



Name of meeting: Investment Board

Meeting date: 22 July 2024

Report title: Update Report: City Region Sustainable
Transport Settlement – Quarter 4 FY 2023-24

Responsible Director: Anne Shaw, Executive Director of Transport for
West Midlands

Report author: Carl Beet, Head of Transport Strategy & Planning

Key Decision? No

Is the ability for the Combined Authority to make a decision internally reliant on Constituent or Non-Constituent Councils making a formal decision first?

Yes No

Public/private report: Public

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- 1. Decision/s Recommended**
 - 1.1 Note the progress made on the CRSTS programme in Q4 of FY23/24
 - 1.2 Approve submission of the FY23/24 annual report to the Department for Transport (DfT).
 - 2. Voting Requirements**
 - 2.1 Not applicable.
 - 3. Executive Summary**
 - 3.1 Update Investment Board on any key events since the previous progress report; Outline the requirements for monitoring & evaluation (M&E) and reporting of the CRSTS programme;
 - 3.2 Update Investment Board on the progress made across the programme to date; and
 - 3.3 Set the context for any investment decisions being made by the Board.

4. Matters for Consideration

Background

- 3.4 The Investment Board was established by the WMCA Board as a key element of the approvals process across the WMCA Investment Programme.
- 3.5 On 10 June 2022, WMCA Board approved extending the role and remit of WMCA Investment Board to cover all WMCA projects (including those within the CRSTS programme), allowing investment decisions to be made for values between £5m and £20m in line with the WMCA Single Assurance Framework.
- 3.6 The Investment Board considered and endorsed an enhanced Terms of Reference at its meeting on 24th July 2020. This set out an enhanced role supporting decision-making, greater post approval controls, performance management and effective delivery of monitoring & evaluation requirements.
- 3.7 The enhanced Terms of Reference included the following:
- To add conditions to any funding decision that falls within its delegated authority. Minimum conditions should specify the availability period, conditions to drawdown of funds, conditions for withdrawal of support and terms of clawback, start date and completion date for the project or programme.
 - Where oversight of monitoring and evaluation applies to the Investment Board, to consider whether a formal review of project or programme is required, and to consider this review itself or instruct the Investment Panel to do so on its behalf.

4. Overview of the CRSTS Programme

- 4.1 The National Infrastructure Strategy committed to investments in local transport networks to improve productivity in our largest cities. The national CRSTS programme aims to deliver transformational change through investments in public and sustainable transport infrastructure in some of England's largest city regions through grant funding of £5.7bn over five years (2022/23 – 2026/27).
- 4.2 The CRSTS funding is aimed at achieving the following objectives:
- 4.3 Driving growth and productivity;
- 4.4 Decarbonising transport; and
- 4.5 Levelling up services and areas
- 4.6 The West Midlands submitted a programme level business case consisting of 50 projects and programmes totalling an investment of over £1bn in transport improvements. This investment includes a government grant of £1.05bn along with £120.1m as a local contribution from WMCA and Local Authorities.
- 4.7 The CRSTS funding consolidates a number of historic funding sources (including highways maintenance) and provides a very welcome five-year planning and resourcing horizon.

5. CRSTS Rebase and Historic Change Control Applications to DfT

- 6.1 As noted in the Q2 FY23-24 update, approval of the inclusion of Rail Packages 1&2 into the programme was received on 22nd November 2023. Approval of the inclusion of Dudley Interchange into the programme was received on 5th May 2023.
- 6.2 DfT approved the re-based CRSTS programme, which was submitted in early October 2023, on 15th March 2024. A further change control submission to DfT may be needed depending on the outcome of the TfWM Capital Programme Pressures report due to be discussed at WMCA Board on 19th July 2024.

