



Transport Delivery Committee

Date	18 March 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 position for 2018/19 shows a favourable variance of £538,000 compared to budget and a full year favourable forecast variance of £213,000 (a favourable movement of £166,000 since the previous reported position).
2. Note that total capital expenditure to the end of January 2019 for the overall transport programme is £66.8 million, within the year to date budget.

1.0 Purpose

- 1.1 This report sets out the financial position as at the end of January and is the fifth 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:

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 January 2019 there is a net favourable in-year variance against budget of £538,000. Following the third and final re-forecast of the year there is a favourable full year projected position of £213,000 against budget which is a £166,000 favourable movement since the previous reported position. This is mainly due to some lower infrastructure costs in relation to rates, cleaning and other operational costs, higher Ticketing Commission received and lower ticketing related processing costs.

2.2 Year to Date and Full Year Variances

The material year to date and full year variances of note are detailed below:

- **Concessions:** £1.592m favourable in-year and projected £2.172m favourable full year forecast. As previously reported this is mainly due to lower Bus concessionary patronage than budgeted and 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:** £1.273m adverse in-year and projected £1.711m adverse full year forecast. As previously reported the majority of the in-year adverse variance and 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 that commenced from 1 October 2018. The income foregone from this will be funded from savings on Concessions. Part of the adverse full year position is due to some additional costs/activity in relation to Bus Policy Development options work. The in-year adverse variance is partly offset by phasing attributable to monitoring and survey related activity with some of this reprofiled to take place in the final part of the year.
- **Rail and Metro Services:** £0.261m favourable in-year and projected £0.075m favourable full year forecast. The in-year position on Metro Services is due to a re-profiling of some infrastructure maintenance activity to later in the year than originally envisaged. The in-year and full year position on Rail Services is due to some lower operational related costs incurred in relation to Bromsgrove Station and lower rail infrastructure utility costs.
- **Integration:** £0.056m favourable in-year and projected £0.197m favourable full-year forecast. As mentioned above there has been higher Ticketing Commission received and lower ticketing related processing costs incurred as well as other lower expenditure such as marketing costs in relation to passenger information as a result of less hard copy marketing literature (e.g. maps, guides and leaflets) being produced. The favourable variances are partly offset by minor cost pressures related to the Safer Travel Team.

- **Strategic Development:** £188,000 favourable in-year and projected £39,000 adverse against full year forecast. As previously reported this reflects some in-year phasing on External Advice related activity with it now planning to take place before the end of the financial year.
- **Business Support Costs:** £61,000 adverse in-year and projected £184,000 adverse full year forecast. This is due to lower recovery against the 16 Summer Lane building income target that was set for the 2018-19 budget and some one-off full year support cost pressures that includes ICT infrastructure.
- **Capital Finance Charges:** £217,000 adverse in-year and projected £219,000 adverse full year forecast. This is due to a financing charge in relation to the CAV Mobility project which is being funded from the current financial year to minimise future cost pressures on the overall Transport Delivery 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. The final financial monitoring report for the year which will detail the 2018-19 year end position will be reported to the 20 May 2019 TDC meeting.

	ACTUAL JAN 19 £000	BUDGET JAN 19 £000	VARIANCE JAN 19 £000	FORECAST FULL YEAR £000	BUDGET FULL YEAR £000	VARIANCE FULL YEAR £000
TRANSPORT FOR WEST MIDLANDS						
INCOME						
Specific resources:						
Transport Levy	95,600	95,600	0	114,720	114,720	0
TOTAL INCOME	95,600	95,600	0	114,720	114,720	0
EXPENDITURE						
Concessions						
National Bus Concession	42,077	43,531	1,454	50,170	52,244	2,075
Metro / Rail	3,780	3,785	5	4,542	4,542	(1)
Child Concession	7,788	7,921	133	9,453	9,552	99
	53,645	55,237	1,592	64,165	66,338	2,172
Bus Services						
Bus Stations / Infrastructure	4,479	3,084	(1,394)	5,275	3,510	(1,764)
Subsidised Network	7,058	7,092	35	8,456	8,498	42
Tendering / Monitoring	490	575	85	674	683	9
Accessible Transport	6,047	6,050	2	7,259	7,261	2
	18,074	16,801	(1,273)	21,663	19,952	(1,711)
Rail and Metro Services						
Metro Services	1,107	1,291	184	1,546	1,560	14
Rail Services	1,755	1,832	77	2,192	2,253	61
	2,863	3,124	261	3,739	3,814	75
Integration						
Safety and Security	567	510	(56)	684	614	(70)
Passenger Information	4,125	4,226	101	4,938	5,195	257
Sustainable Travel	198	209	11	243	253	10
	4,889	4,945	56	5,866	6,063	197
Network Resilience	698	686	(11)	912	831	(81)
Business Support Costs	2,762	2,701	(61)	3,469	3,285	(184)
Strategic Development	1,640	1,829	188	2,278	2,240	(39)
Elected Members	221	224	3	268	271	2
Capital Finance Charges	10,851	10,635	(217)	12,148	11,929	(219)
TOTAL EXPENDITURE	95,643	96,181	538	114,509	114,721	213
NET	(43)	(581)	538	211	(1)	213

