	
Public Affairs	(112)	(143)	31	(134)	(169)	35	
Total Expenditure	(9,169)	(1,316)	(7,853)	(25,675)	(1,608)	(24,067)	
Public Service Reform & Social Economy Net Total	(1,164)	(1,263)	99	(1,634)	(1,548)	(86)	
Inclusive Communities							
Homelessness	437	444	(7)	600	470	130	
Total Income	437	444	(7)	600	470	130	The current under-spend against budget relates to vacant posts and the resultant re-profiling of external advice expenditure.
Head of Systems Change & Inclusion	(221)	(300)	79	(275)	(371)	96	
Youth Combined Authority	(182)	(215)	33	(346)	(278)	(68)	
Homelessness	(482)	(484)	2	(645)	(509)	(136)	
Inclusion	(158)	(193)	35	(260)	(260)	0	
Total Expenditure	(1,043)	(1,192)	149	(1,526)	(1,418)	(108)	
Inclusive Communities Net Total	(606)	(748)	142	(926)	(948)	22	
Culture and Digital							
Culture	115	216	(101)	225	272	(47)	
Tourism, Trade and Investment Programme	1,355	407	948	1,391	407	984	
DCIA	50	0	50	0	0	0	
Total Income	1,520	623	897	1,616	679	937	The current under-spend against budget relates to vacant posts and the resultant re-profiling of external advice expenditure.
Culture	(212)	(380)	168	(428)	(446)	18	
Digital	(112)	(180)	68	(175)	(215)	40	
Tourism, Trade and Investment Programme	(1,355)	(407)	(948)	(1,391)	(407)	(984)	
DCIA	(50)	0	(50)	0	0	0	
Total Expenditure	(1,729)	(967)	(762)	(1,994)	(1,068)	(926)	
Culture and Digital Net Total	(209)	(344)	135	(378)	(389)	11	
Environment & Energy, HS2							
Environment	432	261	171	735	336	399	
Community Green	384	335	49	384	353	31	
Total Income	816	596	220	1,119	689	430	The underspend mainly relates to new grant income largely from the Woodland Trust and the Natural Capital Programme.
Environment	(834)	(956)	122	(1,486)	(1,201)	(285)	
Community Green	(384)	(335)	(49)	(384)	(353)	(31)	
Total Expenditure	(1,218)	(1,291)	73	(1,870)	(1,554)	(316)	
Environment & Energy, HS2 Net Total	(402)	(695)	293	(751)	(865)	114	
Energy Capital							
Energy Capital	453	254	199	472	284	188	
Net Zero Neighbourhood	1,757	0	1,757	1,891	0	1,891	
Total Income	2,210	254	1,956	2,363	284	2,079	The full year position is in line with budget.
Energy Capital	(696)	(552)	(144)	(857)	(670)	(187)	
Net Zero Neighbourhood	(1,812)	(50)	(1,762)	(1,956)	(60)	(1,896)	
Total Expenditure	(2,508)	(602)	(1,906)	(2,813)	(730)	(2,083)	
Energy Capital Net Total	(298)	(348)	50	(450)	(446)	(4)	
Housing & Regeneration							
Director of Housing & Regeneration	1,751	1,531	220	2,071	1,837	234	
Total Income	1,751	1,531	220	2,071	1,837	234	The increased expenditure over budget relates to abortive capital costs which have been written off to revenue as they could not be accommodated within capital grant conditions.
Director of Housing & Regeneration	(1,751)	(1,530)	(221)	(2,071)	(1,837)	(234)	
Total Expenditure	(1,751)	(1,530)	(221)	(2,071)	(1,837)	(234)	
Housing & Regeneration Net Total	0	1	(1)	0	0	0	
Net Expenditure (before transfer to earmarked reserves)	1,711	(921)	2,632	983	0	983	
Release of windfall treasury savings	0	0	0	(5,500)	0	(5,500)	
Transfer to earmarked reserves (known commitments 2024/25)	0	0	0	5,000	0	5,000	
Net Expenditure (after transfer to earmarked reserves)	1,711	(921)	2,632	1,483	0	1,483	There are full year savings of £5.5m as a result of a one-off opportunity relating to capital financing due to excellent cash management and slippage within the Capital Programme. These savings will be set aside to fund known commitments in 2024/25 relating to relating to the Black Country Innovative Manufacturing Organisation (BCIMO) (£1.5m) and additional Local Authority capacity (£3.5m). In addition £1.2m of the Portfolio surplus will be ear marked to fund air quality and digital & data.

