



Transport Delivery Committee

Date	7 January 2019
Report title	Financial Monitoring Report
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Report to be/has been considered by	Lead Member Cllr Pervez Akhtar

Recommendation(s) for action or decision:

The Transport Delivery Committee is recommended to:

1. Note that the year to date net revenue expenditure outturn for 2018/19 shows a favourable variance of £384,000 compared to budget and a full year favourable forecast variance of £47,000 (a minor favourable movement of £6,000 since the previous reported position).
2. Note that total capital expenditure to the end of November 2018 for the overall transport programme is £53.9 million, within the year to date budget.

1.0 Purpose

- 1.1 This report sets out the financial position as at the end of November and is the fourth report for the 2018/19 financial year. The content relates to the financial position of the Combined Authority's Transport Delivery Revenue and Capital Budgets. The report consists of the following Sections. The previously reported Section C 'Treasury Management Indicators' has been removed and will now be just reported within the overall WMCA financial monitoring report to WMCA Board as a significant amount of its content relates to non-Transport areas:

Section A Summary TFWM Revenue Budget

Section B Summary TFWM Capital Budget

SECTION A

2.0 Summary Revenue Position

2.1 Overall as at the end of November 2018 there is a net favourable in-year variance against budget of £384,000. Following the second re-forecast of the year there is a favourable full year position of £47,000 against budget which is a minor £6,000 favourable movement since the previous reported position.

2.2 Year to Date and Full Year Variances

The majority of areas within the Revenue budget are currently showing minor variances which are close to their budgeted year to date profile and the full year forecast for these are also projected to be within a narrow margin to the full year budget.

The variances of note where the year to date and full year variances are more significant in nature are detailed below along with explanations for these:

- **Concessions:** £1.021m favourable in-year and projected £1.721m favourable against full year forecast. As previously reported this is mainly due to lower Bus concessionary patronage than budgeted. The majority of the saving will be used to fund the income foregone as a result of the agreed 12 month Departure charge and Roadside Information holiday that commenced from 1 October 2018.
- **Bus Services:** £682,000 adverse in-year and projected £1.462m adverse against full year forecast. As previously reported the full year forecast is due to 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. The in-year adverse position also reflects the introduction of the Departure Charge and Roadside Information holiday which is partly offset by phasing attributable to monitoring related activity with some of this reprofiled to take place later in the year.
- **Strategic Development:** £81,000 favourable in-year and projected £9,000 adverse against full year forecast. As previously reported this reflects some in-year phasing on External Advice activity with a re-profiling of it undertaken for it to take place in the remainder of the year.
- **Business Support Costs:** £59,000 adverse in-year and projected £101,000 adverse against full year forecast. This is mainly due to lower recovery against the 16 Summer Lane building income target that was set for the 2018-19 budget.

2.3 The table on the following page shows an overview of the year to date and full year forecast for the Transport Revenue budget with the key headlines relating to it reported above. It should be noted that there will likely be emerging cost pressures relating to various TFWM activities and initiatives for the remainder of this year that may alter the final forecast position and these will be reported in subsequent financial report updates through the year. The third full forecast of the year will be undertaken during January and reported to the 4 March 2019 TDC meeting.