SECTION B

3.0 Summary Position TfWM Capital Budget

3.1 The overall TfWM Capital Programme expenditure was £54.8m (45%) below the budget of £121.6m at the end of January 2019 with the variance primarily contained within the Investment Programme portfolio (£47.4m). The Other Major Schemes were £3.0m below the budget of £3.4m. The Minor Works Programme was £3.5m (31%) below the budget of £11.4m and the Administered Programme was £0.9m below the Budget of £2.3m.

The Annual Forecast is now £71.1m (45%) favourable to budget, the majority of the variance is contained within the Investment Programme. This represents a favourable movement of £13.0m from November, £8.5m of which relates to the TfWM Delivered Investment Programme, being a continuation of the main Metro schemes previously reported in November 2018. The other main variance is contained within the Other Major Schemes, specifically relating to Longbridge Connectivity Package, which is undergoing further reviews, owing to additional cost pressures identified relating to foundations and planning consent costs.

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

	ACTUAL YTD VS BUDGET YTD			FULL YEAR 2018/19		
	ACTUAL JAN19 £000	BUDGET JAN19 £000	VARIANCE JAN19 £000	BUDGET £000	FORECAST £000	VARIANCE £000
TfWM Delivered Investment Programme Schemes	57,178	104,533	47,355 45%	133,607	71,403	62,204 47%
TfWM Other Major Schemes	470	3,436	2,966 86%	4,829	603	4,226 88%
TfWM Minor Works Programme	7,827	11,353	3,526 31%	14,770	10,756	4,014 27%
TfWM Administered Programme	1,361	2,265	904 40%	3,109	2,414	695 22%
TOTAL	66,836	121,587	54,751 45%	156,315	85,176	71,139 45%

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 January totalled £57.2m which was £47.4m 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 (£17.9m), 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 (£6.7m) 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 Birmingham Eastside scheme is below budget (£6.2m), 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 £4.5m 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. The Metro East Birmingham to Solihull scheme is £4.4m below budget due to a rescheduling of survey and modelling works, impacting on the submission of a transport works order from December 2018 to early 2020. The Metro Wolverhampton City Centre Extension is £3.0m below budget due to rescheduling of the project to align with the Wolverhampton Interchange Programme station reconstruction works.

- 3.4 Spend against the TfWM Other Major Scheme programme totalled £0.5m, which was £3.0m below the budget of £3.4m at the end of January 2019. The main variance relates to Longbridge Connectivity Package (£2.7m) where pre-construction investigative works have concluded that piled foundations are required, increasing the costs originally envisaged. Additional costs have also been identified through gaining Planning consent in November 2018, which require further review.
- 3.5 Spend against the TfWM Minor Works programme totalled £7.8m, which was £3.5m behind the budget of £11.4m. The main variances are contained within the Rail Minor Works (£1.5m), Transforming Bus Travel Programme (£1.4m), Asset Renewal/Replacement Programme (£0.4m), and Metro Minor Works (£0.4m).
- 3.6 Spend against the TfWM Administered Programme was £1.4m, which was £0.9m below the budget of £2.3m.
- 3.7 The Annual Forecast at the end of January 2019 is £71.1m (46%) below the budget of £156.3m, and reflects a continuation of reported underspends in November 2018. 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 JAN19 £000	BUDGET JAN19 £000	VARIANCE JAN19 £000	BUDGET £000	FORECAST £000	VARIANCE £000
<u>HS2 Connectivity Programme:</u>						
Bilston Road Track Replacement Phase 2	42	250	208	250	33	217
Rail Investment	3,379	7,915	4,536	9,184	3,771	5,413
Sprint Network	1,281	4,254	2,973	5,227	2,336	2,891
Metro Centenary Square Extension	12,954	14,452	1,498	17,422	16,711	711
Metro Wolverhampton City Centre Extension	10,413	13,438	3,025	13,593	11,257	2,336
Metro Edgbaston Extension	9,005	15,653	6,648	17,289	11,714	5,575
<u>Other TfWM Investment Programme Schemes</u>						
Metro Birmingham Eastside Extension	4,727	10,899	6,172	22,859	6,658	16,201
Metro East Birmingham to Solihull Extension	6,201	10,556	4,355	13,273	6,862	6,411
Metro Wednesbury to Brierley Hill Extension	9,176	27,116	17,940	34,510	12,061	22,449
TOTAL	57,178	104,533	47,355 <small>46%</small>	133,607	71,403	62,204 <small>47%</small>

