

## WMCA Board

<b>Date</b>	17 January 2020
<b>Report title</b>	Financial Monitoring Report 2019/20
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<b>This report has been considered by</b>	Senior Leadership Team - 4 December 2019 West Midlands Finance Directors - 19 December 2019 Programme Board - 20 December 2019

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

#### WMCA Board is recommended to:

- (1) Note the financial position as at the end of November 2019.
- (2) Note that on 8 November 2019, regulations came into force retrospectively merging the West Midlands Integrated Transport Authority Pension Fund with the West Midlands Pension Fund, effective 1 April 2019.
- (3) Note the statement of assets and liabilities of the West Midlands Pension Fund and the West Midlands Integrated Transport Authority Pension Fund as at the date of transfer, set out in Appendix 9.

## **1.0 Purpose**

- 1.1 To provide an update on West Midlands Combined Authority finances as at the end of November 2019.

## **2.0 Background - Financial Monitoring**

- 2.1 A summary of the revenue and capital spend against the approved budget are attached as appendices 1-5. A summary of the Investment Programme along with current commitments is included in appendices 6 and 7. The balance sheet is included in appendix 8.
- 2.2 Appendix 1 shows the overall consolidated revenue position for the West Midlands Combined Authority.
- 2.3 The year to date position at the end of November shows a £1.544m favourable variance from budget. This consists of a favourable variance of £1.403m within Transport largely due to favourable variances within concessions, staffing, and infrastructure, partly offset by increased cost pressures within Subsidised Bus following the closure of Accessible Transport Group (ATG). There is an additional favourable variance of £0.141m within the Delivery budget due to additional grants awarded since the budget but this continues to be offset by investment income which is lower than budgeted.
- 2.4 Following the second reforecast of the year there is a favourable full year variance to budget of £2.256m. This consists of a favourable variance of £1.972m in Transport against budget, primarily as a result of lower patronage volumes and changes in the timetable of capital requirements. Further opportunities to manage contractual arrangements in Transport are underway but are not yet included in the forecast. This shows progress to date against the £3.3m efficiency savings which are required to support the budget next year. This will be revisited in the Q3 forecast reported to Board in March 2020.
- 2.5 An additional favourable variance within the Delivery budget of £0.284m is driven by savings against loan interest as no new borrowing has been undertaken.

## **3.0 Transport**

### **Year to Date:**

- 3.1 Appendix 2 sets out the year to date position on the Transport revenue budget as at the end of November 2019, showing a favourable variance of £1.403m from budget.
- 3.2 This is primarily driven by lower patronage volumes alongside changes to the timing of recruitment and lower infrastructure costs. Additionally, changes in the timetable of capital projects have required lower revenue contributions to capital.
- 3.3 These savings are partly offset by higher costs incurred within Subsidised Bus Services as a result of increased costs pressures on contracts following the closure of Accessible Transport Group (ATG).

### **Full Year Forecast:**

- 3.4 The forecast 2 position shows a £1.972m favourable variance to budget.
- 3.5 This latest forecast is primarily driven by a reduction in patronage volumes, an increase in recharges following the award of the Future Mobility Zones (FMZ) capital grant and the realisation of some indirect efficiency savings in order to create the savings to support the 2020/21 budget.

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

### **Year to Date:**

- 4.1 Appendix 3 sets out the year to date and full year position on the West Midlands Combined Authority Delivery Budget as at the end of November 2019.
- 4.2 There is a favourable year to date variance of £0.141m as a result of reduced economic intelligence analysis activity, however, this is forecasted to increase over the remainder of the year, providing analysis covering homelessness and Brexit to arrive at a largely full year breakeven position.
- 4.3 There are further favourable movements within the other portfolios driven by the awarding of new grants to fund already commissioned work, alongside changes in the timetable of programmes and the timing of recruitment activity.
- 4.4 These savings are partly offset by investment income being lower than budgeted as a result of the need to prudently provide for potential defaults against loans made through the commercial loan fund.

### **Full Year Forecast:**

- 4.5 This latest full year forecast position shows a £0.284m favourable position to budget. This is largely due to savings against loan interest as no new borrowing has been required, alongside further favourable movements across the portfolios as a result of the awarding of new grants and the identification of efficiencies.
- 4.6 The favourable variance is partly offset by the need to set aside prudent provision in relation to the commercial loan fund as previously reported.

## **5.0 Mayor's Office**

- 5.1 The Mayoral Office financial position is largely in line with budget.

## **6.0 Transport Delivery Capital Programme**

- 6.1 Appendix 5 sets out the position on the Capital Programme as at the end of November 2019. Actual costs totalled £108.0m (£96.3m in October), resulting in a favourable variance of £53.4m (£44.1m in October) against a budget of £161.4m.
- 6.2 The variance is contained primarily within Transport £21.8m (£17.1m October), and Housing £19.7m (£19.4m October) programmes. The annual forecast is broadly unchanged from October, totalling £226.4m, which is £82.2m below the budget of £308.6m, the variance spread across the programmes.

### **Year to Date:**

- 6.3 The Transport Programme has been categorised into five sub programmes. The largest of these is the Investment Programme with a budget of £139.6m, including all of the Rail / Sprint & Metro extension schemes. At the end of November, actual costs total £66.3m, which was £15.2m (£12.5m in October) below the budget of £81.5m. The main variances at the end of November 2019 are contained within the Metro Programme totalling £11.8m (£9.6m in October).
- 6.4 The variance against the Metro Wednesbury to Brierley Hill of £6.4m (£4.7m in October) is reflective of the latest programme for design and advance construction costs informed by the Midland Metro Alliance. Enabling works for the advanced utility diversions have commenced through trial holes, with utility diversion works expected follow. The award of the third generation trams was completed during October as expected and is a major milestone in the delivery of the Metro network.
- 6.5 The Birmingham Eastside extension variance of £5.1m (£3.0m in October) represents 46% of the anticipated budget to date and indicates a degree of delay due to a pending Transport and Works Act Order approval with DfT. Successful discussions with DfT to secure shorter term funding recently allowed works to progress to a revised profile. The final business case is anticipated to be approved by DfT in quarter one 2020/21.
- 6.6 The Metro Westside Extension (incorporating the Centenary Square and Edgbaston extensions) £1.6m adverse variance reflects the timing of construction activity due to overnight tram testing, early completion of the extension works, and excavation works within the Five Ways underpass.
- 6.7 The SPRINT Hagley Road scheme is £3.6m below budget (£2.9m in October), owing to utility works that have not been able to commence due to the ongoing finalisation of land agreements which are now largely resolved. It is not anticipated this will have any impact on the delivery timescales for the scheme.
- 6.8 The MML life cycle projects is under spent by £1.4m year to date owing to a re-profiling of track stress assessments.
- 6.9 The Metro East Birmingham to Solihull extension £1.4m (£1.3m October) development is currently on hold pending the identification of a suitable budget to progress the scheme to the next stage, discussions are ongoing with Government in this regard.