Appendix 5

WMCA Consolidated Capital Programme Year to Date Position

Note: Commentary only provided where Variance is +/=£200k

WMCA Delivered Schemes

£000's	YTD			Full Year			Commentary
	Actual	Budget	Variance	Forecast	Budget	Variance	
Metro Birmingham Eastside Extension	38,243	50,420	12,178	51,740	65,007	13,267	The forecast variance reflects funding available for Target Cost 2 (TC2) and changes in delivery scope. 2023/24 expenditure will be significantly reduced largely due to land which will not be vested until later in the programme, alongside reduced construction and utilities works.
Metro Network Enhancements	8,860	21,472	12,612	11,230	27,066	15,836	There is an in year under-spend relating to the advance work package due to delays in agreeing certain technical features and the completion of detailed design on the Wednesbury Depot project (£8m). There is also a prolonged procurement challenge on Metro Line 1 renewals project resulting in a £3m deferment into next financial year. A further £1.3m has been deferred to next financial year on the Traction Power Phase 2 project due to the updated phasing from the approved target costs in May 2023.
Metro Edgbaston Extension	1,902	3,665	1,763	1,987	3,665	1,678	Cost relating to commuted sums which is yet to be agreed with local council, as well as complementary highway works and associated remedial works, have been deferred into 2024/25 financial year.
Metro Wednesbury to Brierley Hill Extension	72,771	79,098	6,328	84,818	97,997	13,178	This is largely attributable to forecast re-phasing. Construction underspend (£10.6m) due to AFC (Approved for Construction) approval taken longer than anticipated this off set by increase in design cost of £1.3m. In addition to this, further non utilisation of contingency costs of £1.2m and land cost rephasing £1.3m.
Metro Wolverhampton City Centre Extension	5,065	9,278	4,212	8,103	9,432	1,328	Largely due to the timing of payment for land that has been acquired and the timing of contingency drawdown and activity within the urban realm budget.
Buy Before Boarding	1,283	4,489	3,207	2,498	5,210	2,712	TC2 approval was obtained later than originally anticipated and ticket vending machine (TVM) payments are expected next financial year
Metro Centenary Square Extension	51	617	566	51	617	566	The current underspend is due to revised delivery schedule and is expected to be recovered over the year.
Metro - Other	687	3,632	2,945	978	4,073	3,096	The full year variance reflects the latest delivery programme in relation to Smart tram works.
Total Metro Schemes	128,861	172,671	43,810	161,407	213,066	51,659	
£000's	YTD			Full Year			Commentary
	Actual	Budget	Variance	Forecast	Budget	Variance	
Rail Station	7,822	12,189	4,367	9,823	12,189	2,365	The main underspend relates to the Perry Barr Rail station delivered August 2022, awaiting agreement of contract works with Birmingham City Council. The remaining costs relate to contingency held against construction costs.
Rail Package 1	9,551	10,425	874	12,453	16,134	3,681	The position has not yet fully recovered from the temporary pause in August 2023 due to the initial construction company going into administration. Also, additional ground work in the programme and prolongation account for the variance.
Rail Package 2	24,691	29,636	4,944	31,909	36,944	5,034	Project progression of the work is slower than anticipated due to operational issues, including the wall at Pineapple Road, a well at Kings Heath, and the environmental measures on discovering badgers and soil nailing activity at Moseley.
Very Light Rail	85	375	290	190	600	410	Very Light Rail work slower than anticipated due to a prioritisation of resources to other projects.
Rail Development	0	0	0	0	100	100	
Dudley Port Integrated Transport Hub	66	370	304	137	450	313	Works have not progressed to plan, due to a prioritisation of resources to other projects.
Aldridge Station	154	1,517	1,363	260	2,015	1,755	The variance reflective of the timing of the Strategic Outline Business Case approval.
Rail - Other	2	253	251	12	359	347	The process is paused temporarily as WMCA awaits Birmingham City Council's revised Masterplan for the Sutton Coldfield Gateway project.
Total Rail Schemes	42,372	54,765	12,393	54,785	68,790	14,005	