- 3.8 Expenditure against TfWM delivered Investment Programme schemes totalled £57.2m at the end of January 2019 which was £47.4m below the budget of £104.5m. The main contributors to the favourable variance were as follows:

- **Wednesbury to Brierley Hill Metro Extension (£17.9m)** 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, allowing construction works to progress in 2019 with opening on schedule for 2023.

- **Edgbaston Metro Extension (£6.7m)** 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, although it is not envisaged that overall project delivery will exceed the Programme delivery schedule in December 2021.
- **Metro Birmingham Eastside (£6.2m)** 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 and HS2 construction interfaces.
- **Rail Investment Programme (£4.5m)** 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 (£4.4m)**, due to a rescheduling of survey and modelling works, impacting on the submission of a Transport and Works Act order application from December 2018 to early 2020. The delivery of the project remains on schedule for late 2026.
- **Wolverhampton Metro Extension (£3.0m)** due to rescheduling of the design and construction activities to align with the wider Wolverhampton Interchange Programme, with delivery by the end of 2020. Discussions are ongoing between respective legal teams regarding the NCP Car Park purchase.

3.9 At the end of January 2019, the Delivered Investment Programme Schemes Annual Forecast has been reduced by £62.2m against the Budget of £133.6m. This represents a reduction of £8.5m from the reported position in November 2018, and is in the main a continuation of the commentary provided previously. The main contributors to the variance are as follows:

- **Wednesbury to Brierley Hill Metro Extension (£22.4m)** as identified previously. The variance is not expected to influence the completion date for the scheme.
- **Birmingham Eastside Extension (£16.2m)** primarily due to rescheduling of 3G Tram Contract. Negotiations and contract award originally envisaged for February 2019, have been rescheduled to September 2019. In addition the rescheduling of the works in response to the delay in the award of the Transport & Works Act Order and ongoing interface management and design optioneering is impacting upon the spend profile. Submission of the Final Business case to DfT cannot be completed until this has been received.
- **East Birmingham to Solihull Metro Extension (£6.4m)**, due to a rescheduling of survey and modelling works, impacting on the submission of a Transport and Works Act Order from December 2018 to early 2020. This variance is not expected to impact upon the completion date for the scheme at the end of 2026.
- **Edgbaston Metro Extension (£5.6m)** 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 December 2021.

- **Rail Investment Programme (£5.4m)** 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 schemes.

Other Major Works

TfWM Other Major Schemes	ACTUAL YTD VS BUDGET YTD			FULL YEAR 2018/19		
	ACTUAL JAN19 £000	BUDGET JAN19 £000	VARIANCE JAN19 £000	BUDGET £000	FORECAST £000	VARIANCE £000
Regional Transport Coordination Centre (RTCC) develop	60	52	(8)	172	119	53
Birmingham City Centre Metro Extension	(1)	0	1	0	0	0
Bromsgrove Station	(3)	0	3	0	(3)	3
Longbridge Connectivity Package	132	2,849	2,717	3,557	134	3,423
Connected and Autonomous Vehicles	282	535	253	1,100	353	747
TOTAL	470	3,436	2,966 86%	4,829	603	4,226 86%

