



## WMCA Board

<b>Date</b>	14 September 2018
<b>Report title</b>	Financial Monitoring Report 2018/19
<b>Portfolio Lead</b>	Councillor Bob Sleight - Finance & Investments
<b>Accountable Chief Executive</b>	Deborah Cadman, West Midlands Combined Authority email: <a href="mailto:deborah.cadman@wmca.org.uk">deborah.cadman@wmca.org.uk</a> tel: (0121) 214 7552
<b>Accountable Employee</b>	Sean Pearce, Director of Finance email: <a href="mailto:sean.pearce@wmca.org.uk">sean.pearce@wmca.org.uk</a> tel: (0121) 214 7936
<b>Report to be / has been considered by</b>	Programme Board - 31 August 2018

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

**The WMCA Board is recommended to:**

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

## **1.0 Purpose**

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

## **2.0 Financial Monitoring**

- 2.1 A summary of the revenue and capital financial positions against the approved budget are attached at appendices 1-5. A summary of the Investment Programme along with current commitments is included in appendices 6 and 7 and the balance sheet position in appendix 8.
- 2.2 Appendix 1 shows the overall consolidated revenue position for the West Midlands Combined Authority. The full year position at the end of July shows a £0.916m favourable variance from budget largely owing to favourable variances within the Transport and Operational budgets as a result of planned activity being rescheduled. Further details are provided in sections 3 and 4 below.
- 2.3 This is the first full year reforecast following June quarter end which shows a marginal overall overspend of £0.1m mainly arising from the operational budget in appendix 3.

## **3.0 Transport**

- 3.1 Appendix 2 sets out the position on the Transport Revenue Budget as at the end of July 2018, showing a favourable variance of £0.498m against budget to date. The full year forecast position shows an overall saving of £0.041m.
- 3.2 The year to date position shows that expenditure on travel concessions is £0.466m under budget and the FY position shows savings of £1.708m due to lower bus patronage than budgeted. The majority of these savings will be used to fund the income foregone as a result of the departure charge and roadside information holiday commencing from 1<sup>st</sup> Oct 2018 within bus services. The timing of planned Bus Services monitoring activity has led to a favourable variance of £0.114m year to date, however the full year position is expected to be in line with budget. Higher than anticipated ticketing commission coupled with the planned timing of Passenger Information activity have led to a favourable variance of £0.116m to date. Investment income is in line with budget.
- 3.3 Other movements in the full year position relate to Business support where temporary staff are being bought in to cover vacant posts and across various infrastructure budgets where upwards cost pressures have been reflected.
- 3.4 Further details are set out in appendix 2.

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

- 4.1 Appendix 3 sets out the position on the West Midlands Combined Authority Operational budget as at the end of July 2018.
- 4.2 There is a favourable year to date variance of £0.418m which is primarily as a result of changes in the planned timing of operational activities across the portfolios. The full year position shows an adverse variance from budget of £0.138m following the reforecast largely associated with the Environmental and Economic Growth portfolio where additional support is required.

- 4.3 There is a favourable year to date variance within the Housing and Land Portfolio of £0.207m, primarily reflecting the ongoing recruitment to a number of newly established posts.
- 4.4 There is also a favourable variance within the Health and Wellbeing of £0.190m, again, primarily owing to vacancies that are currently being recruited to and the timing of activity.
- 4.5 Corporate support has a favourable variance of £0.157m partly due to the timing of Communications activity that is anticipated to take place later in the year and partly due to vacant posts that have not yet been recruited to.
- 4.6 There is a favourable variance against the Productivity and Skills budget of £0.229m, largely due to scheduling of activity within the commission budget and the delivery of construction skills training.
- 4.7 Offsetting these variances is an adverse variance within Economic Growth which has occurred due to additional consultancy support, required across the Industrial Strategy and Office of Data Analytics budgets between July and March 2019. This has been reflected in the full year forecast along with costs associated with the new Environmental portfolio relating to management of delivery and air quality.

## **5.0 Mayor's Office**

- 5.1 Appendix 4 details the Mayor's Office spend, which shows a favourable year to date variance of £0.046m, largely owing to vacancies within the Mayor's team that will be recruited to later in the year. The forecast remains unchanged.

## **6.0 Funding and Priorities**

- 6.1 The first reforecast of full year outturn has taken place during July.
- 6.2 WMCA's overall favourable year to date variance of £0.916m primarily comprises £0.498m relating to Transport Delivery and £0.418m in respect of the Operational Budget. As the variation on Transport Delivery is primarily a result of planned activities that will take place later in the year, it is currently anticipated that Transport Delivery will outturn in line with the annual budget and within the Operational budget an overspend of £0.138m is forecast, relating to consultancy support within Economic Growth and Environmental portfolio.
- 6.3 Formal approval of a 2% pay award for 2018/19 is still pending. Revenue budgets currently reflect a 1% award with a further 1% adjustment to be processed once the award has been finalised. The impact across all WMCA budgets is c£0.270m.

## **7.0 Transport Delivery Capital Programme**

- 7.1 Appendix 5 sets out the position on the Capital Programme as at the end of July 2018. Overall there is a favourable variance of £15.4m against budget. This is primarily contained within the TfWM Investment Programme (£14.8m) and predominantly relates to Metro extension schemes.