WMCA Delivered Schemes

£000's	YTD			Full Year			Commentary
	Actual	Budget	Variance	Forecast	Budget	Variance	
National Productivity Investment Fund	982	1,164	182	1,040	1,170	131	
Clean Bus	935	6,128	5,193	975	6,226	5,252	Variance comprises slippage in National Express West Midlands (NXWM) ordering single deck buses. This is due to a re-evaluation of their single deck network. The third party bus contractors subsidy control process has commenced and completion is anticipated in March 2024 , this will allow third party contractors to order vehicles and infrastructure .
Cross City Bus	991	2,095	1,104	1,862	2,508	646	There are minor design works variances across the programme.
East Birmingham to Solihull Corridor	69	322	253	166	499	333	Concept design work has taken longer than anticipated due to the prolonged timing taken to finalise the design contract award approval.
BSIP Bus Priority Cross City Routes	901	2,771	1,870	1,411	3,110	1,699	Variance is largely due to Package 5 Harborne to Castle Bromwich, where design work contract process is expected to complete by the end of 2023/24 financial year.
Bus Station/Interchange	8,586	9,193	607	9,241	10,019	778	Variance mainly due to design work developed to RIBA (Royal Institute of British Architects) stage 4 and land acquisition works happening slower than anticipated.
Demand Responsive Bus	0	5	5	0	6	6	
BSIP Retrofit Programme	0	500	500	0	500	500	Work has slipped pending the outcome of the CRSTS rebase decision with DfT.
Total Bus Schemes	12,464	22,179	9,715	14,694	24,039	9,346	

£000's	YTD			Full Year			Commentary
	Actual	Budget	Variance	Forecast	Budget	Variance	
Sprint Ph2 A45	3,869	6,909	3,040	4,172	8,202	4,030	The main variance is due to the deferring of utility costs into 2024/25 in line with updated detailed estimates. In addition, design costs are lower reflecting reduced activity.
Sprint Ph2 A34	2,749	5,738	2,989	3,224	7,465	4,241	
Sprint A45	278	1,084	806	266	1,420	1,154	The Phase 1 works are nearing completion. The main variance is contained within the A45 works, where final accounts are still being completed with the contractors. This will determine the requirement for the contingency, which accounts for the current variance.
Sprint A34	169	(111)	(280)	167	304	137	
Hagley Road	(74)	1,317	1,391	198	2,420	2,221	New revised plan of works is progressing. Until then, there are only minor enabling works across the remainder of 2023/24 financial year, with most of the expenditure deferred into 2024/25 pending the outcome of the review.
Hall Green to Interchange via Solihull	5	152	147	30	202	172	
Hagley Road Rapid Transit	21	0	(21)	150	0	(150)	Variance largely due to timing, including design costs and utility costs are deferred into next financial year.
Longbridge to Birmingham	31	38	7	57	57	0	
Total Sprint Schemes	7,049	15,127	8,079	8,264	20,070	11,805	

£000's	YTD			Full Year			Commentary
	Actual	Budget	Variance	Forecast	Budget	Variance	
Air Quality	0	0	0	0	990	990	The project is on hold. Due to the national review conducted by DEFRA , the budget has been deferred to next financial year
Better Streets Community Fund	91	141	50	91	141	50	
Electric Vehicles	308	3,793	3,485	1,050	5,614	4,564	Primarily due to the Ultra Rapid Charging Transit station where the acquisition of land is later than anticipated. There is potential for up to 3 sites to be acquired by the end of the financial year; there are ongoing discussion with site owners and land acquisition specialists.
Priority One Development	277	321	43	392	690	298	
Swift ceMV Contactless Payment Broker	1,066	2,259	1,193	1,206	4,082	2,875	Variance reflects the contracts award date costs and roll out of TVM (Ticket Vending Machine) deferred into 2024/25.
Total Sustainable Travel	1,742	6,513	4,771	2,739	11,517	8,777	