	ACTUAL NOV 18 £000	BUDGET NOV 18 £000	VARIANCE NOV 18 £000	FORECAST FULL YEAR 18-19 £000	BUDGET FULL YEAR 18-19 £000	VARIANCE FULL YEAR £000
TRANSPORT FOR WEST MIDLANDS						
INCOME						
Specific resources:						
Transport Levy	76,480	76,480	()	114,720	114,720	
TOTAL INCOME	76,480	76,480	()	114,720	114,720	
EXPENDITURE						
Concessions						
National Bus Concession	33,813	34,823	1,010	50,537	52,244	1,708
Metro / Rail	3,024	3,029	5	4,542	4,542	()
Child Concession	6,300	6,306	6	9,538	9,552	13
	43,137	44,158	1,021	64,617	66,338	1,721
Bus Services						
Bus Stations / Infrastructure	3,196	2,438	(758)	4,959	3,510	(1,448)
Subsidised Network	5,607	5,610	3	8,522	8,498	(25)
Tendering / Monitoring	398	468	70	674	683	9
Accessible Transport	4,836	4,839	3	7,259	7,261	2
	14,037	13,355	(682)	21,414	19,952	(1,462)
Rail and Metro Services						
Metro Services	995	1,027	32	1,558	1,560	3
Rail Services	1,416	1,427	11	2,306	2,253	(53)
	2,411	2,454	43	3,864	3,814	(50)
Integration						
Safety and Security	427	399	(27)	653	614	(38)
Passenger Information	3,360	3,357	(3)	5,210	5,195	(15)
Sustainable Travel	142	166	24	248	253	5
	3,929	3,921	(7)	6,111	6,063	(48)
Network Resilience	562	543	(18)	844	831	(13)
Business Support Costs	2,209	2,150	(59)	3,386	3,285	(101)
Strategic Development	1,360	1,440	81	2,249	2,240	(9)
Elected Members	174	178	4	267	271	3
Capital Finance Charges	8,456	8,457	1	11,923	11,929	6
TOTAL EXPENDITURE	76,273	76,657	384	114,674	114,721	47
NET	207	(176)	384	46	(1)	47

SECTION B

3.0 Summary Position TfWM Capital Budget

3.1 The overall TfWM Capital Programme expenditure was £53.9m (43%) below the budget of £95.3m at the end of November 2018 with the variance primarily contained within the Investment Programme portfolio (£36.2m). The Other Major Schemes were £1.9m below the budget of £2.1m. The Minor Works Programme was £2.8m (23%) below the budget of £8.5m and the Administered Programme was £0.5m below the Budget of £1.1m.

The Annual Forecast is now £58.1m (59%) favourable to budget, the majority of the variance contained within the Investment Programme. This represents a favourable movement of £9.9m from September, £8.3m of which relates to the TfWM Delivered Investment Programme. The main movement relates to Birmingham Eastside Extension (£4.0m) where a more complete position with regards to the 3G Tram procurement has led to a further profiling of spend. The other main change relates to the University Station, within the TfWM Minor Works Programme.

The in-year and full year variances have no impact on project delivery timescales.

	ACTUAL YTD VS BUDGET YTD			FULL YEAR 2018/19		
	ACTUAL NOV18 £000	BUDGET NOV18 £000	VARIANCE NOV18 £000	BUDGET £000	FORECAST £000	VARIANCE £000
TfWM Delivered Investment Programme Schemes	47,311	83,485	36,174 43%	133,607	79,924	53,683 40%
TfWM Other Major Schemes	236	2,138	1,902 89%	4,829	2,519	2,310 48%
TfWM Minor Works Programme	5,702	8,528	2,826 33%	14,760	12,664	2,096 14%
TfWM Administered Programme	627	1,136	509 45%	3,141	3,130	11 0%
TOTAL	53,876	95,287	41,411 43%	156,337	98,237	58,100 37%

3.2 The TfWM Delivered Investment Programme portfolio contains schemes which feature in the WMCA Devolution Deal Investment Programme to be delivered by TfWM. These schemes are all, to some extent, funded from the West Midlands Combined Authority Devolution Deal funding arrangements.

3.3 Investment Programme scheme expenditure at the end of November totalled £47.3m which was £36.2m below the year to date budget. The variance is spread across the wider Metro schemes, and is a continuation of previously reported underspend. The most significant being Metro Wednesbury to Brierley Hill Extension (£12.0m), which reflects the phasing of early start activities within the project to accommodate the refresh of statutory powers and finalisation of the business case. The Metro Edgbaston Extension (£5.8m) is below budget due to a Programme of Highway works being rescheduled to combine works with the Hagley Road Sprint scheme in early 2019. The Metro Wolverhampton City Centre Extension (£4.5m) is also below budget due to rescheduling of the project to align with the Wolverhampton Interchange Programme station reconstruction works.

Other favourable variances are attributable to the Metro Birmingham Eastside scheme which is below budget (£4.1m), as a result of the impacts of the delay in confirmation of the Transport & Works Act Order on the programme and re-profiling in response to ongoing design options appraisal. The Rail Investment Programme is £3.7m below budget, owing mainly to a deferral of Land acquisition with respect to local enhancements on the Walsall to Wolverhampton Rail scheme, and Camp Hill Local enhancements.