- 6.10 The Commonwealth Games Programme includes all of the schemes (SPRINT, Perry Barr & University Rail Stations, and Games) scheduled to be delivered in advance of the Games in July and August 2022. At the end of November 2019, actual costs total £7.8m (£6.4m in October), which is £1.8m below the budget of £9.6m. The main variance of note relates to the A45 SPRINT which was £1.7m below budget due to a reprofiling of utility diversion works.
- 6.11 In addition, the RTCC-Design & Layout (£0.6m) for the new control centre is underspent due to minor rescheduling of IT system and workstation hardware and software. Offsetting the under spends, the University Station is ahead of budget by £1.0m (£0.8m October) mainly due to the acceleration of some detailed design activities that were anticipated later in the programme.
- 6.12 Other major schemes includes construction of the decked car park with respect to the Longbridge Connectivity Package and other rail schemes. At the end of November 2019, actual costs total £7.2m (£6.3m in October), which was £2.7m below the budget of £9.9m. The main variance is contained within the Rail Schemes, primarily relating to Snow Hill 3rd Access £1.1m (£1.0m in October) reflecting survey work to inform future options. In addition, the Key Route Network safety programme (£0.7m) in relation to congestion and road safety measures has been rescheduled. Solution development work to progress conceptual/preliminary design options on the network started in September, and will progress towards end March 2020.
- 6.13 The Minor Works Programme includes a large number of small schemes. At the end of November 2019, actual costs total £3.7m (£2.9m in October), which was £1.5m below the budget of £5.2m. The main variances are attributable to Bradley Lane Park and Ride (£0.7m) following a revised in year construction profile from the contractor, and a pilot project in partnership with ADEPT (Association of Directors of Environment, Economy, Planning & Transport) (£0.8m) to analyse congestion patterns on the regions busiest roads has been revised in line with a new programme. A package of works at Coventry bus station has led to an under spend on Network Wide Bus Station Refurbishment Phase 1 (£0.3m), and some shelter installations with respect to TBT Platinum Route RTI equipment upgrades (£0.1m). Offsetting this is the DFT Tackling Nitrogen Dioxide work stream (Wolverhampton MBC) £1.0m, which includes an advance payment to West Midlands Travel ahead of budget.
- 6.14 The Grants to Local Authorities Budget of £3.5m relates primarily to the schemes funded within the Transforming Cities Fund which are in the early stages of development. At the end of November 2019, actual costs total £0.02m, which was £0.6m below the budget of £0.6m. The main variances have arisen owing to the finalisation of funding agreements with respect to two Coventry schemes, and as a consequence, the scheme expenditure has been rescheduled to commence into quarter three 2019/20.
- 6.15 The Grants to Local Authorities Investment Programme analysis details those schemes delivered by Local Authorities as part of the Investment Programme grant arrangements. At the end of November 2019, actual costs total £11.1m (£10.2m in October), which was £11.9m below the budget of £23.0m. The main under spends are contained within the Coventry schemes, notably Coventry UKC and Very Light Rail (£3.9m) where several work streams have been re-profiled to later in the year.

- 6.16 In addition the Coventry City of Culture (£3.3m) is under budget, as local government and other public sector funding has been drawn down before the WMCA funds. Also within the HS2 UK Central Interchange (£1.5m) there is an underspend, primarily due to the HS2 Parallel designs project offset by accelerated works (£0.4m) on the 3 lane roundabout to carry the A452 over the new HS2 railway track, and the NEC Longabout for A452 northbound traffic which are budgeted in September and November 2019 respectively.
- 6.17 The Housing Programme with an annual budget of £50.8m includes the WMCA Land Fund WMCA land remediation funds including the BCLEP managed Land and Property Investment Fund (LPIF). At the end of November 2019, actual costs total £11.8m (£10.8m in October), which was £19.7m below the budget of £31.5m. The variance is primarily contained within the WMCA Brownfield Land & Property Development Fund, where the drawdown of funding for Commonwealth Games (£11.0m), Telford and Wrekin Council (£0.75m), and Redsun Development (£0.5m) have been rescheduled to quarter four 2019/20 following the completion of legal agreements.

#### Annual Forecast:

- 6.18 The annual forecast is broadly unchanged from October, totalling £226.4m, which is £82.2m below the overall budget of £308.6m. The variations to budget relate to the WMCA Investment Programme (£33.0m), the Investment Programme Grants to Local Authorities (£15.1m) and the Commonwealth Games Programme (£12.4m), which are further explained below.
- 6.19 On the WMCA Investment Programme for Transport, the annual forecast totals £106.6m, which is £33.0m below the budget of £139.6m. The main variances are contained within the Metro Programme £31.6m, and relate to the following schemes: The Metro Wednesbury to Brierley Hill Extension £15.5m has been reduced, following a reschedule of the programme with delivery in December 2023 remaining unchanged. The Metro Westside extension (£8.6m) has been reduced owing to re-phasing of traffic management costs along Broad Street, with the current construction strategy on target to deliver the scheme by December 2021. The Metro Birmingham Eastside extension (£8.1m) and Metro East Birmingham to Solihull Extension (£1.8m) forecast variances are consistent with the year to date variances detailed above.
- 6.20 Within the Commonwealth Games Programme, the annual forecast totals £14.3m, which is £12.4m below the budget of £26.7m. The main variances relate to A45 Sprint £7.5m, and SPRINT-A34 Walsall to Birmingham (£5.8m) with respect to the re-profiling of utility diversions. Offsetting the above, the University Station Improvement Plan (£1.3m) is over the in-year forecast primarily due additional design costs (GRIP 4 single option selection) reflecting the complexity of the scheme, and Perry Barr Rail Station (£0.3m), following a detailed review which has helped establish a higher degree of accuracy regarding forecast total cost. These increases are expected to be contained within the overall budget for the respective schemes at this stage.
- 6.21 On the Other Major Schemes Programme, the annual forecast totals £18.4m, which is £4.9m below the budget of £23.3m. This is in the main due to two Highway Programme schemes (National Productivity Investment Fund and Key Route Network Safety) which have deferred costs into 2020/21 in line with the latest programme for delivery.
- 6.22 Within the Minor Works Programme, the annual forecast totals £9.5m, which is £1.6m below the budget of £11.1m. The main variance relates to the Real Time Information Upgrades project (£0.9m), where work has been re-profiled due to a deferred start on site.

- 6.23 On the Grants to Local Authorities Programme in Transport, the annual forecast totals £1.0m, which is £2.5m below the budget of £3.5m. The funding agreement with respect to the B4106 Spon End (Coventry CC) £1.7m is nearing completion, which will pave the way for commencement of the scheme.
- 6.24 Within the Investment Programme Grants to Local Authorities, the annual forecast totals £38.3m, which is £15.1m below the budget of £53.4m. The main variations in spend are contained within the Coventry Schemes, notably Coventry City of Culture Regeneration (£7.1m) and Rail-Coventry Station Masterplan (£6.8m), as Local Growth Funding and other public funding has been drawn first before WMCA funding. The Coventry UKC and Very Light Rail (£3.2m) where several work streams have been re-profiled to later in the year, pending a request for additional funding. Offsetting the above, the HS2 UK Central Interchange (£3.9m) reflects an acceleration of spend, due to the early approval of the 3 lane roundabout to carry the A452 over the new HS2 railway track (Roundabout Over trace), and accelerated design spend with respect to the NEC Longabout for A452 northbound traffic. The costs will be contained within the project budget.
- 6.25 On the Housing Programme, the variance is primarily contained within the Brownfield Land & Property Development Fund (£13.1m), where the drawdown of funding for Commonwealth Games (£11.0m), Telford and Wrekin Council (£0.75m), and Redsun Developments (£0.5m) transactions are subject to the finalisation of legal agreements and planning permissions, which are now broadly complete.