- 7.2 There is a favourable variance on the Edgbaston Metro Extension scheme of £3.7m as statutory traffic orders relating to complementary highway works are now anticipated to be obtained until later in the year. The favourable variance on the Wolverhampton City Centre Metro Extension scheme (£2.8m) reflects re-profiling of detailed design works, and the purchase of the NCP Car Park (£0.8m) that will now conclude later in the year. The Metro East Birmingham to Solihull Metro Extension (£2.3m) reflects the ongoing completion of surveys and modelling works. In addition the Wednesbury to Brierley Hill Metro Extension (£2.0m) reflects ongoing investigation work on retaining walls and structures. The Metro Centenary Square Extension (£1.8m) is below budget due to lower construction costs arising from re-profiled utility and design works. To compensate, the closure of Paradise Circus from September will facilitate the acceleration of construction costs bringing forward the completion date of the project next year.
- 7.3 The Minor Works programme shows a favourable variance of £0.3m to budget, primarily due to the Managing Short Trips Programme (£0.4m), where work has commenced in July on the 2018/19 Schemes following minor rescheduling of 2017/18 Schemes.
- 7.4 Other Programmes are broadly in line with budget.
- 7.5 The annual forecast shows a £32.8m favourable movement against budget, reflecting a reduction during July of £13.9m, primarily relating to the Wednesbury to Brierley Hill Metro Extension scheme (£12.0m). The overall variance of £22.0m is predominantly relating to a re-profiling of survey and site investigation work on retaining wall and structures impacting on preliminary design progress. In addition a Network Rail corridor acquisition has been rescheduled to December 2018.
- 7.6 In addition there is a favourable variance against the Edgbaston Metro Extension (£5.3m) primarily as a result of the ongoing complementary highway works as well as works to the canal bridge where a change in the delivery solution has been agreed. The Birmingham Eastside Metro Extension (£2.5m) also reflects a reduction owing to the re-phasing of utility works from September 2018 to March 2019. The East Birmingham to Solihull Metro Extension (£2.0m) reflects a reduction owing to ongoing surveys.
- 7.7 For both the Edgbaston and Brierley Hill Metro extensions, the forecast changes represent re-profiling of commitments and have no adverse impact on the timescales for overall delivery.
- 7.8 Within the minor works Programme (£0.6m), there is an adverse forecast movement owing to development costs being underwritten by TfWM on the University Station project. This is a high priority scheme with a vision to deliver a new station by December 2021, in advance of the Commonwealth Games. The outline business case has been submitted to Greater Birmingham & Solihull LEP (GBSLEP) in July 2018 to seek initial funding of £2m, with further submissions planned to secure up to £10m. As the development spend against this scheme is subject to a funding bid with GBS LEP the cash-flow requirement is being financed by WMCA in advance of the funding decision (which is expected to be positive) to ensure development of the project can be advanced. Should the decision not be positive, WMCA would identify budget from flexibilities in future year grants to meet the development costs.
- 7.9 Minor variances against forecast are reflected in other programmes. Further details are set out in appendix 5.

## **8.0 Investment Programme**

8.1 The financial results for the Investment Programme run one month behind the regular management accounts due to the requirement to consolidate outputs across the Metropolitan area. The June results are shown in Appendix 6.

8.2 The year-to-date spend to June 2018 is £19m behind budget although for the full year the programmes are forecast to be broadly in line with the £295m budget.

8.3 The reported Investment Programme budget for the programme life now reflects the recent re-basing exercise. Significant changes compared with the programme budgets reported during 2017/18 are outlined below:

- £415m reduction: UK Central Interchange, following changes agreed during 2017/2018 to remove elements of cost and funding from the programme.
- £629m increase: UK Central Infrastructure in relation to the significant uplift in value funded by the private sector, consistent with Strategic Outline Business Case 2.
- £32m increase: Coventry UK Central Plus in relation to the addition of scope to be funded from the Housing Innovation Fund for Kings Hill.
- £32m reduction: For Wolverhampton Interchange following the agreement between WMCA and City of Wolverhampton Council to meet the cost pressure associated with the scheme.
- £2m reduction: Representing a minor amendment consistent with the 2018/19 returns from Coventry City Council.

8.4 The direct WMCA funding into the above programmes is not affected by these amendments to the project totals.

8.5 The financial summary continues to highlight increased spend against the Wednesbury to Brierley Hill and Birmingham to Solihull Interchange Metro extensions. An exercise is ongoing via the Metro Delivery Board to review and verify the costs to completion for the Metro Programme and the results will be reported in due course.

8.6 The cost to completion against UK Central Interchange remain red status due to the funding gap of c.£205m relating to the Birmingham International Station redevelopment project. Funding sources are being progressed by Solihull MBC/Urban Growth Company.

8.7 Appendix 7 details the commitments made against the Investment Programme which totalled £474m to the end of July 2018.

## **9.0 Balance Sheet**

9.1 Appendix 8 presents the West Midlands Combined Authority Balance Sheet which shows a healthy financial position at the end of July 2018. Main changes reflect Transport for West Midlands capital spend and work-in-progress mainly funded by grants in advance, resulting in the increase in long-term assets.

9.2 The decrease in debtors is largely due to downward revision of accrued grant income from LGF in respect of the Metro Birmingham Eastside extension scheme and settlement receipt from Altram following handover of the Midland Metro network. In contrast, the increase in short term creditors/accruals resulted from the upward revision of the capital accrual for the Metro extension schemes offset by reduced ticketing operator creditor.

9.3 The net decrease in long-term liabilities was the result of PWLB principal loan repayment and funding receipt from DfT for the Metro Edgbaston extension scheme.