WMCA Delivered Schemes

£000's	YTD			Full Year			Commentary
	Actual	Budget	Variance	Forecast	Budget	Variance	
KRN/MRN	52	520	467	36	607	571	Project costs have been deferred to next financial year, following a strategic review of priorities. The original budget assumed the Business case would be approved earlier. As this has taken longer than anticipated, the project is still in the development phase. Following procurement activities, the project is now expected to commence in 4th quarter.
Highways - Other	704	1,620	917	882	2,296	1,414	
Total Highways	756	2,140	1,384	917	2,903	1,985	
£000's	YTD			Full Year			Commentary
	Actual	Budget	Variance	Forecast	Budget	Variance	
RTCC	2,213	3,740	1,527	2,788	3,856	1,068	Main variance is due to Highway interventions owing to a lower claim received from Coventry City Council on Phase 2 signals upgrades (£510k).
FMZ	1,947	4,060	2,113	2,133	5,600	3,467	Digital Twins - Rescheduling to latest expectation for delivery of the Regional Strategic Modelling and Insight Tool. Build phase is 18 months with completion of the project expected 2025. Rules of the Road (RotR) - The business case for the continuation of the project was not approved by the Board (CRSTS), remaining budget of £300k unlikely to be utilized on RotR as this would have been used to transition to either CRSTS funding or business as usual.
RTI	56	289	233	79	584	506	Variance due to project specifications being finalised. Tender award took place in November 2023, but was prolonged until all information was received from the supplier, leading to the official contract being awarded. Works are due to pick up in 2024/25.
Scheme Development and M and E	656	1,427	772	754	1,688	934	License for Verto software no longer procured as anticipated, as it was not fit for purpose. The budget also had vacant posts to resource the scheme which have not been recruited to, not currently expected until 2024/25.
Digital and Data - Other	238	337	100	238	337	100	The majority of the variance was due to unspent allocation to Wolverhampton City Council to deliver 5G sensors. The project is not taking place and so funds will be utilised on other activities.
Total Digital & Data	5,109	9,854	4,744	5,991	12,065	6,074	
£000's	YTD			Full Year			Commentary
	Actual	Budget	Variance	Forecast	Budget	Variance	
Asset Management	1,306	1,618	312	1,861	2,198	337	Variance due to Real Time Information project (RTI) due later than anticipated. Work on Content Management System now being included in the project. In addition the bus shelter programme is behind schedule due to supplier reprioritisation of other main projects for WMCA.
Transport - Other	0	0	0	49	49	0	
Total Other	1,306	1,618	312	1,910	2,247	337	
Total Transport Capital Programme	199,659	284,867	85,208	250,708	354,697	103,989	