- 3.4 Spend against the TfWM Other Major Scheme programme totalled £0.2m, which was £1.9m below the budget of £2.1m at the end of November 2018. The main variance relates to Longbridge Connectivity Package (£1.7m) where pre-construction investigative works have continued. A planning application was accepted in November, paving the way for construction to commence in Q4 2018/19.
- 3.5 Spend against the TfWM Minor Works programme totalled £5.7m, which was £2.8m behind the budget of £8.5m. The main variances are contained within the Sustainable Travel Programme (£1.0m), Transforming Bus Travel Programme (£0.9m), and the Asset Renewal/Replacement Programme (£0.7m) and explained in further detail in section 3.11. A Budget for the University Station has now been included following the securing of initial funding of £2m with Greater Birmingham & Solihull LEP.
- 3.6 Spend against the TfWM Administered Programme was £0.6m, which was £0.5m below the budget of £1.1m.
- 3.7 The Annual Forecast is £58.1m (37%) below the budget of £156.3m, and reflects a continuation of previously reported underspends. The main variance is contained within the TfWM delivered Investment Programme Schemes, relating to the Metro Extensions highlighted previously. Within here, the primary variance is contained within the Metro Wednesbury to Brierley Hill Extension, and relates to the re-phasing of early start activities within the project to accommodate the refresh of statutory powers, the re-profiling of the Network Rail corridor acquisition to March 2019 and finalisation of the business case.

TfWM Delivered Investment Programme Schemes

TfWM Delivered Investment Programme Schemes	ACTUAL YTD VS BUDGET YTD			FULL YEAR 2018/19		
	ACTUAL NOV18 £000	BUDGET NOV18 £000	VARIANCE NOV18 £000	BUDGET £000	FORECAST £000	VARIANCE £000
<u>HS2 Connectivity Programme:</u>						
Bilston Road Track Replacement Phase 2	34	250	216	250	282	(32)
Rail Investment	3,013	6,751	3,738	9,184	4,645	4,539
Sprint Network	1,269	3,248	1,979	5,227	3,078	2,149
Metro Centenary Square Extension	9,880	11,153	1,273	17,422	17,571	(149)
Metro Wolverhampton City Centre Extension	8,810	13,286	4,476	13,593	12,721	872
Metro Edgbaston Extension	7,375	13,209	5,834	17,289	12,625	4,664
<u>Other TfWM Investment Programme Schemes</u>						
Metro Birmingham Eastside Extension	3,728	7,807	4,079	22,859	7,794	15,065
Metro East Birmingham to Solihull Extension	6,078	8,700	2,622	13,273	9,252	4,021
Metro Wednesbury to Brierley Hill Extension	7,124	19,081	11,957	34,510	11,956	22,554
TOTAL	47,311	83,485	36,174 ^{43%}	133,607	79,924	53,683 ^{40%}

- 3.8 Expenditure against TfWM delivered Investment Programme schemes totalled £47.3m at the end of November 2018 which was £36.2m below the budget of £83.5m. The main contributors to the favourable variance were as follows:

- **Wednesbury to Brierley Hill Metro Extension (£12.0m)** due to the re-phasing of early start activities within the project to accommodate the refresh of statutory powers and finalisation of the business case. The transfer of the Network Rail corridor to the WMCA which will allow initial site works to be progressed has been agreed in principle allowing construction works to progress in 2019 with opening on schedule for 2023.

- **Edgbaston Metro Extension (£5.8m)** The underspend is reflective of a programme of Highway works which have been rescheduled to combine works with the Hagley Road Sprint scheme in early 2019, together with utility diversions not required on further review. In addition, land purchases are currently being finalised in conjunction with the Sprint Hagley Road scheme.
- **Wolverhampton Metro Extension (£4.5m)** due to rescheduling of the design and construction activities to align with the wider Wolverhampton Interchange Programme. Discussions are ongoing regarding the NCP Car Park purchase expected to conclude towards the end of Q4 2018/19.
- **Metro Birmingham Eastside (£4.1m)** due to the impacts of the delay in confirmation of the Transport & Works Act Order on the programme and re-profiling following further review of design options.
- **Rail Investment Programme (£3.7m)** owing mainly to a deferral of Land acquisition with respect to local enhancements on the Walsall to Wolverhampton Rail scheme, and Camp Hill Local enhancements.
- **East Birmingham to Solihull Metro Extension (£2.6m)**, due to a rescheduling of survey and modelling works, impacting on the submission of a transport works order from December 2018 to late June 2019. The delivery of the project remains on schedule for late 2026.