## **10.0 Legal implications**

10.1 There are no legal implications.

## **11.0 Equalities implications**

11.1 There are no equalities implications.

## **12.0 Appendices**

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

## Appendix 1

### WMCA Consolidated Summary – July 2018

	July 2018 YEAR TO DATE			FULL YEAR 2018/19		
	ACTUAL £'000	BUDGET £'000	VARIANCE £'000	FORECAST £'000	BUDGET £'000	VARIANCE £'000
<b>INCOME</b>						
General (un-ringfenced) resources:						
1 - Transport Levy	38,240	38,240	0	114,720	114,720	0
2 - Devolution Deal grant (IP)	36,500	36,500	0	36,500	36,500	0
3 - Devolution Deal grants - other	488	834	(346)	5,589	6,116	(527)
4 - Adult Education Funding	43	67	(24)	509	200	309
5 - Business rates growth	1,500	1,500	0	4,500	4,500	0
6 - Grants from Constituent members	1,548	1,548	0	4,644	4,644	0
7 - Grants from Non Constituent members	142	142	0	425	425	0
8 - Investment Income	298	164	134	560	494	66
9 - Use of Reserves	257	313	(56)	1,767	1,767	0
<b>Total income</b>	<b>79,016</b>	<b>79,308</b>	<b>(292)</b>	<b>169,214</b>	<b>169,366</b>	<b>(152)</b>
<b>EXPENDITURE</b>						
Operating expenditure:						
10 - Transport delivery	37,766	38,264	498	115,680	115,721	41
11 - Operational budget	2,045	2,844	799	11,743	11,822	79
12 - Investment Programme Governance	596	1,553	957	2,549	4,659	2,110
13 - Mayoral Office	232	277	45	823	823	0
14 - Financing Costs	37,538	36,447	(1,091)	38,475	36,341	(2,134)
<b>Total expenditure</b>	<b>78,177</b>	<b>79,385</b>	<b>1,208</b>	<b>169,270</b>	<b>169,366</b>	<b>96</b>
<b>Net</b>	<b>839</b>	<b>(77)</b>	<b>916</b>	<b>(56)</b>	<b>0</b>	<b>(56)</b>

The year to date position at the end of July shows a favourable variance of £0.916m against budget. This is largely due to the timing of recruitment and activity within the Transport Delivery and Operational budgets, where there are net favourable variances of £0.498m and £0.418m respectively.

The transport position shows a favourable movement in the full year position reflecting the expected increase in activity as we move through the year.

Operational budget activity (11) is now gathering pace with recruitment to several posts now underway and consultancy support being commissioned. The latest full year position reflects a £0.138m over spend due to increased activity within the economic growth and environment portfolio, along with a significant increase in planned activity and establishment to the end of the year.

Within the Investment Programme (12) there is a favourable variance against planned expenditure of £0.477m owing to planning borrowing not being necessary due to higher cash balances than anticipated. This has also resulted in investment income being higher than anticipated by £0.133m (8). These favourable variances have resulted in a higher than budgeted transfer into the Investment Programme and risk reserves (14).

Appendix 2

Transport for West Midlands 2018-19 year to date revenue position – July 18

	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
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As at the end of July there is a £0.498m favourable position in-year with a minor favourable position of £0.041m forecast for the full year. Headline explanations for the variances are set out below.

TRANSPORT FOR WEST MIDLANDS

<b>INCOME</b>								
Transport Levy	38,240	38,240	( )	0%	114,720	114,720	0%	
<b>TOTAL INCOME</b>	<b>38,240</b>	<b>38,240</b>	<b>( )</b>	<b>0%</b>	<b>114,720</b>	<b>114,720</b>	<b>0%</b>	
<b>EXPENDITURE</b>								
<b>Concessions</b>								
National Bus Concession	16,934	17,400	466	3%	50,537	52,244	1,708	3%
Metro / Rail	1,511	1,511		0%	4,541	4,542		0%
Child Concession	3,288	3,289	2	0%	9,541	9,552	10	0%
<b>Bus Services</b>	<b>21,732</b>	<b>22,200</b>	<b>468</b>		<b>64,619</b>	<b>66,338</b>	<b>1,718</b>	
Bus Stations / Infrastructure	1,629	1,229	(400)	33%	4,958	3,510	(1,448)	41%
Subsidised Network	2,759	2,803	44	2%	8,498	8,498	( )	0%
Tendering / Monitoring	162	229	67	29%	686	683	(4)	1%
Accessible Transport	2,416	2,419	3	0%	7,259	7,261	2	0%
<b>Rail and Metro Services</b>	<b>6,966</b>	<b>6,680</b>	<b>(286)</b>		<b>21,401</b>	<b>19,952</b>	<b>(1,449)</b>	
Metro Services	450	504	53	11%	1,546	1,560	15	1%
Rail Services	692	679	(12)	2%	2,317	2,253	(64)	3%
<b>Integration</b>	<b>1,142</b>	<b>1,183</b>	<b>41</b>		<b>3,863</b>	<b>3,814</b>	<b>(49)</b>	
Safety and Security	198	193	(5)	3%	647	614	(33)	5%
Passenger Information	1,540	1,656	116	7%	5,222	5,195	(27)	1%
Sustainable Travel	60	82	22	27%	255	253	(2)	1%
<b>Network Resilience</b>	<b>1,798</b>	<b>1,931</b>	<b>133</b>		<b>6,124</b>	<b>6,063</b>	<b>(61)</b>	
<b>Business Support Costs</b>	<b>230</b>	<b>267</b>	<b>37</b>	<b>14%</b>	<b>829</b>	<b>831</b>	<b>2</b>	<b>0%</b>
<b>Strategic Development</b>	<b>1,068</b>	<b>1,045</b>	<b>(23)</b>	<b>2%</b>	<b>3,395</b>	<b>3,285</b>	<b>(110)</b>	<b>3%</b>
<b>Elected Members</b>	<b>671</b>	<b>727</b>	<b>55</b>	<b>8%</b>	<b>2,250</b>	<b>2,240</b>	<b>(11)</b>	<b>0%</b>
<b>Capital Finance Charges</b>	<b>84</b>	<b>88</b>	<b>4</b>	<b>4%</b>	<b>271</b>	<b>271</b>	<b>( )</b>	<b>0%</b>
<b>TOTAL EXPENDITURE</b>	<b>37,767</b>	<b>38,265</b>	<b>498</b>	<b>1%</b>	<b>114,680</b>	<b>114,721</b>	<b>41</b>	<b>0%</b>
<b>NET</b>	<b>473</b>	<b>(25)</b>	<b>498</b>	<b>1089%</b>	<b>40</b>	<b>(1)</b>	<b>41</b>	<b>3537%</b>

Full year forecast savings due to lower patronage than budgeted with Bus concessionary patronage continuing to reduce across operators. The majority of the saving will be used to fund the income foregone as a result of the 12 month Departure charge and Roadside Information holiday commencing from 1 October 2018.

Full year adverse variance forecast due to the income foregone as a result of the agreed introduction of the 12 month Departure charge and Roadside Information holiday commencing from 1 October 2018. The income foregone from this will be funded from savings on Concessions.