## **7.0 Investment Programme**

- 7.1 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 October results are shown at Appendix 6 showing the gross delivery totals for programmes delivered by both WMCA and Local Authorities.
- 7.2 The year to date spend to October 2019 is £78.1m behind the rebased 2019/20 forecast, mainly as a result of the current Metro, Land Reclamation and Remediation and Collective Investment Fund programmes.
- 7.3 The Metro programme is red status because of the current funding gap against the East Birmingham to Solihull project where discussions to confirm a funding package for the scheme are continuing. The cost to completion against UK Central Interchange remains red status due to the reduced funding gap of circa £131m against the Birmingham International Station redevelopment project.
- 7.4 The Rail programme budget reflects the Package 1 (Willenhall & Darlaston), Package 2 (Moseley, Kings Heath, Hazelwell), Snow Hill Lines and Sutton Coldfield Interchange and City Link schemes only.
- 7.5 In quarter 1 of 2019/20, the UKC HS2 Interchange programme was revised in respect of the HS2 Parallel Design process. A change request was submitted through the WMCA assurance framework and approved in July 2019. The budget has been adjusted to reflect the revised UKC HS2 Interchange programme.
- 7.6 Appendix 7 details the commitments made against the Investment Programme which totalled £748.2m to the end of November 2019 (£746.1m October 2019) with the remaining £52.8m within the affordable limit currently progressing through the assurance framework.

- 7.7 The commitments against Metro cash-flow funding for the East Birmingham to Solihull and Birmingham Eastside Extension projects are reported while these projects secure permanent funding.

#### Investment Programme Funding:

- 7.8 In November 2019, WMCA Board agreed to hold Investment Programme approvals within an affordable limit as determined by WMCA Finance Directors at £801 million whilst arrangements to secure additional funding into WMCA are developed and delivered. As such a number of programmes where the full extent of the funding required is not yet secure, the status of the programme has been amended to amber whilst these issues are being resolved. Specifically, this includes Coventry UKC Plus, Sprint Programme; Rail Programme, UK Central Infrastructure Package, Innovation Programme, Land Reclamation and Remediation and Employment, Education and Skills.

## 8.0 Balance Sheet

- 8.1 Appendix 8 presents the single entity WMCA Balance sheet to the end of period 8, November 2019. It shows an underlying healthy position with a net asset position of £260M.
- 8.2 The main changes between October and November, and since we last reported the position are that the grants received in advance of spend for Adult Education, Investment Programme and Metro are being used up gradually during the year. This has the effect of bringing down the level of short term deposits and decreasing the amount held in grants received in advance.

#### West Midlands Integrated Transport Authority Pension Fund (WMITA PF) Merger

- 8.3 WMCA Board approved the proposed merger of WMITA Pension Fund with West Midlands Pension Fund on 9 November 2018. Officers working on behalf of both Pension Funds have now concluded the necessary arrangements and Regulations are now in force.
- 8.4 Following a process of public consultation undertaken by the Ministry of Housing, Communities and Local Government (MHCLG), the Regulations (Statutory Instrument 2019 No 1351, The Local Government Pension Scheme (West Midlands Integrated Transport Authority Pension Fund and West Midlands Pension Fund Merger) Regulations 2019) effecting the merger between the WMITA Pension Fund (WMITA PF) and the West Midlands Pension Fund (WMPF) came into force on 8 November 2019 and were backdated to confirm the merger effective 1 April 2019.



- 8.5 In summary the Regulations:
- Transfer the Local Government Pension Scheme Administering Authority responsibilities from the WMCA to the City of Wolverhampton Council as Administering Authority for the WMPF
  - Require both administering authorities to publish a statement of the assets and liabilities of their respective pension funds immediately prior to the merger, within three months of the Regulations coming into force
  - Novate all legal and contractual arrangements WMCA held in relation to its role as Administering Authority to City of Wolverhampton Council
  - Transfer all assets and liabilities of the WMITA PF to WMPF, now administer by the City of Wolverhampton Council.
- 8.6 To meet the requirements of the Regulations, the Fund has obtained from the Fund Actuary, a transfer statement of the assets and liabilities of the Main Fund (WMPF) and Transport Fund (WMITA PF) as at 31 March 2019 (Appendix 9). It is included within the appendices to this report, meeting the requirement for publication within the three-month window.
- 8.7 The assets and liabilities for the WMITA PF as at 31 March 2019 per the transfer statement differed to the WMITA PF's audited Statement of Accounts as at 31 March 2019 due to the assumptions being used.
- 8.8 The assets and liabilities per the audited Statement of Accounts were based on the assumptions used at the 2016 triennial valuation. The assets and liabilities per the actuary transfer statement are based on the latest 2019 triennial valuation. These assumptions are subject to potential change following ongoing employer consultation.
- 8.9 As a result of the merger, the WMITA PF will no longer form part of WMCA's statutory Statement of Accounts or be subject to audit.

## 9.0 Administered Funds

<b>Funding Stream</b>	<b>2019/20 Latest Forecast Grant Award £'000</b>	<b>2019/20 Spend to date £'000</b>	<b>Purpose</b>
Midlands Connect	7,817	4,279	Work is continuing on delivering the Midlands Engine 'Vision for Growth'.
Housing First Pilot	9,600	9,600	WMCA are the accountable body for this grant award that has now been paid to Birmingham City Council to develop work streams to help rough sleepers off the streets
One Public Estate	926	926	It was agreed by WMCA Board that WMCA would assume accountable body status for this grant award, that is delivering various projects that secure more from public sector assets through collective action. Sandwell MBC are in the process of transferring the funds to WMCA.
Highways Maintenance Block	13,112	13,112	Distributed to the 7 Mets. excluding Birmingham City Council which has separate PFI arrangements, to deliver programmed highways maintenance works in line with the conditions of the grant award
Integrated Transport Block	17,618	17,618	Supporting delivery of the 7 Mets. Capital Programmes & WMCA's Minor Works Capital Programme
<b>Total</b>	<b>49,073</b>	<b>45,535</b>	

## 10.0 Financial Implications

10.1 The Financial Implications are set out in the report.

## 11.0 Legal implications

11.1 There are no legal implications.

## 12.0 Equalities implications

12.1 There are no equalities implications.

## 13.0 Inclusive Growth Implications

13.1 The WMCA budget includes implications of inclusive growth in the region.

## **14.0 Geographical Area of Report's Implications**

14.1 The report encompasses the West Midlands region.

## **15.0 Other Implications**

15.1 There are no other implications

## **16.0 Appendices**

- Appendix 1 – WMCA Consolidated Summary – November 2019
- Appendix 2 – WMCA Transport Revenue Summary - November 2019
- Appendix 3 – WMCA Operational Revenue Summary – November 2019
- Appendix 4 – WMCA Mayor Revenue Summary – November 2019
- Appendix 5 – WMCA Capital Transport Delivery Programme – November 2019
- Appendix 6 – WMCA Investment Programme Summary – October 2019
- Appendix 7 – WMCA Investment Programme Commitments – November 2019
- Appendix 8 – WMCA Balance Sheet – November 2019
- Appendix 9 – West Midlands Pension Fund and West Midlands Integrated Transport Authority Pension Fund Statement of assets and liabilities as at 31 March 2019