7. Monitoring & Evaluation and Reporting Requirements

- 7.1 In addition to it being good practice to regularly monitor programme performance, part of the funding conditions associated with the CRSTS allocation is that West Midlands Combined Authority, acting as the accountable body, is required to undertake M&E of the West Midlands programme.
- 7.2 WMCA submitted the Q4 FY23-24 update to DfT in May 2024.
- 7.3 The quarterly update requires in-depth information on the programme covering aspects such as:
- Overall progress summary (at programme level);
 - Delivery confidence assessment (at project and programme level);
 - Programme level expenditure by funding source and financial quarter (both forecast and outturn);
 - Details of local contributions achieved, by source;
 - Details of project / programme change control requests and decisions;
 - Progress against key milestones for each project;
 - Key risks (at project and programme level); and
 - Progress against outputs delivery and outcomes.
- 7.4 The level of detail requested by DfT for monitoring purposes for CRSTS is much more expansive than any recent funding streams and will require significant levels of engagement with, and information from, project teams.
- 7.5 DfT had recently issued a set of Terms and Conditions for CRSTS, and a formal Memorandum of Understanding had been issued for the WMCA S151 officer to sign and agree. This emphasised a number of key points including WMCA accountability for scheme costs incurred which are outside CRSTS funding allocations and the potential for CRSTS funding to be reduced if delivery is considered to be below required standards. This has been signed and agreed. A specific output required by Department for Transport is an annual report outlining progress and specific milestones of the programme. This report presents a summary of the progress achieved during 2023/24, and a draft version of the annual report has been attached as Appendix 2 of this report for approval by Investment Board for submission to DfT.

8. CRSTS Q4 FY23-24 Progress Update A summary of the current capital Q4 FY23-24 position and forecast position is outlined below:

Programme Progress

- 4 (Sub-)Programme Business Case has been approved;
- 14 Strategic Outline Cases have been approved;
- 4 Outline Business Cases have been approved;
- 10 Full Business Cases / Business Justification Cases have been approved;
- 11 projects / programmes have reached delivery stage;
- £565.38m of CRSTS funding has been approved as at 31st March 2024; and
- £210.69m of expenditure incurred funded from the £1.05bn West Midlands CRSTS capital settlement as at 31st March 2024.

Programme progress highlights

- 8.1 The funding approved from the £1.050bn West Midlands CRSTS programme totals £565.38m as at 31st March 2024. It should be noted that WMCA are required to maintain a 'soft contingency' of £100.00m of unapproved funding until the end of Year 3 of the programme, being 31st March 2025.
- 8.2 In addition to this, a "CRSTS stock take" is to be undertaken once cumulative commitments total £900m (as approved at WMCA Board on 15th September 2023).

Key risks

- 8.3 In the 2023/24 Q4 templates, scheme promoters were asked to identify their top risks and assign a category to each risk. The breakdown of risks across the programme, by type, is given in Appendix 1.
- 8.4 The most common types of risk across the programme are budget risks (19%), followed by schedule risks (18%) and operational risks (11%)
- 8.5 Key programme risks are summarised in the list below:
- Inflationary pressure may result in cost overruns or the need to reduce the scope of some projects or the overall programme.
 - Public objection to projects which reallocate road space or prioritise bus and active travel over cars
 - Over half of projects are currently reported to finish delivery in the final year of the programme
 - Potential for problems with supply chain and simultaneous disruption on the network.
- 8.6 The reporting of projects as currently planned to deliver relatively late in the programme is due to the relatively early stage of development of many of the projects. Many projects have been dependent on the CRSTS funding programme commencing in order to be able to access capital development funding. It is therefore expected that the currently reported delivery profile will evolve. Work will be undertaken with scheme promoters to identify how schemes can be accelerated and the risk of delays mitigated.
- 8.7 Whilst the actual spend to date is strong and stands at c.£210.69m as at Q4 FY-24, it

is less than the envisaged spend at this point based on the baseline for the CRSTS programme set at January 2023. In most cases, this is not currently considered unreasonable, especially given the circa 3-month delay during Year 1 allowing for the final funding programme business case approval by DfT and the release of funding. However, moving forward, increasing the delivery pace by all scheme promoters and work to bring forward activity and reduce the back-ended nature of the programme will be crucial to reduce the risk of CRSTS1 funding profiles being amended by the DfT.

- 8.8 WMCA are currently forecasting expenditure to occur after the end of the current CRSTS settlement period in respect of CRSTS Data Scheme Support and Monitoring.. The Department for Transport have provided written confirmation that they are content for this expenditure to occur beyond March 2027 because the monitoring and evaluation is required to take place for the five years beyond the delivery period.
- 8.9 Other than the above scheme, no other expenditure is presently forecast after the end of the current CRSTS settlement period, but WMCA remain in regular dialogue with DfT and project sponsors in respect of this risk.