In year favourable variance due to phasing on Subsidised Bus survey costs with planned activity reprofiled.

Favourable due to phasing of monitoring activity with less activity taking place year to date than anticipated in the budget profile. Minor variance forecast for full year.

Favourable year to date position and full year saving due to Metro Concessions contract performance deduction.

Adverse variance due to a number of costs pressures seen on Rates, rents, cleaning and CCTV works.

In-year reflects phasing of expenditure compared to budgeted profile and favourable Ticketing Commission income year to date. A minor full year adverse variance is forecast.

In-year adverse and full year adverse forecast variance mostly due to interim resource brought in to cover vacancies and staff turnover in the short term and a lower recovery against the 16 Summer Lane building income target

In-year favourable positions reflects some phasing on External Advice activity, with a minor adverse forecast projected for full year

Favourable in-year position reflects the timing of treasury activity.



Appendix 3

West Midlands Combined Authority Operational Budget - July 2018

FINANCIAL SUMMARY AS AT JULY 2018	JULY 2018 YEAR TO DATE			FULL YEAR 2018/19		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Contribution - 7 Met Council's	1,548	1,548	0	4,644	4,644	0
Non-Constituent Members	125	125	0	375	375	0
Associate Members / Official Observers	17	17	0	50	50	0
Investment Income	164	164	0	494	494	0
<b>Total Income</b>	<b>1,854</b>	<b>1,854</b>	<b>0</b>	<b>5,563</b>	<b>5,563</b>	<b>0</b>
<b>Economic Growth</b>						
Mayoral Capacity Funding	114	183	(69)	388	388	0
Devo Office of Data Analytics	44	49	(5)	279	200	79
<b>Total Income</b>	<b>158</b>	<b>232</b>	<b>(74)</b>	<b>667</b>	<b>588</b>	<b>79</b>
Culture and Tourism Commission	0	0	0	(60)	(60)	0
Funding for Growth	(258)	(293)	35	(785)	(880)	95
Office of Data Analytics	(44)	(50)	6	(279)	(201)	(78)
Black Country Economic Intelligence Unit	(68)	(80)	12	(240)	(240)	0
Industrial Strategy	(149)	(123)	(26)	(468)	(308)	(160)
Environment	(4)	0	(4)	(90)	0	(90)
<b>Total Expenditure</b>	<b>(523)</b>	<b>(546)</b>	<b>23</b>	<b>(1,922)</b>	<b>(1,689)</b>	<b>(233)</b>
<b>Economic Growth Net Total</b>	<b>(365)</b>	<b>(314)</b>	<b>(51)</b>	<b>(1,255)</b>	<b>(1,101)</b>	<b>(154)</b>
<b>Public Services Reform</b>						
Revenue Contributions to / from Third Parties	(3)	33	(36)	100	100	0
Mayoral Capacity Funding	11	33	(22)	100	100	0
<b>Total Income</b>	<b>8</b>	<b>66</b>	<b>(58)</b>	<b>200</b>	<b>200</b>	<b>0</b>
Public Sector Reform	(152)	(163)	11	(490)	(490)	0
Inclusive growth	(11)	(67)	56	(200)	(200)	0
WM Fire Service Transition	(3)	0	(3)	0	0	0
<b>Total Expenditure</b>	<b>(166)</b>	<b>(230)</b>	<b>64</b>	<b>(690)</b>	<b>(690)</b>	<b>0</b>
<b>Public Service Reform Net Total</b>	<b>(158)</b>	<b>(164)</b>	<b>6</b>	<b>(490)</b>	<b>(490)</b>	<b>0</b>
<b>Health &amp; Wellbeing</b>						
Revenue Contributions to / from Third Parties	29	0	29	33	0	33
<b>Total Income</b>	<b>29</b>	<b>0</b>	<b>29</b>	<b>33</b>	<b>0</b>	<b>33</b>
Mental Health Commission	0	(145)	145	(435)	(435)	0
Well Being	(60)	(76)	16	(275)	(242)	(33)
<b>Total Expenditure</b>	<b>(60)</b>	<b>(221)</b>	<b>161</b>	<b>(710)</b>	<b>(677)</b>	<b>(33)</b>
<b>Health &amp; Wellbeing Net Total</b>	<b>(31)</b>	<b>(221)</b>	<b>190</b>	<b>(677)</b>	<b>(677)</b>	<b>0</b>
<b>Housing &amp; Land</b>						
Devolution Housing & Land	75	277	(202)	732	1,000	(268)
<b>Total Income</b>	<b>75</b>	<b>277</b>	<b>(202)</b>	<b>732</b>	<b>1,000</b>	<b>(268)</b>
WMCA Governance 2015/16	0	0	0	0	0	0
Housing and Land Commission	(121)	(328)	207	(872)	(1,150)	278
<b>Total Expenditure</b>	<b>(121)</b>	<b>(328)</b>	<b>207</b>	<b>(872)</b>	<b>(1,150)</b>	<b>278</b>
<b>Housing &amp; Land Net Total</b>	<b>(46)</b>	<b>(51)</b>	<b>5</b>	<b>(140)</b>	<b>(150)</b>	<b>10</b>
<b>Skills &amp; Productivity</b>						
Devolution Productivity & Skills	113	246	(133)	3,346	3,770	(424)
Adult Education Funding	43	67	(24)	509	200	309
<b>Total Income</b>	<b>156</b>	<b>313</b>	<b>(157)</b>	<b>3,855</b>	<b>3,970</b>	<b>(115)</b>
Productivity and Skills Commission	(184)	(265)	81	(464)	(464)	0
Employment Support Pilot Skills	(13)	(45)	32	(1,404)	(1,829)	425
HS2 Skills	(1)	(19)	18	(175)	(175)	0
Gatsby Skills	(31)	(33)	2	(100)	(100)	0
Construction Skills	(69)	(148)	79	(1,666)	(1,666)	0
Adult Education	(43)	(60)	17	(509)	(179)	(330)
Careers	0	0	0	0	0	0
<b>Total Expenditure</b>	<b>(341)</b>	<b>(570)</b>	<b>229</b>	<b>(4,318)</b>	<b>(4,413)</b>	<b>95</b>
<b>Skills &amp; Productivity Net Total</b>	<b>(185)</b>	<b>(257)</b>	<b>72</b>	<b>(463)</b>	<b>(443)</b>	<b>(20)</b>
<b>Leadership</b>						
Revenue Contributions to / from Third Parties	41	0	41	41	0	41
<b>Total Income</b>	<b>41</b>	<b>0</b>	<b>41</b>	<b>41</b>	<b>0</b>	<b>41</b>
Leadership	(129)	(127)	(2)	(394)	(381)	(13)
<b>Total Expenditure</b>	<b>(129)</b>	<b>(127)</b>	<b>(2)</b>	<b>(394)</b>	<b>(381)</b>	<b>(13)</b>
<b>Leadership Net Total</b>	<b>(88)</b>	<b>(127)</b>	<b>39</b>	<b>(353)</b>	<b>(381)</b>	<b>28</b>
<b>Corporate Support</b>						
Mayoral Capacity Funding	12	0	12	12	0	12
<b>Total Income</b>	<b>12</b>	<b>0</b>	<b>12</b>	<b>12</b>	<b>0</b>	<b>12</b>
Programme, Policy and Support	(575)	(638)	63	(1,982)	(1,914)	(68)
Communications	(54)	(136)	82	(353)	(407)	54
<b>Total Expenditure</b>	<b>(629)</b>	<b>(774)</b>	<b>145</b>	<b>(2,335)</b>	<b>(2,321)</b>	<b>(14)</b>
<b>Corporate Support Net Total</b>	<b>(617)</b>	<b>(774)</b>	<b>157</b>	<b>(2,323)</b>	<b>(2,321)</b>	<b>(2)</b>
<b>TOTAL NET EXPENDITURE</b>	<b>(1,490)</b>	<b>(1,908)</b>	<b>418</b>	<b>(5,701)</b>	<b>(5,563)</b>	<b>(138)</b>
<b>NET RETURN</b>	<b>364</b>	<b>(54)</b>	<b>418</b>	<b>(138)</b>	<b>0</b>	<b>(138)</b>
Devolution grants			334			527
AEB Funding			24			(309)
Use of reserves			23			0
<b>NET RETURN PRESENTED IN CONSOLIDATED SUMMARY</b>	<b>(1,326)</b>	<b>(1,744)</b>	<b>799</b>	<b>(6,180)</b>	<b>(6,259)</b>	<b>79</b>