3.9 The Investment Programme Schemes Annual Forecast has been reduced by £53.7m against the Budget of £156.3m. This represents a reduction of £8.3m from the reported position in September 2018. The main contributors to the variance are as follows:

- **Wednesbury to Brierley Hill Metro Extension (£22.5m)** as identified previously. The variance is not expected to influence the completion date for the scheme.
- **Birmingham Eastside Extension (£15.1m)** primarily due to rescheduling of 3G Tram Contract. Negotiations and contract award originally envisaged for February 2019, have been rescheduled to Summer 2019. In addition the rescheduling of the works in response to the delay in the award of the Transport & Works Act Order and ongoing design optioneering is impacting upon the spend profile. This represents a further reduction of £4.0m against the position reported in September 2018.
- **Edgbaston Metro Extension (£4.7m)** owing to the rescheduling of complimentary highway works, and construction works have been rescheduled following the change to the construction plan as a consequence of the decision to re-strengthen not reconstruct the canal bridge. The variance is not expected to influence the completion date for the scheme which is on schedule to open in late 2021.
- **Rail Investment Programme (£4.5m)** due to a reprofiling of land acquisition on the Rail-Walsall to Wolverhampton Line, and cost reprofiling of the Rail-Camp Hill Line. The variance is not expected to influence the completion date for the scheme.
- **East Birmingham to Solihull Metro Extension (£4.0m)**, due to a rescheduling of survey and modelling works, impacting on the submission of a transport works order from December 2018 to late 2019. This variance is not expected to impact upon the completion date for the scheme at the end of 2026.

Other Major Works

TfWM Other Major Schemes	ACTUAL YTD VS BUDGET YTD			FULL YEAR 2018/19		
	ACTUAL NOV18 £000	BUDGET NOV18 £000	VARIANCE NOV18 £000	BUDGET £000	FORECAST £000	VARIANCE £000
Regional Transport Coordination Centre (RTCC) develop	12	12	0	172	172	0
Birmingham City Centre Metro Extension	(1)	0	1	0	72	(72)
Bromsgrove Station	(3)	0	3	0	(3)	3
Longbridge Connectivity Package	77	1,795	1,718	3,557	1,810	1,747
Connected and Autonomous Vehicles	151	331	180	1,100	468	632
TOTAL	236	2,138	1,902 89%	4,829	2,519	2,310 48%

- 3.10 Spend against the Other Major Works Programme to the end of November 2018 was £1.9m below budget. The main variance relates to Longbridge Connectivity Package where pre construction investigative works are continuing. The planning application was secured in November 2018, paving the way for construction to commence in Q4 2018/19.
- 3.11 The annual forecast has been reduced by £2.31m, in the main relating to Longbridge Connectivity Package, due to the rescheduling of the main construction costs into 2019/20. In addition the Connected and Autonomous Vehicle (CAV) project is below budget following the rescheduling of Highway and Road Traffic control equipment procurement from March 2019 to Q1 2019/20, following a review with key stakeholders. This has no impact on the overall delivery of the 2 year programme.