WMCA Delivered Schemes

£000's	YTD			Full Year			Commentary
	Actual	Budget	Variance	Forecast	Budget	Variance	
Brownfield Land Fund	2,041	20,769	18,728	2,361	31,472	29,112	This variance is driven by a fundamental review of the projects that are in the pipeline. In particular, ongoing negotiations are in progress for Stratford Gateway with completion deferred until 2024/25 and MG Longbridge is awaiting the developer. A number of other projects in the pipeline have also been cancelled (£7.9m).
Housing Land Fund	2,913	4,448	1,535	3,995	5,719	1,724	The main variance is due to a change in strategy with Brownfield pipeline projects prioritised ahead of Land Fund pipeline, in view of grant condition deadlines.
National Competitive Fund	176	2,387	2,210	243	2,568	2,325	The main variance is due to a change in strategy with Brownfield pipeline projects prioritised ahead of NCF fund pipeline, in view of grant condition deadlines.
Land Remediation Fund	14,915	25,737	10,822	22,175	27,689	5,514	The forecast variance is split evenly between Black Country Land & Property Development fund BLPFD (£2.9m) and the BLPFD Investment Fund LPIF (£2.6m). On BLPFD, the Shard End project deletion, as well as prolonged land acquisition on Electrical Vehicle Charging Area Transit stations (EVCATS), is driving the variation. The LPIF variance is due to the recent withdrawal of the Dudley Brownfield Land Programme, resulting in the funding being reallocated.
Total Housing & Regeneration Schemes	20,046	53,340	33,294	28,773	67,448	38,675	
£000's	YTD			Full Year			Commentary
	Actual	Budget	Variance	Forecast	Budget	Variance	
Social Housing	5,377	5,230	(147)	6,387	6,029	(358)	Variance largely attributed due to the latest wave 2 scheme, which is progressing ahead of schedule, being delivered by registered Local Authority providers, the variance being one of timing only.
Sustainable Warmth	289	1,621	1,332	291	1,621	1,330	Variance mainly due to the Sustainable Warmth Competition project, which has closed resulting in a repayment to the funder, Midlands Net Zero Hub (MNZH), due to private residents dropping out of the programme and there supply chain difficulties on external wall installation due to timescales and national demand.
Net Zero - Other	0	130	130	14	158	144	
Total Net Zero Schemes	5,666	6,980	1,314	6,692	7,807	1,116	
Total WMCA Delivered Schemes	225,371	345,187	119,816	286,173	429,952	143,779	

Externally Delivered Schemes

£000's	YTD			Full Year			Commentary
	Actual	Budget	Variance	Forecast	Budget	Variance	
Rail - External							
Very Light Rail - External	3,176	4,285	1,109	5,225	6,829	1,604	This project is retained by DfT, who in Summer 2023 confirmed the release of further funding to be immediately available to the project, thus the annual forecast to budget variance is not indicative of cost over runs. This has allowed an acceleration of forecast works and expenditure. Nil funding presently approved. Expenditure was budgeted to be incurred from October 2023 and now deferred to 2024/25. An OBC submissions from Solihull Council to WMCA is expected in 2024/25, for review and appraisal.
Solihull Rail Station	0	500	500	0	750	750	
Total Rail	3,176	4,785	1,609	5,225	7,579	2,354	
Bus - External							
East Birmingham to Solihull Corridor - External	157	633	476	207	1,000	793	The latest Local Authority return has pushed expenditure into 2024/25.
UKC - Solihull - Dorridge Bus Priority	0	333	333	0	500	500	Funding for Dorridge Bus Priority is yet to be formally approved due to CRSTS re-baselining exercise. Therefore, capital expenditure is now expected to be incurred from 2024/25 financial year onwards.
Total Bus	157	967	810	207	1,500	1,293	
Grants to Local Authorities - Transport							
City Centre Regeneration	5,283	49,009	43,726	5,874	51,688	45,814	Variance primarily due to Coventry City Centre South Regeneration reflecting the latest delivery schedule in regard to the acquisition of land necessary for assembly of the project and completion of demolition works.
Cycling and Walking	3,537	7,168	3,631	7,338	10,981	3,643	The main variance is contained within the Active Travel Fund 3 (ATF3) schemes (£3.2m), being delivered by the Local Authorities. Progress has been slower than anticipated. Discussions are ongoing with the funder to extend the grant deadlines.
Highways	1,708	2,166	457	2,275	2,291	15	There are minor variations across the Major Road Network (MRN) schemes, of which there are 17. These are being delivered by the Local Authorities, and subject to minor slippage into quarter one 2024/25.
Highways Maintenance	23,081	23,081	0	30,283	30,283	0	
Local Network Improvement Plan	13,362	13,363	0	16,035	16,035	0	
Very Light Rail - External Grants	0	0	0	0	0	0	
Grants to Local Authorities - Other	2,030	3,407	1,377	3,173	5,150	1,977	An overarching change request for the UK Central Infrastructure Package was approved by Investment Board earlier this year and has resulted in some current year spend being deferred to future years
HS2 Enabling	1,263	2,398	1,135	1,623	4,464	2,841	Due to central government deciding to no longer go ahead with HS2 phase 2, the related HS2 projects are deferring spend to next year while a review of the HS2 programme is being undertaken. There are also several change requests being processed which contribute to project cost slippage.
Grants to Local Authorities - Transport	50,265	100,591	50,326	66,602	120,892	54,291	