As at the end of July 2018, there is a favourable variance of £418k within the Operational Budget. Key variances are explained below:

**Economic Growth:**  
The key variances in the Economic Growth portfolio recognise funding being used flexibly across the Portfolio with small favourable variances due to recruitment occurring in the policy team. Environment the forecast shows costs associated with consultancy support for overall management along with work associated with air quality.

**PSR:**  
The overall PSR Portfolio favourable year to date favourable variance is anticipated to return to breakeven by the end of the financial year as recruitment is delivered.

**Health & Wellbeing:**  
The favourable variance on income relates to a contribution from Public Health England in respect of the Implementation Director post. The favourable year to date variance is anticipated to be recovered by the year end as recruitment and work planned in the remainder of the year is undertaken.

**Housing & Land:**  
The majority of the Housing and Land Team have now started with Combined Authority and the Housing Delivery Team budget over the three year MTFP is planned to be fully utilised to support the outcomes of the Housing Deal.

**Skills & Productivity:**  
The Employment Support Pilot is now being delivered and therefore there has been reprofiling across the 3 year programme to accommodate the revision delivery timetable.

**Leadership:**  
The favourable variance relates to a grant received from the LGA to fund leadership costs.

**Corporate Support:**  
The favourable variance relates primarily to scheduling of communications spend and vacant posts within support that will be recruited to later in the year. The FY position remains within budget overall.

Appendix 4

West Midlands Combined Authority Mayoral Budget - July 2018

	JULY 2018 YEAR TO DATE				FULL YEAR 2018/19			
	ACTUAL £000	BUDGET £000	VARIANCE £000		FORECAST £000	BUDGET £000	VARIANCE £000	
<b>MAYORAL OFFICE</b>								
Other Grants	0	12	(12)	100%	558	558	0	0%
Use of Reserves	231	265	(34)	13%	265	265	0	0%
<b>TOTAL INCOME</b>	<b>231</b>	<b>277</b>	<b>(46)</b>	<b>17%</b>	<b>823</b>	<b>823</b>	<b>0</b>	<b>0%</b>
Staff Costs	(193)	(234)	41	18%	(662)	(692)	30	4%
Agency Staff	(3)	0	(3)	0%	(1)	0	(1)	0%
IT	0	(3)	3	100%	(10)	(10)	0	0%
Travel & Subsistence	(4)	(13)	9	69%	(40)	(40)	0	0%
Other	0	(1)	1	100%	(2)	(2)	0	0%
Direct Recharges	(5)	0	(5)	0%	(29)	0	(29)	0%
Indirect Recharges	(26)	(26)	0	0%	(79)	(79)	0	0%
<b>TOTAL EXPENDITURE</b>	<b>(231)</b>	<b>(277)</b>	<b>46</b>	<b>17%</b>	<b>(823)</b>	<b>(823)</b>	<b>0</b>	<b>0%</b>
<b>NET</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>

As at the end of July 18 the Mayoral budget has a favourable variance of £0.046m against budgeted expenditure. This is largely due to vacant posts which have not yet been recruited to.

The FY position is in line with budget.