## Appendix 1

### WMCA Consolidated Summary – November 2019

£000's	Year to Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Transport Levy	76,480	74,985	1,495	114,720	114,720	0
Devolution Deal Grants	6,059	7,757	(1,698)	11,667	12,396	(729)
Adult Education Funding	42,060	39,487	2,573	78,948	78,713	235
Share of Business Rates	4,000	4,000	0	6,000	6,000	0
Constituent Membership	3,096	3,096	0	4,644	4,644	0
Non Constituent Members	283	283	0	425	425	0
Investment Programme	36,500	36,500	0	36,500	36,500	0
Investment Income	902	1,129	(227)	1,147	1,694	(547)
3rd Party / Other Grant Income	618	0	618	2,479	0	2,479
Use of Reserves	2,091	2,123	(32)	2,144	2,144	0
<b>Total Funding</b>	<b>172,089</b>	<b>169,360</b>	<b>2,729</b>	<b>258,674</b>	<b>257,236</b>	<b>1,438</b>
Transport for West Midlands	75,690	75,598	(92)	113,748	115,720	1,972
Economy & Innovation	1,332	1,271	(62)	2,970	1,904	(1,066)
Environment, Energy & HS2	116	162	46	334	243	(91)
Housing and Land	1,106	1,568	462	2,172	2,352	180
Wellbeing	1,031	968	(63)	1,642	1,507	(135)
PSR & Social Economy	345	670	325	885	1,166	281
Culture and Digital	185	93	(92)	750	110	(640)
Productivity & Skills	46,257	44,645	(1,612)	87,377	87,131	(246)
Inclusive Communities	18	0	(18)	0	0	0
Business Support	2,588	2,503	(85)	3,297	3,798	501
Investment Programme	40,500	40,500	0	42,454	42,500	46
Mayoral Office	530	536	6	789	804	15
<b>Total Expenditure</b>	<b>169,698</b>	<b>168,513</b>	<b>(1,185)</b>	<b>256,418</b>	<b>257,235</b>	<b>817</b>
<b>Net Expenditure</b>	<b>2,391</b>	<b>847</b>	<b>1,544</b>	<b>2,256</b>	<b>0</b>	<b>2,256</b>
Transport	2,285	882	1,403	1,972	0	1,972
Operational	106	(35)	141	284	0	284
Mayoral Office	0	0	0	0	0	0
<b>Total</b>	<b>2,391</b>	<b>847</b>	<b>1,544</b>	<b>2,256</b>	<b>0</b>	<b>2,256</b>
Transfer to Efficiency Reserve			(1,544)			(2,256)
Transfer to General Fund			0			0

The year to date position at the end of November shows a £1.544m favourable variance from budget. This is primarily driven by a favourable variance of £1.403m within transport as a result of lower patronage volumes alongside the timing of recruitment and a reduction in IT expenditure. There is also a favourable variance of £0.141m within the WMCA delivery budget due to additional grants awarded since the budget was set, partly offset by lower investment income than budgeted, as a result of setting aside a statutory provision for debt.

Within the Investment Programme operational spend is ahead of budget to date. This is offset by a favourable variance against financing costs as a result of a lower transfer to the Investment Programme reserve which is in place to meet the costs of future Investment Programme borrowing, this has also been reflected in the revised forecast position.

## Appendix 2

### Transport for West Midlands year to date revenue position – November 2019

	NOVEMBER 2019 YEAR TO DATE			FULL YEAR 2019/20			VARIANCE EXPLANATION(S)
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000	
<b>TRANSPORT FOR WEST MIDLANDS</b>							
<b>INCOME</b>							
Specific resources:							
Transport Levy	76,480	76,480	- 0%	114,720	114,720	- 0%	
<b>TOTAL INCOME</b>	<b>76,480</b>	<b>76,480</b>	<b>- 0%</b>	<b>114,720</b>	<b>114,720</b>	<b>- 0%</b>	
<b>EXPENDITURE</b>							
<b>Concessions</b>							
National Bus Concession	33,757	34,115	358 1%	50,509	51,184	675 1%	YTD variance is made up of £0.3m lower ENCTs patronage offset by lower Concessionary Replacement Pass Income and higher supporting costs. The annual forecast movement of £0.675m favourable forecast movement is due to lower patronage.
Metro / Rail	3,022	3,055	33 1%	4,551	4,578	26 1%	
Child Concession	4,873	5,093	219 4%	7,452	7,643	191 3%	YTD variance is made up of £0.116m lower Child concessions, £0.047m favourable 16-18 Scheme costs, £0.052m lower ticketing postage and office supplies.
	41,652	42,262	610	62,512	63,404	893	
<b>Bus Services</b>							
Bus Stations / Infrastructure	2,231	2,388	157 7%	3,868	3,994	126 3%	Forecast movement mainly due to variable revenue share income from the digital advertising contract.
Subsidised Network	6,486	6,198	(288) 5%	9,807	9,379	(427) 5%	Adverse variance reflecting additional cost pressures on contracts following the collapse of the Accessible Transport Group.
Tendering / Monitoring	442	527	84 16%	659	788	129 16%	Mainly due to some monitoring activity funded by grant income.
Accessible Transport	4,805	4,838	33 1%	7,212	7,259	46 1%	
	13,965	13,952	(13)	21,546	21,419	(126)	
<b>Rail and Metro Services</b>							
Metro Services	941	1,023	82 8%	1,574	1,609	35 2%	YTD reflects timing of maintenance spend.
Rail Services	1,415	1,422	7 1%	2,350	2,267	(83) 4%	
	2,355	2,445	90	3,924	3,875	(48)	
<b>Integration</b>							
Safety and Security	473	555	83 15%	811	1,031	220 21%	Reflects latest partnership costs.
Passenger Information	3,313	3,307	(6) 0%	5,044	5,062	18 0%	
Sustainable Travel	251	246	(5) 2%	374	378	4 1%	
	4,036	4,108	72	6,229	6,471	242	
<b>Network Resilience</b>							
	687	925	238 26%	1,726	1,788	62 3%	Favourable variance driven by recruitment to the RTCC.
<b>Business Support Costs</b>							
	2,065	2,261	197 9%	3,324	3,534	210 6%	ICT costs lower than budgeted for specialist ICT provision.
<b>Strategic Development</b>							
	1,697	1,542	(155) 10%	2,537	2,412	(125) 5%	Due to the increased external advice activity.
<b>Elected Members</b>							
	253	258	6 2%	328	391	63 16%	
<b>Capital Finance Charges</b>							
	7,485	7,845	360 5%	10,622	11,425	802 7%	Forecast movement reflects the latest borrowing and investment costs based on latest capital programme delivery
<b>TOTAL EXPENDITURE</b>	<b>74,195</b>	<b>75,598</b>	<b>1,403 2%</b>	<b>112,748</b>	<b>114,720</b>	<b>1,972 2%</b>	
<b>NET</b>	<b>2,285</b>	<b>882</b>	<b>1,403</b>	<b>1,972</b>	<b>()</b>	<b>1,972</b>	