Externally Delivered Schemes

Sustainable Travel - External						
Electric Vehicles - External	80	2,298	2,218	114	3,389	3,275
Sutton Coldfield Gateway	0	600	600	0	1,000	1,000
Active Travel - A45 Segregated Cycleway	0	400	400	0	700	700
A38 Selly Oak to Longbridge Segregated Cycling	0	500	500	0	700	700
City Centre Active Travel Connections to Interchange	0	270	270	0	410	410
One Station and Smalbrook Queensway	0	600	600	700	1,000	300
Snow Hill Growth Strategy	0	550	550	0	750	750
Foleshill Transport Package	212	2,475	2,263	568	4,038	3,470
Cov South Sustainable Transport	324	3,140	2,816	698	4,356	3,659
Dudley Town Centre Interchange Sustainable Connectivity Package	0	0	0	0	0	0
Stourbridge Town Centre Sustainable Connectivity Package	0	0	0	0	0	0
Wednesbury to Brierley Hill Extension Sustainable Access Measures	0	0	0	0	0	0
A461 Walk, Cycle and Bus Corridor	189	156	(33)	350	200	(150)
Smethwick - Birmingham Inclusive Growth Corridor Transport Package	263	667	404	350	1,000	650
Chester Road Corridor - Segregated Cycleway and Capacity Enhancement	0	133	133	0	200	200
Dickens Heath to Solihull Town Centre LCWIP Scheme	0	733	733	0	1,100	1,100
Knowle to Solihull Town Centre LCWIP Scheme	0	667	667	0	1,000	1,000
Multi-modal Access to HS2 Enhancement	0	167	167	0	250	250
Bus, Cycle and Walk Access - Darlaston and Willenhall Train Stations	0	133	133	0	200	200
A454 Walk, Cycle and Bus Corridor	160	1,733	1,573	180	2,600	2,420
A41 Moxley Iron Park to Walsall Town Centre Walk, Cycle and Bus Corridor	0	200	200	0	300	300
Bus, Cycle and Walk Access - Walsall Town Centre Interchange	0	0	0	0	0	0
Black Country Walking and Cycling Package	0	1,333	1,333	0	2,000	2,000
A4123 Walk, Cycle and Bus Corridor	322	533	212	630	800	170
A449 Walk, Cycle and Bus Corridor	304	1,090	786	580	1,635	1,055
Wolverhampton City Centre Movement - Walk, Cycle and Bus Package	0	2,667	2,667	0	4,000	4,000
Sustainable Travel - External	1,853	21,045	19,193	4,170	31,629	27,459
Total Transport Schemes	55,451	127,388	71,937	76,204	161,601	85,397

Variance largely due to local authority business cases process being slower than anticipated - CRSTS Wolverhampton CC Walk, Cycle and Bus Package (£4.0m), Electric Vehicle, Foleshill Transport package and COV South Sustainable transport deferred to next financial year.

£000's	YTD			Full Year			Commentary
	Actual	Budget	Variance	Forecast	Budget	Variance	
UKSPF Communities & Place	6,688	11,216	4,527	11,717	15,169	3,453	The variance is split between the UKSPF scheme (£1.1m) and the City of Wolverhampton Technical Centre (£2.4m). The UKSPF variance is due to a pending payment to one Local Authority, requiring further details. The CoW TC is due to project rephasing of construction costs following hazardous waste material being found on site by the contractor and liability for its removal is to be confirmed. Wolverhampton City Centre is delivering the scheme.
Business Energy Advice Service	0	0	0	1,660	0	(1,660)	This scheme has only been approved latterly in January 2024, and is awaiting the budget being updated in February 2024, hence the budget variance.
Total Economic Delivery, Skills & Communities Schemes	6,688	11,216	4,527	13,377	15,169	1,793	

Total Externally Delivered Schemes	62,139	138,604	76,465	89,581	176,770	87,190
Total Capital Programme	287,510	483,791	196,281	375,753	606,722	230,968

Appendix 6

Compliance with Treasury and Prudential Limits

It is a statutory duty for the Authority to determine and keep under review its affordable borrowing limits. During the *quarter ended* 31st December 2023, the Authority has operated within the treasury and prudential indicators set out in the Authority's Treasury Management Strategy Statement and Capital Strategy for 2023/24. The Executive Director of Finance and Business Hub reports that no difficulties are envisaged for the current or future years in complying with these indicators.