## WMCA Transport Delivery Capital Programme – July 2018

Financial Summary Month Ending July	YEAR TO DATE			FULL YEAR 2018/19			
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000	
<b>TFWM Directly Delivered Investment Programme Schemes</b>							
<u>HS2 Connectivity Programme:</u>							<p><b>Year to Date Variances</b></p> <p>At the end of July 2018, actual expenditure was £14.8m lower than the budget with the overall variances relating to cash flow reprofiling. An explanation of the main variances is as follows:</p> <p>The favourable cashflow variance on the Metro Edgbaston Extension and Centenary Square is due to the requirement to obtain Statutory Traffic Regulations Orders prior to commencing elements of work and the consequent profiling of activities to achieve the delivery of the scheme within the original timescales.</p> <p>The favourable cashflow variance for the Wolverhampton City Centre scheme accommodates changes within the programme plan that are intended to be recovered over the remaining life of the project as they are not on the critical path.</p> <p>The Metro East Birmingham to Solihull Metro Extension variance is reflective of ongoing surveys and modelling works, requiring the reprofiling of the Transport Works Order request from December 2018 to March 2019.</p> <p>The Metro Wednesbury to Brierley Hill Extension reflects ongoing investigation work on retaining walls and structures, impacting on preliminary design progression.</p> <p><b>The Annual Forecast Variances</b></p> <p>Changes have been made since April 2018 to the forecast out-turn which again relate to timing of expenditure rather than being indicative of project slippage. The main variances are as follows:</p> <p>The Edgbaston and Centenary Square Metro Extension forecasts have been reduced by £5.2m owing to the complimentary highway works and the 2018/19 impact of the Traffic Regulation Orders as detailed above.</p> <p>The Birmingham Eastside Extension and Solihull Extension forecast revisions are representative of the full year effect of the cash flow variations to the end of July.</p> <p>The main variation within the Metro Wednesbury to Brierley Hill Extension follows the Network rail corridor acquisition which has been reprofiled to December 2018 and submission of the Target Cost which has been rescheduled from October 2018 to December 2018.</p> <p>The variances against these Metro extensions represent re-profiling of commitments and have no adverse impact on the timescales for overall delivery.</p>
Bilston Road Track Replacement Phase 2	(25)	0	(25)	(276)	(250)	(26)	
Sprint Network	(450)	(1,345)	895	(4,735)	(5,227)	492	
Investment Programme Rail Programme	(1,991)	(1,905)	(86)	(9,184)	(9,184)	0	
Metro Centenary Square Extension	(4,406)	(6,218)	1,812	(17,450)	(17,422)	(28)	
Metro Edgbaston Extension	(3,259)	(6,997)	3,738	(12,001)	(17,289)	5,288	
Metro Wolverhampton City Centre Extension	(3,846)	(6,695)	2,849	(13,196)	(13,593)	397	
<u>Other TFWM Investment Programme Schemes</u>							
Metro Birmingham Eastside Extension	(1,705)	(3,072)	1,367	(20,355)	(22,859)	2,504	
Metro East Birmingham to Solihull Extension	(2,895)	(5,193)	2,298	(11,259)	(13,273)	2,014	
Metro Wednesbury to Brierley Hill Extension	(3,984)	(5,968)	1,984	(12,489)	(34,510)	22,021	
<b>TOTAL TFWM INVESTMENT PROGRAMME</b>	<b>(22,561)</b>	<b>(37,393)</b>	<b>14,832</b>	<b>(100,945)</b>	<b>(133,607)</b>	<b>32,662</b>	
<b>TFWM Other Major Schemes</b>							
Longbridge Connectivity Package	(21)	(21)	0	(3,557)	(3,557)	0	<p>At the end of July 2018, there was a minor underspend of £0.089m. This is almost entirely due to the Connected and Autonomous Vehicles TestBed (CAV), which was launched in March 2018 one month behind plan.</p> <p>The Annual Forecast has been reduced in July 2018 relating to the CAV project and is cash-flow related following the decision to procure Highway and Road Traffic control equipment toward the end of Q1 19/20, following a review of work packages with key stakeholders. This has no impact on the delivery of the 2 year programme.</p>
Connected and Autonomous Vehicles	(73)	(163)	90	(431)	(1,100)	669	
<b>TOTAL TFWM INVESTMENT PROGRAMME</b>	<b>(95)</b>	<b>(184)</b>	<b>89</b>	<b>(3,988)</b>	<b>(4,657)</b>	<b>669</b>	
<b>TFWM Minor Works Programme</b>							
TFWM Minor Works Programme	(1,530)	(1,836)	306	(14,380)	(13,758)	(622)	<p>At the end of July 2018, there was a minor underspend of £0.306m against budget. The main variance is contained within the Sustainable Travel Programme (£0.489m) and relates to the construction of walking and cycling routes offset by development costs for the University Station (£0.142m) which have been underwritten in advance of securing Greater Birmingham &amp; Solihull LEP funding which is awaiting a decision following submission of the Outline Business Case in July 2018.</p> <p>The annual forecast has been increased in July 2018 by £0.5m to reflect the ongoing University Station development project. This project is a high priority with a vision to deliver a new station by December 2021, in advance of the Commonwealth Games. The development spend against this scheme is subject to a funding bid with GBS LEP and the cash-flow requirement is being financed by WMCA in advance of the funding decision which is expected to be positive. If this is not the case, additional grant from future years would be applied to the spend to date.</p> <p>A revised Programme has been received with respect to the Clean Bus Technology (£0.1m), resulting in funding brought forward from 19/20.</p>
<b>TOTAL TFWM INVESTMENT PROGRAMME</b>	<b>(1,530)</b>	<b>(1,836)</b>	<b>306</b>	<b>(14,380)</b>	<b>(13,758)</b>	<b>(622)</b>	
<b>TFWM Administered Programme</b>							
TFWM Administered Programme	(148)	(294)	146	(3,158)	(3,201)	43	<p>Rescheduling of Transport Modelling Strategy for the Commonwealth Games. Mobilisation has commenced in July 2018 with some reprofiling into the remaining quarters</p>
<b>TOTAL TFWM INVESTMENT PROGRAMME</b>	<b>(148)</b>	<b>(294)</b>	<b>146</b>	<b>(3,158)</b>	<b>(3,201)</b>	<b>43</b>	
<b>GRAND TOTAL TFWM CAPITAL PROGRAMME</b>	<b>(24,334)</b>	<b>(39,707)</b>	<b>15,373</b>	<b>(122,471)</b>	<b>(155,223)</b>	<b>32,752</b>	