### Appendix 3

#### West Midlands Combined Authority Delivery Budget – November 2019

FINANCIAL SUMMARY AS AT NOVEMBER 2019	NOVEMBER 2019 YEAR TO DATE			FULL YEAR 2019/20			As at 30th November there is a favourable variance of £0.141 within the operational budget.
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000	
<b>Operational Income</b>							(1) Adverse year to date and full year variance is driven by lower investment income as a result of the need to provide for risk on the commercial loan fund as previously reported.
Investment Interest Income (1)	903	1,129	(226)	1,193	1,694	(501)	
Contribution - 7 Met Council's	3,096	3,096	0	4,644	4,644	0	
Contribution - Non constituent members	283	283	0	425	425	0	
<b>Total Income</b>	<b>4,282</b>	<b>4,508</b>	<b>(226)</b>	<b>6,262</b>	<b>6,763</b>	<b>(501)</b>	
Business Support	(2,295)	(2,283)	(12)	(2,839)	(3,380)	541	
<b>Total Expenditure</b>	<b>(2,295)</b>	<b>(2,283)</b>	<b>(12)</b>	<b>(2,839)</b>	<b>(3,380)</b>	<b>541</b>	
<b>Operational Income Net Total</b>	<b>1,987</b>	<b>2,225</b>	<b>(238)</b>	<b>3,423</b>	<b>3,383</b>	<b>40</b>	
<b>Economy &amp; Innovation</b>							(1) There are a number of key posts not expected to be filled until later in the year. External advice is also below budget as this was contingent on additional new income being secured, but which did not come to fruition.  (2) The full year savings within ODA are forecast to be carried forward into 2020/21 as it is funded through a three year grant.  (3) Economic Intelligence have currently not had as many ad hoc requests for data provision and analysis as budgeted. However this is expected to increase over the remainder of the year, through provision of analysis covering homelessness to Brexit, as well as delivery of the State of the Region report, to arrive at a full year broadly breakeven position.
Other Industrial Strategy Income (1)	26	197	(171)	79	296	(217)	
Office of Data Analytics (2)	142	189	(47)	189	284	(95)	
MHCLG - Brexit Support Preparations	200	0	200	1,375	0	1,375	
<b>Total Income</b>	<b>368</b>	<b>386</b>	<b>(18)</b>	<b>1,643</b>	<b>580</b>	<b>1,063</b>	
Funding for Growth	(467)	(467)	0	(720)	(700)	(20)	
Industrial Strategy (1)	(26)	(198)	172	(79)	(298)	219	
Office of Data Analytics (2)	(142)	(189)	47	(189)	(284)	95	
Economic Intelligence (3)	(76)	(160)	84	(228)	(240)	12	
MHCLG - Brexit Support Preparations	(200)	0	(200)	(1,375)	0	(1,375)	
Director of Strategy	(110)	(108)	(2)	(158)	(162)	4	
<b>Total Expenditure</b>	<b>(1,021)</b>	<b>(1,122)</b>	<b>101</b>	<b>(2,749)</b>	<b>(1,684)</b>	<b>(1,065)</b>	
<b>Economy &amp; Innovation Net Total</b>	<b>(653)</b>	<b>(736)</b>	<b>83</b>	<b>(1,106)</b>	<b>(1,104)</b>	<b>(2)</b>	
<b>Environment &amp; Energy, HS2</b>							(1) A new BEIS grant has been secured to support the unlocking of Energy Innovation Zones. The funding will be fully utilised to commission delivery of a standard definition and development process template.
Energy Capital (1)	0	0	0	150	0	150	
<b>Total Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150</b>	<b>0</b>	<b>150</b>	
Environment	(96)	(162)	66	(184)	(242)	58	
Energy Capital (1)	(20)	0	(20)	(150)	0	(150)	
HS2 Growth Strategy	0	0	0	0	(1)	1	
<b>Total Expenditure</b>	<b>(116)</b>	<b>(162)</b>	<b>46</b>	<b>(334)</b>	<b>(243)</b>	<b>(91)</b>	
<b>Environment &amp; Energy, HS2 Net Total</b>	<b>(116)</b>	<b>(162)</b>	<b>46</b>	<b>(184)</b>	<b>(243)</b>	<b>59</b>	
<b>Housing and Land</b>							Currently underspent due to changes in the timing of external advice activity relating to One Public Estate and the Strategic Assets Management Plan.
Housing and Land Commission	1,007	1,468	(461)	1,995	2,201	(206)	
<b>Total Income</b>	<b>1,007</b>	<b>1,468</b>	<b>(461)</b>	<b>1,995</b>	<b>2,201</b>	<b>(206)</b>	
Housing and Land Commission	(1,105)	(1,568)	463	(2,172)	(2,352)	180	
<b>Total Expenditure</b>	<b>(1,105)</b>	<b>(1,568)</b>	<b>463</b>	<b>(2,172)</b>	<b>(2,352)</b>	<b>180</b>	
<b>Housing and Land Net Total</b>	<b>(98)</b>	<b>(100)</b>	<b>2</b>	<b>(177)</b>	<b>(151)</b>	<b>(26)</b>	
<b>Wellbeing</b>							(1) Following the setting of the budget an additional grant was awarded to deliver targeted work to understand the barriers and motivations to getting more people active within the West Midlands.  (2) Expenditure is lower than budget due to changes in when activity and recruitment is expected to take place.
Well Being (1)	167	0	167	176	0	176	
IPS Programme	140	96	44	231	144	87	
Fiscal Incentive Programme	551	547	4	861	820	41	
<b>Total Income</b>	<b>858</b>	<b>643</b>	<b>215</b>	<b>1,268</b>	<b>964</b>	<b>304</b>	
Mental Health Commission (2)	(221)	(311)	90	(421)	(499)	78	
Well Being (1)	(246)	(93)	(153)	(324)	(161)	(163)	
IPS Programme	(140)	(96)	(44)	(239)	(144)	(95)	
Fiscal Incentive Programme	(564)	(565)	1	(889)	(847)	(42)	
<b>Total Expenditure</b>	<b>(1,171)</b>	<b>(1,065)</b>	<b>(106)</b>	<b>(1,873)</b>	<b>(1,651)</b>	<b>(222)</b>	
<b>Wellbeing Net Total</b>	<b>(313)</b>	<b>(422)</b>	<b>109</b>	<b>(605)</b>	<b>(687)</b>	<b>82</b>	