- 3.10 Spend against the Other Major Works Programme to the end of January 2019 was £3.0m below budget. The main variance relates to Longbridge Connectivity Package where pre construction investigative works have concluded that piled foundations are required, increasing the cost. The planning application was secured in November 2018, identifying additional drainage and visual requirements to meet the consent. As a consequence, a further review of all costs is being established before proceeding to construction.
- 3.11 The Annual Forecast has been reduced by £4.2m, in the main relating to Longbridge Connectivity Package (£3.4m), 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 JAN19 £000	BUDGET JAN19 £000	VARIANCE JAN19 £000	BUDGET £000	FORECAST £000	VARIANCE £000
On Street Infrastructure	416	510	94	565	477	88
Bus Stations & Interchange	722	933	211	1,013	976	37
Other	1	0	(1)	0	1	(1)
Bus / Rail Park & Ride	209	332	123	457	301	156
Total Asset Renewal / Replacement	1,348	1,775	427	2,035	1,755	280
Park and Ride	1,054	1,455	401	2,389	1,859	530
Total Park and Ride Minor Works	1,054	1,455	401	2,389	1,859	530
Other	73	99	26	415	112	303
Rail Stations	1,520	1,120	(400)	1,271	1,584	(313)
Bus Stations & Interchange	234	183	(51)	211	250	(39)
Metro	24	0	(24)	0	0	0
Sustainable Travel	24	0	(24)	0	0	0
Total Project Development	1,875	1,402	(473)	1,897	1,946	(49)
Park & Ride	348	1,865	1,517	2,500	572	1,928
Total Rail Minor Works	348	1,865	1,517	2,500	572	1,928
Cycling & Walking	50	132	82	330	73	257
LSTF Programme	0	20	20	24	24	0
MST Programme	2,223	2,236	13	2,431	2,435	(4)
Total Sustainable Travel	2,273	2,388	115	2,785	2,532	253
ICT Programme	15	15	0	15	15	0
Other Corporate Systems	4	75	71	100	4	96
Total Systems	19	90	71	115	19	96
Swift	13	35	22	40	26	14
Total Ticketing	13	35	22	40	26	14
Highway & Reliability Improvements	637	1,714	1,077	2,180	1,560	620
On Street Infrastructure	246	575	329	775	472	303
Total Transforming Bus Travel	883	2,289	1,406	2,955	2,032	923
Park & Ride	5	30	(25)	30	5	25
Total Transforming Rail Travel	5	30	(25)	30	5	25
Interchange Signage	9	24	15	24	10	14
Total Wayfinding / Signage / Public Realm	9	24	15	24	10	14
GRAND TOTAL	7,827	11,353	3,526 ^{31%}	14,770	10,756	4,014 ^{27%}

3.12 The Minor Scheme Programme spend to the end of January 2019 was £3.5m below the budget of £11.4m. The main favourable variances are as follows:

- **Rail Minor Works (£1.5m)** The variance relates to Snow Hill 3rd Access (£1.517m), 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. Design and survey works have commenced in January, with construction works due to commence around Q2 19/20. The Annual Forecast has been reduced by £1.9m to reflect the majority of the construction works falling into 2019/20.
- **Transforming Bus Travel (£1.4m)** The main variance relates to Clean Bus Technology Fund 2017-19 (£1.1m) where one of the Operators has withdrawn from the Programme. The budget has been re-distributed across the remaining 5 operators following confirmation of a revised programme of works, however as a consequence the Annual Forecast has been reduced by £0.6m to be delivered in 2019/20. The remaining

underspend relates to TBT Platinum Route RTI Equipment, (£0.381m) where the commencement of Bus Alliance and major infrastructure enhancements has been delayed awaiting finalisation of rebranding decisions.

- **Asset Renewals / Replacement (£0.4m)** The main variance relates to Network Wide Bus Station Refurbishments (£0.211m) where the Walsall mid-life flooring refurbishment has undergone strategic review, which has led to minor rescheduling towards the end of 2018/19.
- **Park and Ride Minor Works (£0.4m).** The main variance relates to Bradley Lane Park and Ride initially due to a delay in commencing works on site. Due to site conditions in December 2018, phase 1 has incurred minor delay, which has led to a rescheduling of phase 2 works into January. The Annual Forecast has been reduced by £0.530m to reflect these changes, with completion date planned for end May 2019.

Offsetting the underspend shown previously, is the following

- **Project Development (£0.5m).** The main variance relates to Perry Barr Rail Station (£0.272m). Early development feasibility work has commenced, which includes option selection (GRIP 3) and single option development (GRIP 4) representing an acceleration against the original Programme. Additional funding has been secured which included an allocation of £13.6m for this scheme. The mechanism for drawing down on the funding via Birmingham City Council has yet to be confirmed, and so the expenditure is incurred at risk until this is formalised.

Administered Schemes Programme

TFWM Administered Programme	ACTUAL YTD VS BUDGET YTD			FULL YEAR 2018/19		
	ACTUAL JAN19 £000	BUDGET JAN19 £000	VARIANCE JAN19 £000	BUDGET £000	FORECAST £000	VARIANCE £000
TFWM Administered Programme	1,361	2,265	904 40%	3,109	2,414	695 22%

- 3.13 The TfWM Administered Programme spend at the end of January 2019 was £0.9m below the budget of £2.3m. The main variance relates to the National Productivity Investment Programme NPIF(£0.4m), primarily due to reprofiling of bus transit schemes into March 2019. In addition transport modelling work (£0.3m) is expected to accelerate over the remaining months of the year. The Annual variance is a continuation of the current position, with some recovery of the NPIF costs in March 2019.

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.