Appendix 6

WMCA Investment Programme Financial Summary period ending 30th June 2018

	2018 / 2019 YEAR TO DATE			2018 / 2019 FULL YEAR			COST TO COMPLETION					
	ACTUAL	BUDGET	VARIANCE	BUDGET	FORECAST	VARIANCE	PRIOR PERIOD SPEND	2018/19 FORECAST	FUTURE YEARS FORECAST	TOTAL FORECAST OUTTURN	TOTAL BUDGET	VARIANCE
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
UK CENTRAL : HS2 INTERCHANGE	3,070	3,501	431	12,718	9,978	2,740	3,947	9,978	590,667	604,593	604,612	19
UK CENTRAL : HS2 INFRASTRUCTURE	638	2,204	1,566	13,425	14,024	(599)	2,155	14,024	1,260,414	1,276,592	1,277,603	1,011
CURZON STREET STATION MASTERPLAN	0	0	0	4,406	4,406	0	0	4,406	551,894	556,300	556,300	0
METRO BIRMINGHAM EASTSIDE	1,219	1,885	666	22,859	22,859	0	6,217	22,859	108,124	137,200	137,200	0
METRO BIRMINGHAM TO SOLIHULL INTERCHANGE	2,074	3,318	1,244	13,273	13,273	0	4,102	13,273	717,625	735,000	675,000	(60,000)
HS2 WIDER CONNECTIVITY PACKAGE	12,525	25,992	13,467	112,197	107,096	5,101	106,997	107,096	892,210	1,106,303	1,106,303	0
BRIERLEY HILL METRO EXTENSION	2,442	3,743	1,300	34,510	34,510	0	7,368	34,510	301,722	343,600	310,000	(33,600)
NATIONAL COLLEGE FOR HIGH SPEED RAIL	78	78	0	78	78	0	25,431	78	0	25,509	25,509	0
HS2 GROWTH STRATEGY PROGRAMME MANAGEMENT	61	60	(1)	239	243	(5)	615	243	2,174	3,032	3,032	(0)
HIGH SPEED SUPPLY CHAIN & BUSINESS SUPPORT	0	0	0	TBC	TBC	-	11,270	0	338,730	350,000	350,000	0
<b>HS2 GROWTH STRATEGY TOTAL</b>	<b>22,108</b>	<b>40,781</b>	<b>18,674</b>	<b>213,706</b>	<b>206,468</b>	<b>7,238</b>	<b>168,102</b>	<b>206,468</b>	<b>4,763,560</b>	<b>5,138,130</b>	<b>5,045,559</b>	<b>(92,571)</b>
COVENTRY UK CENTRAL PLUS CONNECTIVITY	455	1,149	694	8,922	7,822	1,100	2,341	7,822	493,967	504,130	504,130	0
COVENTRY CITY CENTRE REGENERATION	704	773	69	25,394	25,395	(1)	5,821	25,395	326,554	357,770	357,770	0
COLLECTIVE INVESTMENT VEHICLE	939	939	0	20,000	20,000	0	20,785	20,000	959,215	1,000,000	1,000,000	0
LAND RECLAMATION	0	0	0	20,000	27,394	(7,394)	0	27,394	172,606	200,000	200,000	0
COMMONWEALTH GAMES	0	0	0	0	0	0	0	0	25,000	25,000	25,000	0
DEVOLVED TRANSPORT INVESTMENT	0	0	0	0	0	0	0	0	1,299,000	1,299,000	1,299,000	0
EZ EXPANSION EXCLUDING CURZON	0	0	0	0	0	0	0	0	20,000	20,000	20,000	0
EMPLOYMENT EDUCATION & SKILLS	0	0	0	2,000	2,000	0	0	2,000	18,000	20,000	20,000	0
BUSINESS INNOVATION	0	0	0	5,000	5,000	0	25	5,000	44,975	50,000	50,000	0
<b>OTHER INVESTMENT PROGRAMME SCHEMES</b>	<b>2,098</b>	<b>2,861</b>	<b>763</b>	<b>81,316</b>	<b>87,611</b>	<b>(6,295)</b>	<b>28,972</b>	<b>87,611</b>	<b>3,359,317</b>	<b>3,475,900</b>	<b>3,475,900</b>	<b>0</b>
<b>GRAND TOTAL</b>	<b>24,206</b>	<b>43,642</b>	<b>19,436</b>	<b>295,022</b>	<b>294,078</b>	<b>943</b>	<b>197,073</b>	<b>294,078</b>	<b>8,122,877</b>	<b>8,614,029</b>	<b>8,521,459</b>	<b>(92,571)</b>

The financial results for June are shown above.

The financial summary continues to highlight increased spend against the Wednesbury to Brierley Hill and Birmingham to Solihull Interchange Metro extensions. An exercise is ongoing via the Metro Delivery Board to review and verify the costs to completion for the Metro Programme and the results will be reported in due course.

The cost to completion against UK Central Interchange remains red due to the funding gap of c.£205m relating to the Birmingham International Station redevelopment project. Funding sources are being progressed by UGC.

For 2018/19, the YTD spend to June is £19.4m behind budget. This is comprised of £13.5m relating to the HS2 Connectivity Programme with the key projects making up this variance being as follows: Metro Extensions for Edgbaston (£3.3m), Wolverhampton (£2.9m) and Centenary Square (£1.3m); Coventry Station Masterplan (£3.4m) and VLR (£2.0m); and SPRINT Hagley Road (£0.6m).

The remaining YTD underspend is primarily comprised of Metro projects as follows: Birmingham Eastside (£0.7m); East Birmingham to Solihull (£1.2m); and Wednesbury to Brierley Hill (£1.3m).

The 2018/19 full year forecast underspend of £7.2m for the HS2 Growth Strategy relates primarily to the Metro Edgbaston extension and HS2 Interchange.