All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

Treasury Management Indicators

£M	Treasury Management Strategy Indicator 2023/24	As at 31.12.2023
Authorised Limit for External Debt¹	1,032	1,032
Operational Boundary for External Debt²	982	982

£M	Budget 2023/24	As at 31.12.2023
Forecast Gross External Debt as at 31.03.2024	598	598
Forecast Investments as at 31.03.2024	375	799
Net Borrowing (Gross External Debt LESS Forecast Investments)³	223	(201)

¹ The **Authorised Limit** is a statutory limit determined under Section 3(1) of the Local Government Act 2003 for English and Welsh authorities. The Authority has no legal power to borrow in excess of the limits set. Revision of this Indicator would need to be approved by a full Board meeting in advance of any external debt taken on in excess of the limit then in force. The Authorised Limit reflects a level of external debt that, whilst not desired, could be afforded by the Authority in the short-term, but which is not sustainable in the longer-term. The Indicators for the Operational Boundary and Gross debt and the CFR will both be set below the level of the Authorised Limit.

² The **Operational Boundary** is the limit beyond which external debt is not normally expected to exceed. Unlike the Authorised Limit, the Operational Boundary is not an absolute limit, but it reflects the Authority's expectations of the level at which external debt would not ordinarily be expected to exceed.

³ **Net Borrowing** - gross external debt less investment balances - is forecast to fall during the year as investment levels have risen as a consequence of capital expenditure slippage from 2022/23.

Maturity Structure of Borrowing: The Authority is required to set gross limits on maturities for the periods shown and covers both fixed and variable rate borrowings. The reason being to try and control the Authority's exposure to large sums falling due for refinancing.

	Upper Limit	Lower limit	Actual
Under 12 months	75%	0%	8%
12 months and within 24 months	50%	0%	2%
24 months and within 5 years	70%	0%	8%
5 years and within 10 years	70%	0%	23%
10 years and above	70%	0%	59%

Principal sums invested for periods longer than a year: The purpose of this indicator is to control WMCA's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end are:

£M	2023/24	2024/25	2025/26
Limit on principal invested longer than a year	25	25	25
Actual	5	5	5

Prudential Indicators

£'000	2023/24 Budget	31.03.2023 Actual	As at 31.12.2023
Capital Expenditure	606,722	347,014	265,200
Capital Financing Requirement (CFR)	840,258	624,191	725,042
Annual Change in CFR	216,017	63,621	100,851
In year borrowing requirement	100,000	65,000	100,000

Ratio of financing costs to net revenue stream ⁴	-1.71%	1.22%	-5.20%
---	--------	-------	--------

⁴ The ratio shows the estimated annual revenue costs of borrowing, less net interest receivable on investments, as a proportion of annual income from constituent members - levy and fees - and central government (net revenue stream). WMCA has a negative budgeted ratio for 2023/24 as interest receivable on investments exceeds interest payable on loans and Minimum Revenue Provision (MRP.)

Appendix 7

WMCA Investment Programme Commitments – December 2023

(£'000)	WMCA IP Commitments	
WMCA Investment Programme Commitment	Approved Commitments	Actual Spend To Dec-23
Coventry UK Central Plus	94,727	94,356
Sprint Programme	47,034	42,425
Rail Programme	63,026	26,746
Metro Programme	227,030	153,035
UK Central Infrastructure Package	35,678	28,876
UK Central HS2 Interchange	57,029	43,182
Subtotal - HS2 Growth Strategy	524,524	388,621
Coventry City Centre South Regeneration	149,954	68,129
Innovation Programme	16,131	15,304
Land Reclamation and Remediation	103,040	80,272
Commonwealth Games 2022	25,000	25,000
Employment, Education & Skills	1,312	1,312
Business and Tourism Project - BATP	2,600	2,538
Coventry Electric Bus City	5,000	623
Regional Recovery & Risks	26,150	16,757
Subtotal - Other IP Schemes	329,187	209,936
Grand Total	853,711	598,557