Local Contribution

- 8.10 As a condition of the CRSTS funding, the West Midlands programme business case was required to demonstrate a commitment to provide match funding, derived from local sources, towards the programme.
- 8.11 The level of match funding expected to be required is c. £120m, representing approximately 15% of the region's CRSTS settlement (after the deduction of Highways Maintenance and Local Network Improvement Plan elements). It is important to secure the total amount of local contribution agreed over the five-year period to meet DfT funding terms and conditions. Promoters should be actively seeking contributions, in particular from the private sector, wherever possible.
- 8.12 The outturn local contribution is a metric that the Department for Transport are asking WMCA to report on. To date c. £15.92m of local contributions have been secured, though this could be amended in the future and is subject to potential re-financing.
- 8.13 As a result of the CRSTS re-base, the composition of the CRSTS local contribution is under review. There are numerous opportunities being explored across the region to help meet this target.
- 8.14 A summary of the above information has been compiled into a draft final year report which is attached as Appendix 2. Investment Board is asked to review this document and approve its submission to Department for Transport and for a version to be edited and turned into a public facing report available via the TfWM website.

9. What options have been considered and what is the evidence telling us about them?

- 9.1 Not applicable.

10. Reasons for recommending preferred option

10.1 Not applicable.

11. Implications and Considerations

Priority:	Contribution:
Delivery of Strategic Transport Plan	N/A – This report provides an update on the status of the overarching WMCA CRSTS Programme, which contains an array of different capital projects selected to support the WMCA's key priorities.
Promote inclusive economic growth in every corner of the region	N/A – This report provides an update on the status of the overarching WMCA CRSTS Programme, which contains an array of different capital projects selected to support the WMCA's key priorities.
Ensure everyone has the opportunity to benefit	N/A – This report provides an update on the status of the overarching WMCA CRSTS Programme, which contains an array of different capital projects selected to support the WMCA's key priorities.
Connect our communities by delivering transport and unlocking housing and regeneration schemes	N/A – This report provides an update on the status of the overarching WMCA CRSTS Programme, which contains an array of different capital projects selected to support the WMCA's key priorities.
Reduce carbon emissions to net zero and enhance the environment	N/A – This report provides an update on the status of the overarching WMCA CRSTS Programme, which contains an array of different capital projects selected to support the WMCA's key priorities.
Secure new powers and resources from central government	N/A – This report provides an update on the status of the overarching WMCA CRSTS Programme, which contains an array of different capital projects selected to support the WMCA's key priorities.
Develop our organisation and our role as a good regional partner	N/A – This report provides an update on the status of the overarching WMCA CRSTS Programme, which contains an array of different capital projects selected to support the WMCA's key priorities.

12. Internal Consultation and Scrutiny:

12.1 Executive Directors and Deputy Section 151 officer have been consulted prior to the clearance of this report.

13. External Consultation and Scrutiny:

13.1 Ongoing consultation with key directors and officers of constituent member authorities.

14. Financial implications:

14.1 There are no direct financial implications as a result of the recommendations within this report.

14.2 The report outlines the baseline CRSTS1 resources of £1.050bn and the current commitments of £1.226bn (inclusive of approved over-programming) against those resources. WMCA Board agreed in June 2023 the principle of over-programming against CRSTS1, with CRSTS2 resources being used to fund the over-programmed value once these are received.

14.3 Whilst government agreed to provide additional resources to WMCA under the Network North announcement, some of which will be received prior to March 2027 (being the end date for CRSTS1), these resources are earmarked for specific purposes (Wednesbury to Brierley Hill Metro and Arden Cross).

14.4 Any unallocated CRSTS2 resources will be deployed in line with arrangements used to deploy the single settlement with appropriate input from Local Authority stakeholders and approvals being sought by WMCA Board.

15. Legal implications:

15.1 There are no legal implications as a result of the recommendations within this report.

16. Single Assurance Framework implications:

16.1 The Single Assurance Framework implication of this report are set out at Section 4, within the 'Monitoring & Evaluation and Reporting Requirements' subsection.

17. Risk implications, including Risk Appetite:

17.1 Key risks in respect of compliance with the requirements of Central Government are set out at Section 4.

17.2 The delivery of projects within the CRSTS Programme is subject to an array of macro and local economic risks. However, funding awarded from the Investment Programme is capped, and project sponsors are required to manage and mitigate any gross cost escalations.

17.1 17.3 It is not anticipated at this time that the UK national General Election result of 4th July 2024 will have a material impact on the delivery of the CRSTS Programme. However, any changes to this expectation will be reported as appropriate to WMCA Investment Board.

18. Procurement Implications:

18.1 18.1 There are no procurement implications arising from this report.

19. Equality implications:

19.1 19.1 There are no equalities implications arising from this report.

20. Inclusive Growth Implications:

20.1 20.1 There are no direct implications to the West Midlands Inclusive Growth fundamentals arising from this report.