FINANCIAL SUMMARY AS AT NOVEMBER 2019	NOVEMBER 2019 YEAR TO DATE			FULL YEAR 2019/20			As at 30th November there is a favourable variance of £0.141 within the operational budget.	
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000		
<b>Public Service Reform &amp; Social Economy</b>							(1) The budget assumed additional income would be secured to fund different workstreams, however this is now unlikely to be achieved. As such the funding and associated expenditure was removed from the forecast. The current programmes all remain on track.	
Mayoral Capacity Funding	0	50	(50)	100	100	0		
Other PSR Income (1)	6	108	(102)	6	215	(209)		
<b>Total Income</b>	<b>6</b>	<b>158</b>	<b>(152)</b>	<b>106</b>	<b>315</b>	<b>(209)</b>		
Public Sector Reform (1)	(317)	(488)	171	(582)	(778)	196		
Inclusive growth	(7)	(40)	33	(13)	(60)	47		
<b>Total Expenditure</b>	<b>(324)</b>	<b>(528)</b>	<b>204</b>	<b>(595)</b>	<b>(838)</b>	<b>243</b>		
<b>Public Service Reform &amp; Social Economy Net Total</b>	<b>(318)</b>	<b>(370)</b>	<b>52</b>	<b>(489)</b>	<b>(523)</b>	<b>34</b>		
<b>Skills and Productivity</b>								(1) Changes in the timing of activity have reduced income and associated expenditure year to date. The reduction in expected delivery this financial year has been reflected in the forecast. An extension of the pilot has been provisionally approved by the DWP.  (2) Driven by changes in the timing of activity as well as additional funding from the Construction Industry Training Board, which has also been reflected in the full year forecast.  (3) The significant year to date variance is driven by the timing of payments in line with the ESFA phasing and contract delivery plans, with delivery on track for the full year. The full year forecast was adjusted to include the implementation funding from DfE.  (4) The timing of sign off of the grant from DfE has driven the year to date variance. This was reflected in the forecast as the programme will not now deliver as much this financial year as originally budgeted.
Productivity and Skills	40	0	40	81	0	81		
Employment Support Pilot Skills (1)	752	1,545	(793)	1,530	2,278	(748)		
Investment Programme (Skills)	149	137	12	298	206	92		
Technical Education	61	67	(6)	96	100	(4)		
Construction Skills (2)	2,584	1,890	694	4,906	3,556	1,350		
Adult Education (3)	42,060	39,487	2,573	78,948	78,713	235		
Careers	2	0	2	10	0	10		
Digital Skills (4)	379	1,161	(782)	1,149	1,741	(592)		
<b>Total Income</b>	<b>46,027</b>	<b>44,287</b>	<b>1,740</b>	<b>87,018</b>	<b>86,594</b>	<b>424</b>		
Productivity and Skills	(388)	(377)	(11)	(617)	(565)	(52)		
Employment Support Pilot Skills (1)	(752)	(1,545)	793	(1,530)	(2,278)	748		
Investment Programme (Skills)	(128)	(137)	9	(277)	(206)	(71)		
Technical Education	(61)	(67)	6	(96)	(100)	4		
Construction Skills (2)	(2,584)	(1,890)	(694)	(4,906)	(3,556)	(1,350)		
Adult Education (3)	(42,024)	(39,487)	(2,537)	(78,912)	(78,713)	(199)		
Careers	(2)	0	(2)	(10)	0	(10)		
Digital Skills (4)	(378)	(1,161)	783	(1,148)	(1,741)	593		
<b>Total Expenditure</b>	<b>(46,317)</b>	<b>(44,664)</b>	<b>(1,653)</b>	<b>(87,496)</b>	<b>(87,159)</b>	<b>(337)</b>		
<b>Skills and Productivity Net Total</b>	<b>(290)</b>	<b>(377)</b>	<b>87</b>	<b>(478)</b>	<b>(565)</b>	<b>87</b>		
<b>Culture and Digital</b>							(1) The Creative Scale Up grant is a new two year grant awarded after the budget was set. This will deliver: -A business support programme to improve the investibility of scaling creative industry businesses. -Targeted work with investors to increase interest and capacity in supporting creative industry businesses. -Contribute to a centralised rigorous evidence base that tests the impact of sector specific investment readiness support for creative businesses.	
5G Network	40	0	40	0	0	0		
DDCMS - Creative Scale Up (1)	70	0	70	650	0	650		
<b>Total Income</b>	<b>110</b>	<b>0</b>	<b>110</b>	<b>650</b>	<b>0</b>	<b>650</b>		
5G Network	(40)	0	(40)	0	0	0		
Culture and Tourism Commission	(75)	(93)	18	(100)	(110)	10		
DDCMS - Creative Scale Up (1)	(70)	0	(70)	(650)	0	(650)		
<b>Total Expenditure</b>	<b>(185)</b>	<b>(93)</b>	<b>(92)</b>	<b>(750)</b>	<b>(110)</b>	<b>(640)</b>		
<b>Culture and Digital Net Total</b>	<b>(75)</b>	<b>(93)</b>	<b>18</b>	<b>(100)</b>	<b>(110)</b>	<b>10</b>		
<b>Inclusive Communities</b>								
<b>Total Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
Youth Combined Authority	(18)	0	(18)	0	0	0		
<b>Total Expenditure</b>	<b>(18)</b>	<b>0</b>	<b>(18)</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>Inclusive Communities Net Total</b>	<b>(18)</b>	<b>0</b>	<b>(18)</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>Operational Income Net Total</b>	<b>106</b>	<b>(35)</b>	<b>141</b>	<b>284</b>	<b>0</b>	<b>284</b>		

**Appendix 4**

West Midlands Combined Authority Mayoral Budget – November 2019

	NOVEMBER 2019 YEAR TO DATE				FULL YEAR 2019/20			
	ACTUAL £000	BUDGET £000	VARIANCE £000		FORECAST £000	BUDGET £000	VARIANCE £000	
<b>MAYORAL OFFICE</b>								
Other Grants	505	536	(31)	6%	789	804	(15)	2%
Use of Reserves	25	0	25	0%	45	0	45	0%
<b>TOTAL INCOME</b>	<b>530</b>	<b>536</b>	<b>(6)</b>	<b>1%</b>	<b>834</b>	<b>804</b>	<b>30</b>	<b>4%</b>
Staff Costs	(462)	(501)	39	8%	(709)	(751)	42	6%
IT	(7)	(7)	0	0%	(10)	(10)	0	0%
Promotions, Information and Initiatives	(2)	0	(2)	0%	(5)	0	(5)	0%
External Advice	(30)	0	(30)	0%	(56)	0	(56)	0%
Travel & Subsistence	(28)	(27)	(1)	4%	(41)	(41)	0	0%
Other	(1)	(1)	0	0%	(2)	(2)	0	0%
<b>TOTAL EXPENDITURE</b>	<b>(530)</b>	<b>(536)</b>	<b>6</b>	<b>1%</b>	<b>(823)</b>	<b>(804)</b>	<b>(19)</b>	<b>2%</b>
<b>NET</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>11</b>	<b>0</b>	<b>11</b>	<b>0%</b>