The other major full year variance to forecast is an over spend regarding Land Reclamation (£7.4m) relating to the timing of grant payments given the pipeline approved in 2017/18 currently awaiting developments progressing and contracts to be prepared.

## Appendix 7

### WMCA Investment Programme Commitment Profile

£m	Committed	2018 / 2019			2019 / 20				2020/21	2021/22	2022/23	2023/24	2024/25	Post 2025	TOTAL
		Q2	Q3	Q4	Q1	Q2	Q3	Q4							
UKC Interchange	29.3	8.3						303.1						56.8	397.5
UKC Infrastructure	13.2		28.8	13.0	19.6	2.7	42.4	56.2	76.6					36.0	288.4
HS2 Connectivity (Sprint)	4.1		23.5				44.4	20.0	29.3	60.6	30.7				212.7
HS2 Connectivity (Metro)	102.3														102.3
HS2 Connectivity (Rail)	5.2		5.7	7.6		2.5	16.4	35.2	8.7					104.8	186.1
HS2 Connectivity (City Centre First incl. CSMP)	39.4	0.6		11.0											51.0
HS2 Connectivity (Coventry VLR)	12.2			9.0				33.8							55.0
HS2 Programme Governance	0.7			2.4											3.1
Wednesbury Brierley Hill Metro				103.0											103.0
<b>SUB TOTAL INVESTMENT PROGRAMME</b>	<b>206.4</b>	<b>8.9</b>	<b>58.0</b>	<b>146.0</b>	<b>19.6</b>	<b>5.2</b>	<b>103.2</b>	<b>448.3</b>	<b>114.7</b>	<b>60.6</b>	<b>30.7</b>			<b>197.6</b>	<b>1399.1</b>
Coventry North	0.2		1.8							19.7					21.6
Coventry South	0.8	6.6	1.0	0.5		0.8	44.2	6.5				46.2		50.0	156.5
Coventry Regeneration	150.0														150.0
Land Remediation	90.3	2.5	5.0	5.2							97.0				200.0
Business Innovation	0.5				0.6	3.3			11.4	12.9	11.4			10.0	50.0
Employment Education & Skills	0.8			4.2				5.0	5.0	5.0					20.0
Commonwealth Games	25.0														25.0
<b>OTHER INVESTMENT PROGRAMME</b>	<b>267.5</b>	<b>9.1</b>	<b>7.8</b>	<b>9.9</b>	<b>0.6</b>	<b>4.1</b>	<b>44.2</b>	<b>11.5</b>	<b>16.4</b>	<b>37.5</b>	<b>108.3</b>	<b>46.2</b>		<b>60.0</b>	<b>623.0</b>
<b>CUMULATIVE APPROVALS</b>	<b>473.9</b>	<b>492.0</b>	<b>557.7</b>	<b>713.6</b>	<b>733.8</b>	<b>743.0</b>	<b>890.3</b>	<b>1350.2</b>	<b>1481.3</b>	<b>1579.4</b>	<b>1718.4</b>	<b>1764.6</b>	<b>1764.6</b>	<b>2022.1</b>	

## Appendix 8

### WMCA Balance Sheet as at 31 July 2018

	31 July 2018 £'000	30 June 2018 £'000	Movement £'000
Property, plant and equipment	307,730	303,199	4,532
<b>Long-term assets</b>	<b>307,730</b>	<b>303,199</b>	<b>4,532</b>
Debtors	43,505	47,351	(3,846)
Short-term deposits	105,760	105,600	160
Cash and bank	355	140	215
<b>Current assets</b>	<b>149,620</b>	<b>153,091</b>	<b>(3,471)</b>
Loans - interest due	(970)	(1,587)	617
Short-term creditors/accruals	(37,335)	(36,568)	(767)
<b>Current liabilities</b>	<b>(38,305)</b>	<b>(38,155)</b>	<b>(150)</b>
<b>Net current assets</b>	<b>111,315</b>	<b>114,936</b>	<b>(3,622)</b>
Provisions	(6,324)	(6,354)	30
Finance lease liabilities	0	0	-
PWLB	(119,258)	(141,330)	22,072
Other loans - Barclays	(10,000)	(10,000)	-
Dudley MBC	(7,873)	(7,873)	-
Grants receipts in advance	(75,620)	(55,207)	(20,412)
<b>Long-term liabilities</b>	<b>(219,075)</b>	<b>(220,764)</b>	<b>1,690</b>
<b>Net assets</b>	<b>199,970</b>	<b>197,371</b>	<b>2,600</b>
General fund balance	3,132	3,014	118
Earmarked reserves	120,835	118,822	2,013
Capital grants unapplied reserve	247	247	-
<b>Usable reserves</b>	<b>124,214</b>	<b>122,083</b>	<b>2,131</b>
Revaluation reserve	6,947	6,948	(1)
Deferred capital grants account	300,778	296,245	4,534
Capital financing account	(231,664)	(227,600)	(4,064)
Accumulated absences account	(305)	(305)	0
<b>Unusable reserves</b>	<b>75,756</b>	<b>75,288</b>	<b>469</b>
<b>Total reserves</b>	<b>199,970</b>	<b>197,371</b>	<b>2,600</b>

The WMCA Balance Sheet reflects a healthy financial position. Main changes since June reflect TfWM capital spend and work-in-progress funded mainly by grants in advance, resulting in an increase of £4.5m net of depreciation in property, plant and equipment.

The decrease in debtors is mainly due to downward revision of accrued grant income from LGF in relation to the Metro Birmingham Eastside extension scheme and settlement receipt from Altram.

The increase in short-term creditors/accruals is largely due to upward revision of capital accrual for the Metro extension schemes offset by reduced ticketing operator creditor.

PWLB principal loan repayment and the funding receipt of DfT for the Metro Edgbaston extension scheme contributed to the net decrease in long-term liabilities.

The overall increase in the usable reserves is due to the net settlement from Altram following the handover of the Midland Metro network.