21. Local Authority Impact:

21.1 There are no direct implications on either constituent member local authorities or non-constituent local authority members arising from this report.

22. List of appendices referred to:

22.1 Appendix 1 – CRSTS Reporting Charts

22.2 Appendix 2 – Draft FY23/24 Annual Report

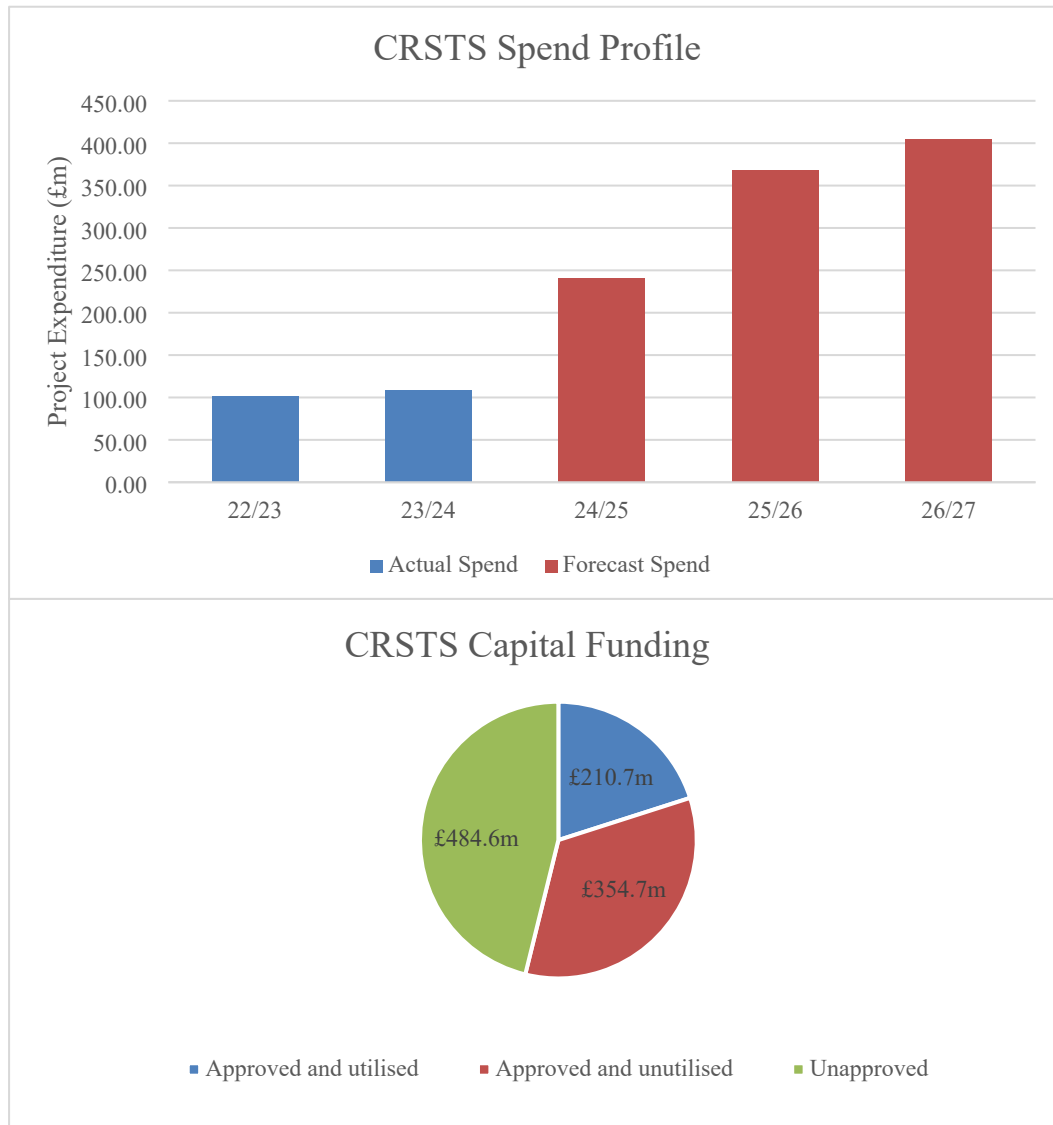
23. Background papers used to compile this report:

23.1 Not applicable

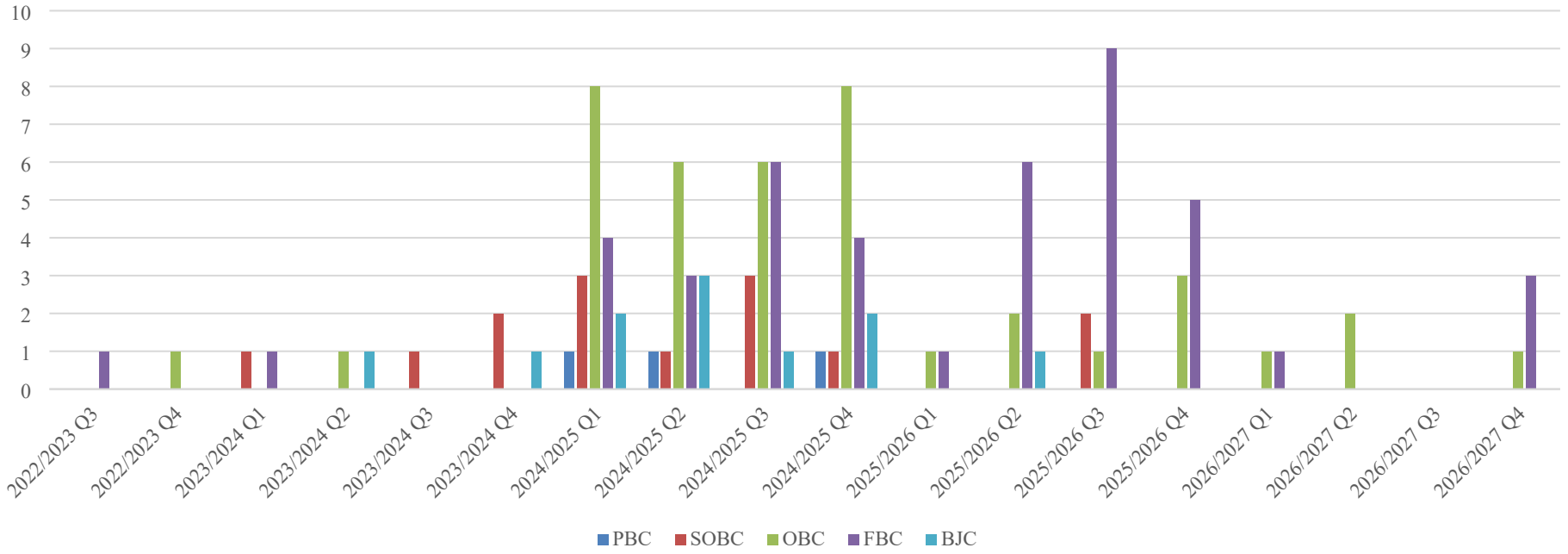
24. List of Other Relevant Documents

24.1 Not applicable

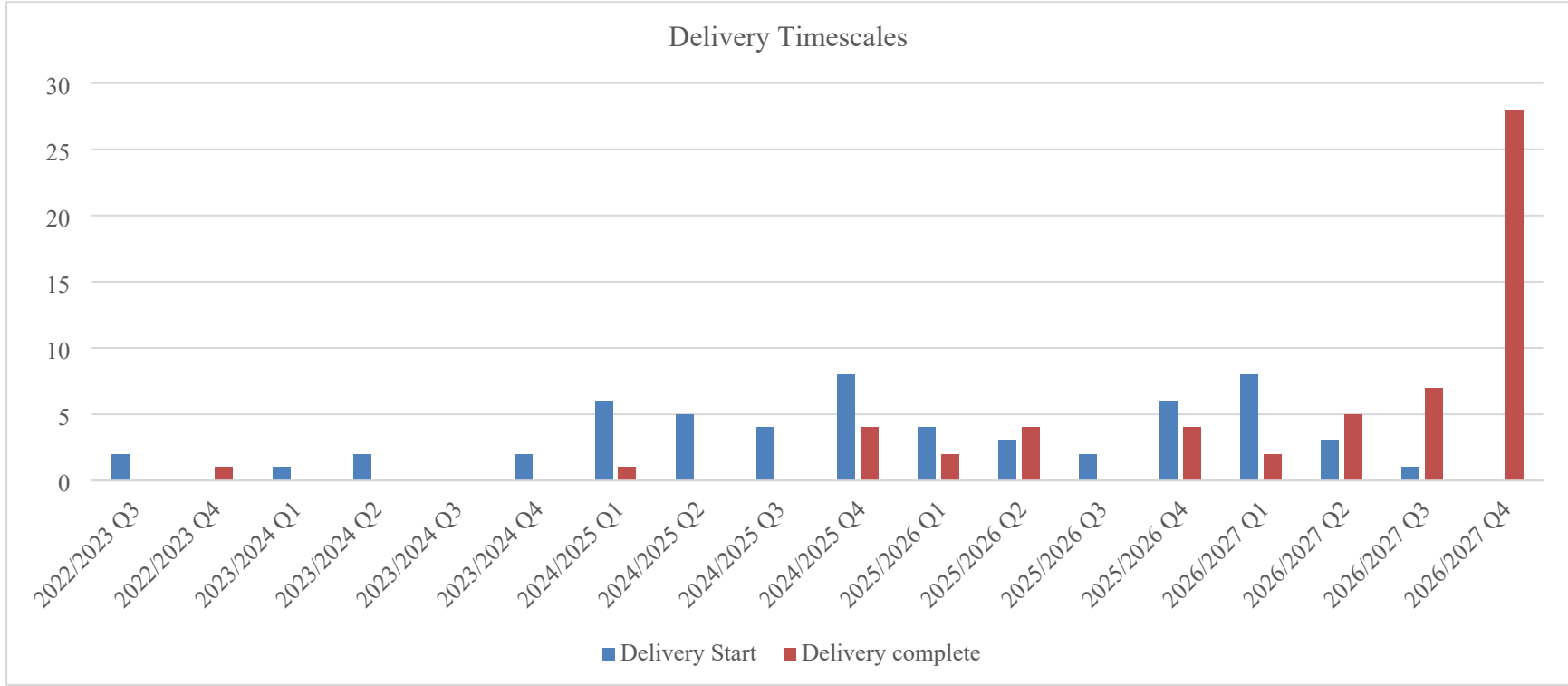