## Appendix 5

### West Midlands Combined Authority Transport Delivery Capital Programme – November 2019

	YEAR TO DATE			FULL YEAR			Commentary
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000	
<b>TRANSPORT PORTFOLIO CAPITAL PROGRAMME</b>							
<b>Investment Programme</b>	<b>66,330</b>	<b>81,515</b>	<b>15,185</b>	<b>106,607</b>	<b>139,616</b>	<b>33,009</b>	<p><b>Actual v Budget YTD variances</b></p> <p>At the end of November 2019, actual expenditure was £15.2m lower than budget (£12.5m Oct 19). The main variances are contained within the Metro Programme, and relate to the following;</p> <p>Metro Wednesbury to Brierley Hill Extension £6.384m (£4.661m Oct) reflects latest programme for design and advance construction costs. Approval received in October, allowing full design to commence in November. The delivery date remains on target.</p> <p>Metro Birmingham Eastside £5.123m (£2.995m Oct) following work to finalise the Transport and Works Act Order (TWAO) submission and the final business case. DfT have provided development funding to allow works to progress.</p> <p>SPRINT - Hagley Road £3.552m (£2.874m Oct) utility work and early contractor involvement has been reprofiled due to ongoing works to finalise Land agreements which are now mostly concluded.</p> <p>MML Life Cycle Projects £1.4m Track Stress Assessments and other activities rescheduled.</p> <p>Metro Centenary Square / Edgbaston Extension £1.572m (£2.314m Sep) due to acceleration of overnight testing works offset by reduced excavation scope at Five Ways. The overall delivery date remains on target for December 2021.</p> <p><b>Annual Budget v Forecast variances</b></p> <p>At the end of November 2019, the annual variance was £33.0m below budget (£15.191m Sept 2019). The reduction of £17.81m in October is primarily spread across the Metro projects. The main variances to budget are as follows;</p> <p>Metro Wednesbury to Brierley Hill Extension £15.470m (£10.593m Sept) due to the rescheduling of the programme with no impact on delivery date December 2023.</p> <p>Metro Edgbaston £8.57m (£0.052m Sept) due to re-phasing of traffic management costs along Broad Street.</p> <p>Metro Birmingham Eastside (£5.889m) due to TWAO decision. Work is now underway to complete a Final Business Case which is expected to be approved in Q1 2020/21.</p>
Metro	62,392	74,193	11,801	94,660	126,230	31,570	
Rail	2,463	2,310	(153)	4,684	6,214	1,530	
Sprint	1,475	5,012	3,537	7,263	7,172	(91)	
<b>CWG Programme</b>	<b>7,840</b>	<b>9,598</b>	<b>1,758</b>	<b>14,277</b>	<b>26,717</b>	<b>12,440</b>	<p><b>Actual v Budget YTD variances</b></p> <p>At the end of November 2019, actual expenditure was £1.758m lower than budget (£0.276m Oct). The main variances are as follows;</p> <p>A45 SPRINT £1.736m (£0.823m Oct) due to the reprofiling of utility diversion costs to Q4 19/20.</p> <p>RTCC - Design &amp; Layout (£0.596m) Contractor review of fitting out of the new Control Centre.</p> <p>SPRINT-A34 Walsall to Birmingham (£0.529m) due to the reprofiling of utility diversion costs to Q4 19/20.</p> <p>Offset by University Station Improvements £1.0m (£0.776m Oct) due to acceleration of some detailed design.</p> <p>Perry Barr Rail Station £0.315m (£0.266 Oct) due to additional works to complete the design brief</p> <p><b>Annual Budget v Forecast variances</b></p> <p>At the end of November 2019, the annual variance was £12.4m below budget (£1.301m Aug). The main variances are as follows;</p> <p>A45 SPRINT £7.491m due to utility diversions being reprofiled to 20/21.</p> <p>SPRINT A34 Walsall to Birmingham £5.8m due to utility diversions being reprofiled to 20/21.</p> <p>University Station improvements (£1.309m) due to acceleration of works due to complexity of design which can be accommodated within the current anticipated final cost estimate.</p>
Highway	1,568	2,363	795	5,813	6,722	909	
Other	45	98	53	98	98	0	
Rail	3,298	1,942	(1,356)	4,411	2,622	(1,789)	
Sprint	2,929	5,195	2,266	3,955	17,275	13,320	
<b>Other Major Programmes</b>	<b>7,199</b>	<b>9,922</b>	<b>2,723</b>	<b>18,377</b>	<b>23,312</b>	<b>4,935</b>	<p><b>Actual v Budget YTD variances</b></p> <p>At the end of November 2019, actual expenditure was £2.724m lower than budget (£2.503 Oct). The main variances are as follows;</p> <p>Snow Hill 3rd Access £1.108m (£1.112m Oct) Survey work and GRIP 4 option development is progressing towards completion during Q3 19/20.</p> <p>Key Route Network £0.726m (£0.393m Oct) owing to a reprofiling of the Congestion &amp; Road Safety works into 20/21.</p> <p>Longbridge £0.349m due to minor contractor construction rephasing.</p> <p><b>Annual Budget v Forecast variances</b></p> <p>At the end of November 2019 the annual variance was £4.932m below budget with marginal changes to last month (£0.793m Sept).</p>
Bus	1,964	1,801	(163)	5,755	5,769	14	
Highway	258	984	726	1,577	4,026	2,449	
Other	1,886	2,570	684	4,475	6,121	1,646	
Rail	3,091	4,567	1,476	6,570	7,396	826	
<b>Minor Work Programme</b>	<b>3,711</b>	<b>5,172</b>	<b>1,461</b>	<b>9,525</b>	<b>11,144</b>	<b>1,619</b>	<p><b>Actual v Budget YTD variances</b></p> <p>At the end of November 2019, actual expenditure was £1.461m lower than budget (£1.5m Oct). The main variance is as follows;</p> <p>ADEPT Live Lab £0.806m (£0.568m Oct) is below budget. Early pilot work to analyse congestion patterns revised in line with a new programme is being undertaken.</p> <p>Bradley Lane Park and Ride £0.733m (£0.652m Oct) below budget due to a reprofiling of the car park construction works.</p> <p>Offset by</p> <p>DfT Tackling Nitrogen Dioxide workstream (Wolverhampton MBC) £0.985 above budget. Advance payment to West Midlands Travel. There is no impact on the annual budget.</p> <p><b>Annual Budget v Forecast</b></p> <p>Real Time Information upgrades (£0.935m) initial solution development work commenced in November, as a consequence original work streams have been rescheduled to 20/21.</p> <p>Network Infrastructure Measures (£0.446m) Contribution to A435 Alcester Road Bus Priority scheme not required until Q2 20/21. ADEPT Live Lab £0.568m (£0.326m Sept) is below budget but early pilot work to analyse congestion patterns revised in line with a new programme is underway.</p>
<b>Grants to Local Authorities</b>	<b>15</b>	<b>657</b>	<b>642</b>	<b>1,037</b>	<b>3,546</b>	<b>2,509</b>	
<b>TOTAL TRANSPORT PROGRAMME</b>	<b>85,095</b>	<b>106,864</b>	<b>21,769</b>	<b>149,823</b>	<b>204,335</b>	<b>54,512</b>	

West Midlands Combined Authority Transport Delivery Capital Programme – November 2019

	YEAR TO DATE			FULL YEAR			Commentary
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000	
<b>Investment Programme (Grants to Local Authorities)</b>	11,127	23,025	11,898	38,332	53,423	15,091	<p><b>Actual v Budget variances</b> At the end of November 2019, actual expenditure was £11.898m (£10.214m Oct) below the budget of £23.0m. The main variances are as follows;</p> <p>Coventry UKC and Very Light Rail £3.6m (£3.869m Oct). Coventry Station Masterplan £2.134m (£0.355 Oct) awaiting CPO process to finalise land acquisition. Coventry City of Culture Regeneration £3.271m (£2.249m Oct) Local Government and other public funding sources have been drawn down first. HS2 - UK Central Interchange £1.546m (£0.699m Oct) below budget relating to HS2 Parallel designs pending approval of final business cases on NEC longabout (due in October 2019) and roundabout over-trace (approved in September). Offset by UK Central Infrastructure Package (£0.644m) ahead of budget. The overspend to budget is due to a minor acceleration of programme.</p> <p><b>Annual Budget v Forecast</b> At the end of November 2019, the Annual variance was £15.1m below budget. The main variances are as follows; Coventry City of Culture Regeneration £7.1m and Rail-Coventry Station MasterPlan £6.8m due to Local Growth funding being utilised before WMCA funding. Coventry UKC and Very Light Rail £3.2m due to several workstreams being re-profiled to later in the year. Offset by HS2 UK Central Interchange £3.98m owing to early approval of the roundabout over trace and accelerated design spend on the NEC Longabout ((A452) project.</p>
<b>Housing</b>	11,782	31,521	19,739	38,196	50,829	12,633	<p><b>Actual v Budget variances</b> At the end of November 2019, actual expenditure was £19.739m below budget (£19.426m in Oct) . The main variances are as follows;</p> <p>Brownfield Land &amp; Property Development Fund £16.998m (£16.550m Oct) primarily due to a rescheduling of draw down of Commonwealth Games (£11.0m) partly deferred to November 2019 and January 2020, Telford &amp; Wrekin Council (£0.750m) deferred to March 2020, and Redsuns Project (£0.457m) deferred to October 2019.</p> <p><b>Annual Budget v Forecast</b> At the end of November 2019, the Annual variance was £12.6m below budget, primarily due to a rescheduling of Commonwealth Games (£11.0m) and Telford &amp; Wrekin Council (£0.75m).</p>
<b>TOTAL OTHER PORTFOLIOS</b>	<b>22,909</b>	<b>54,546</b>	<b>31,637</b>	<b>76,528</b>	<b>104,252</b>	<b>27,724</b>	