Minor Schemes Programme

TFWM Minor Works Programme	ACTUAL YTD VS BUDGET YTD			FULL YEAR 2018/19		
	ACTUAL NOV18 £000	BUDGET NOV18 £000	VARIANCE NOV18 £000	BUDGET £000	FORECAST £000	VARIANCE £000
On Street Infrastructure	331	453	122	565	537	28
Bus Stations & Interchange	426	866	440	1,013	1,013	0
Other	1	0	(1)	0	1	(1)
Bus / Rail Park & Ride	149	277	128	457	396	61
Total Asset Renewal / Replacement	907	1,596	689	2,035	1,947	88
Park and Ride	705	883	178	2,389	2,131	258
Total Metro Minor Works	705	883	178	2,389	2,131	258
Other	46	71	25	415	112	303
Rail Stations	908	933	25	1,241	1,741	(500)
Bus Stations & Interchange	130	131	1	211	211	0
Metro	24	0	(24)	0	0	0
Sustainable Travel	18	0	(18)	0	0	0
Total Project Development	1,126	1,135	9	1,867	2,064	(197)
Cycling & Walking	258	1,113	855	2,830	1,050	1,780
LSTF Programme	0	16	16	24	24	0
MST Programme	1,979	2,071	92	2,431	2,436	(5)
Total Sustainable Travel	2,237	3,200	963	5,285	3,510	1,775
ICT Programme	14	15	1	15	15	0
Other Corporate Systems	3	54	51	100	100	0
Total Systems	17	69	52	115	115	0
Swift	12	30	18	40	40	0
Total Ticketing	12	30	18	40	40	0
Highway & Reliability Improvements	557	1,150	593	2,170	2,276	(106)
On Street Infrastructure	127	411	284	805	536	269
Total Transforming Bus Travel	684	1,561	877	2,975	2,812	163
Park & Ride	5	30	(25)	30	30	0
Total Transforming Rail Travel	5	30	(25)	30	30	0
Interchange Signage	9	24	15	24	15	9
Total Wayfinding / Signage / Public Realm	9	24	15	24	15	9
GRAND TOTAL	5,702	8,528	2,826 <small>33%</small>	14,760	12,664	2,096 <small>14%</small>

3.12 The Minor Scheme Programme spend to the end of November 2018 was £2.8m below the budget of £8.5m. The main favourable variances are as follows:

- **Sustainable Travel (£1.0m)** The main variance relates to Snow Hill 3rd Access (£0.791m), within the Cycling & Walking Programme. The contract to construct the direct connectivity between St Chads tram stop and Snow Hill Rail station was completed in November 2018, following assurances from Network Rail around infrastructure ownership. Construction works can now commence in January 2018, however the Annual Forecast has been reduced by £1.8m to reflect the majority of the construction works falling into 2019/20.
- **Transforming Bus Travel (£0.9m)** The main variance relates to Clean Bus Technology Fund 2017-19 (£0.6m) where one of the Operators has withdrawn from the Programme. The budget will be re-distributed across the remaining 5 operators following confirmation of a programme of works, all of which is expected to be delivered within 2018/19.

- **Asset Renewals / Replacement (£0.7m)** The main variance relates to Network Wide Bus Station Refurbishments (£0.4m) where the Walsall mid-life flooring refurbishment has undergone strategic review, which has led to minor rescheduling within 2018/19.
- **Metro Minor Works (£0.2m).** The main variance relates to Bradley Lane Park and Ride due to a delay in commencing works on site. A programme has now been agreed, and the first phase of works is now under way. The Annual Forecast has been reduced by £0.258m to reflect this change.

A Budget for the University Station has now been included following the securing of initial funding of £2m with Greater Birmingham & Solihull LEP, leading to full project cost funding of £10m.

Administered Schemes Programme

TFWM Administered Programme	ACTUAL YTD VS BUDGET YTD			FULL YEAR 2018/19		
	ACTUAL NOV18 £000	BUDGET NOV18 £000	VARIANCE NOV18 £000	BUDGET £000	FORECAST £000	VARIANCE £000
TFWM Administered Programme	627	1,136	509 ^{45%}	3,141	3,130	11 ^{0%}

3.13 The TfWM Administered Programme spend at the end of November 2018 was £0.5m below the budget of £0.7m. The main variance relates to transport modelling work (£0.2m) with further acceleration to come over the next few months. There is no impact on the Annual Forecast.

4.0 Financial Implications

4.1 Detailed within above report

5.0 Equalities implications

5.1 None as a result of recommendations in this report

6.0 Inclusive Growth Implications

6.1 None as a result of recommendations in this report

7.0 Other Implications

7.1 None as a result of recommendations in this report

8.0 Schedule of Background Papers

8.1 All relevant information related to the recommendations is contained within this report.