APPENDIX 1: CRSTS Reporting Charts



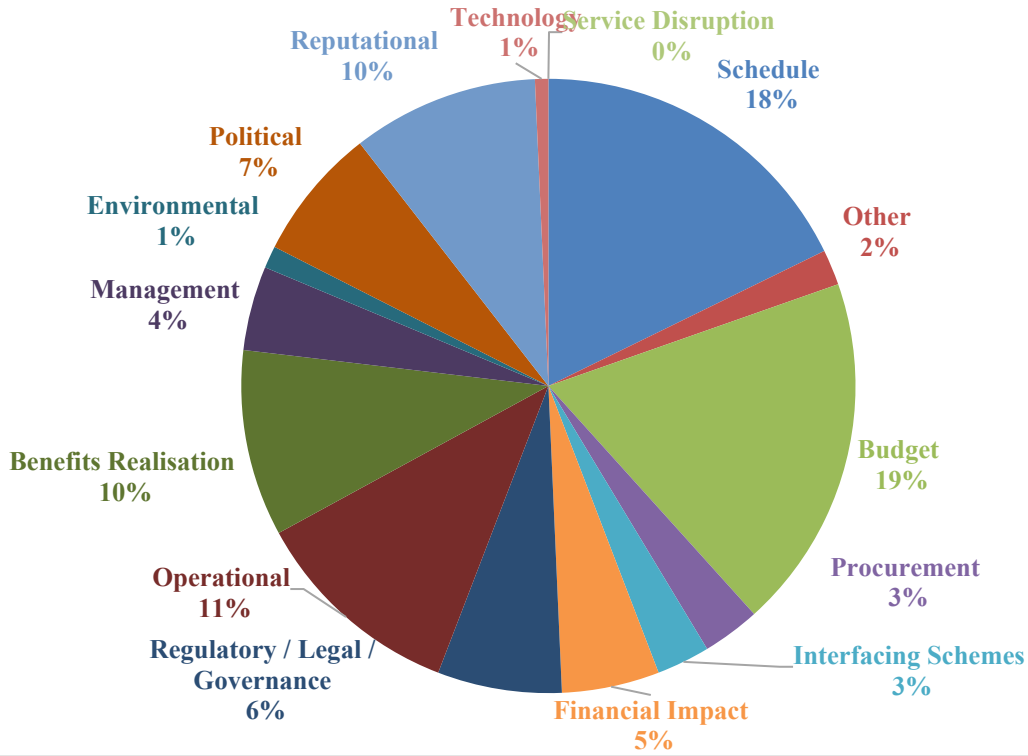
Development Timescales



Delivery Timescales



PROGRAMME RISKS



Programme RAG Status