Appendix 8

WMCA CRSTS Programme Commitments – January 2024

CRSTS COMMITMENTS (£m)		Funding Approved	Spent to Date
WMCA Delivered Schemes	Bus	21.93	1.61
	Digital and Data	7.00	0.60
	LNIP Top Slice	27.33	9.77
	Metro	122.22	53.25
	Rail	26.56	0.15
	Sprint	85.10	37.19
	Sustainable Travel	11.51	1.48
Total WMCA Delivered Schemes		301.65	104.04
Externally Delivered Schemes	Bus	0.50	0.17
	Rail	36.68	7.57
	Sustainable Travel	9.30	2.29
Total Externally Delivered Schemes		46.49	10.03
Grants to LAs	Highways Maintenance	120.40	42.14
	Local Network Improvement Plan	80.18	28.06
Total Grants to Local Authorities		200.58	70.20
CRSTS TOTAL		548.71	184.26

Appendix 9

WMCA Administered Funds – January 2024

Funding Stream	Grant Awarded £'000	Spend to Date £'000	Purpose
Midlands Connect	35,867	32,770	Revenue funding. Midlands Connect researches, develops and progresses transport projects that will benefit the region, its people and its businesses. The overall ambition is to make the Midlands region fairer, greener and stronger for everyone who lives here. <i>Note funding is accumulative since 2017</i>
One Public Estate	1,903	1,011	Revenue funding. Agreed by WMCA Board that WMCA would assume accountable body status for this grant award, which is delivering various projects to secure more from public sector assets through collective action.
Active Travel Fund - Capital	38,950	10,363	Funding awarded to external local authorities for the delivery of an array of capital schemes to support the production of cycling and walking facilities throughout the region.
Active Travel Fund - Revenue	1,157	677	Revenue funding to support the above.
Total	77,877	44,821	

Appendix 10

WMCA Balance Sheet – January 2024

WMCA Balance Sheet as at 31 January 2024			
	31 January 2024	31 December 2023	Movement
	£'000	£'000	£'000
Property, plant and equipment	830,412	816,475	13,938
Intangible assets	828	923	(95)
Investments	83,490	82,999	491
Loan Receivables	16,239	16,239	-
Long-term assets	930,969	916,636	14,333
Short-term debtors	87,245	94,371	(7,126)
Short-term deposits	893,638	879,230	14,408
Cash and bank	2,055	54	2,001
Current assets	982,938	973,655	9,283
Loans - interest due	(4,992)	(4,932)	(60)
Short-term loans	(20,000)	(64,500)	44,500
Short-term creditors/accruals	(140,043)	(129,992)	(10,051)
Current liabilities	(165,035)	(199,424)	34,389
Net current assets	817,903	774,232	43,671
Provisions	(5,522)	(5,504)	(18)
Loans - PWLB	(485,371)	(485,541)	170
Other long-term loans	(110,000)	(110,000)	-
Dudley MBC	(3,670)	(3,670)	-
Grants receipts in advance	(645,083)	(577,327)	(67,756)
Long-term liabilities	(1,249,646)	(1,182,042)	(67,604)
Net assets	499,226	508,825	(9,599)
General fund balance	9,557	14,401	(4,844)
Earmarked reserves	334,369	340,441	(6,072)
Capital receipts reserve	3,994	3,994	-
Usable reserves	347,920	358,836	(10,916)
Revaluation reserve	5,933	5,933	-
Deferred capital grants account	886,719	872,875	13,844
Capital financing account	(737,526)	(724,999)	(12,527)
Financial Instruments Adjustment Account	(2,830)	(2,830)	-
Accumulated absences account	(990)	(990)	-
Unusable reserves	151,306	149,990	1,317
Total reserves	499,226	508,825	(9,599)