**Appendix 6**

WMCA Investment Programme Financial Summary period ending 31<sup>st</sup> October 2019

**WMCA Investment Programme Financial Summary**

Period Ending 31st October 2019

PROGRAMME	2019 / 2020 YEAR TO DATE			2019 / 2020 FULL YEAR			COST TO COMPLETION					
	ACTUAL	BUDGET	VARIANCE	BUDGET	FORECAST	VARIANCE	PRIOR PERIOD SPEND	2019/20 FORECAST	FUTURE YEARS FORECAST	TOTAL FORECAST OUTTURN	TOTAL BUDGET	VARIANCE
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
COVENTRY UKC PLUS	16,223	22,845	6,622	64,073	49,812	14,261	23,425	49,812	637,732	710,969	700,787	(10,182)
SPRINT PROGRAMME	3,389	8,148	4,760	24,627	11,219	13,408	4,385	11,219	281,738	297,342	297,449	107
RAIL PROGRAMME	2,065	4,592	2,527	9,207	4,757	4,450	4,129	4,757	179,741	188,627	185,727	(2,900)
METRO PROGRAMME	54,855	68,177	13,321	128,275	91,078	37,197	190,447	91,078	1,309,659	1,591,184	1,589,610	(1,574)
UK CENTRAL INFRASTRUCTURE PACKAGE	4,233	5,534	1,301	14,241	14,204	36	9,330	14,204	1,363,094	1,386,629	1,386,756	128
UK CENTRAL HS2 INTERCHANGE	2,517	4,660	2,143	7,932	11,916	(3,984)	12,305	11,916	505,342	529,563	604,416	74,853
CURZON STREET STATION MASTERPLAN	1,221	1,221	-	3,904	3,904	-	3,155	3,904	546,789	553,848	553,848	-
NATIONAL COLLEGE FOR HIGH SPEED RAIL	-	-	-	-	-	-	25,553	-	-	25,553	25,553	-
HIGH SPEED SUPPLY CHAIN & BUSINESS SUPPORT	-	-	-	-	-	-	11,270	-	338,730	350,000	350,000	-
<b>HS2 GROWTH STRATEGY TOTAL</b>	<b>84,504</b>	<b>115,178</b>	<b>30,674</b>	<b>252,258</b>	<b>186,890</b>	<b>65,368</b>	<b>284,000</b>	<b>186,890</b>	<b>5,162,824</b>	<b>5,633,714</b>	<b>5,694,146</b>	<b>60,432</b>
COVENTRY CITY CENTRE SOUTH REGENERATION	1,619	2,472	854	6,207	3,873	2,335	23,046	3,873	347,009	373,928	373,675	(253)
INNOVATION PROGRAMME	9,330	13,958	4,628	23,929	18,396	5,533	2,660	18,396	174,094	195,150	195,000	(151)
LAND RECLAMATION AND REMEDIATION	8,348	28,882	20,534	49,138	31,858	17,280	7,194	31,858	160,947	200,000	200,000	-
COMMONWEALTH GAMES 2022	-	5,833	5,833	10,000	-	10,000	-	-	25,000	25,000	25,000	-
EMPLOYMENT, EDUCATION & SKILLS	113	1,234	1,121	2,116	326	1,789	48	326	19,626	20,000	20,000	(0)
COLLECTIVE INVESTMENT FUND	6,522	20,943	14,421	52,708	22,706	30,003	39,147	22,706	938,148	1,000,000	1,000,000	0
DEVOLVED TRANSPORT INVESTMENT	-	-	-	-	-	-	-	-	1,299,000	1,299,000	1,299,000	-
EZ EXPANSION EXCLUDING CURZON STREET	-	-	-	-	-	-	-	-	20,000	20,000	20,000	-
<b>OTHER INVESTMENT PROGRAMME SCHEMES</b>	<b>25,931</b>	<b>73,322</b>	<b>47,391</b>	<b>144,098</b>	<b>77,159</b>	<b>66,939</b>	<b>72,096</b>	<b>77,159</b>	<b>2,983,824</b>	<b>3,133,079</b>	<b>3,132,675</b>	<b>(404)</b>
<b>GRAND TOTAL</b>	<b>110,435</b>	<b>188,500</b>	<b>78,065</b>	<b>396,356</b>	<b>264,049</b>	<b>132,307</b>	<b>356,095</b>	<b>264,049</b>	<b>8,146,649</b>	<b>8,766,793</b>	<b>8,826,821</b>	<b>60,028</b>

## Appendix 6 (Continued)

WMCA Investment Programme Financial Commentary for the period ending 31st October 2019

The financial results for October 2019 are shown above.

In respect of full project costs to completion, the financial summary has been adjusted to reflect the revised budget based on the 2019/20 programme baseline. The project budget for the Wednesbury to Brierley Hill Metro Extension has been revised, as approved by the WMCA Board on 22 March 2019. The Metro programme is red status because of the current funding gap against the East Birmingham to Solihull project.

The UK Central HS2 Interchange programme has been reforecast based on the latest business case submitted to Central Government, which has resulted in the variance reported above of £74.9m between the total forecast outturn and budget. However, within the revised forecast outturn of £529.6 million, there remains a funding gap against the Birmingham International Station redevelopment project, which is now £131 million. Therefore the UK Central HS2 Interchange programme remains red status.

In November 2019, it was agreed by WMCA Board that Investment Programme approvals are held within the current affordable limit. Based upon what is available to date, the affordable limit was agreed by WMCA Board to be £801 million. As a consequence, programmes that are funded from the Investment Programme beyond the current affordable limit of £801 million have changed status this month from green to amber.

The programmes that have changed status from green to amber are Coventry UKC Plus, Sprint Programme; Rail Programme, UK Central Infrastructure Package, Innovation Programme, Land Reclamation and Remediation and Employment, Education and Skills.

The Rail programme budget reflects the Package 1 (Willenhall & Darlaston), Package 2 (Moseley, Kings Heath & Hazelwell), Snow Hill Lines and Sutton Coldfield Interchange and City Link schemes only.

For 2019/20, the YTD spend to October is £78.1 million behind budget. Within this amount are the following significant variances:

- \*Metro programme variance of £13.3 million, including Birmingham Eastside Extension (£6.1 million) and Wednesbury to Brierley Hill (£5.5 million);
- \*Land Reclamation and Remediation variance of £20.5 million, including Brownfield Land Property and Development Fund (BLPDF) (£17.8 million); and
- \*Collective Investment Fund variance of £14.4 million.

The 2019/20 full year forecast underspend of £65.4 million for the HS2 Growth Strategy includes the significant variances set out below:

- \*Coventry UKC Plus variance of £14.3 million, including for Coventry Station Masterplan (£15.1 million), offset by forecast spend for UK City of Culture 2021 Regeneration (£6.2 million).
- \*Sprint programme variance of £13.4 million, including A34 Walsall to Birmingham (£5.5 million) and A45 Birmingham to Airport and Solihull (£7.3m); and
- \*Metro programme variance of £37.2 million, including Edgbaston Extension (£8.5 million), Birmingham Eastside Extension (£10.9 million) and Wednesbury to Brierley Hill Extension (£16.4 million).

The CPO process to finalise the required land acquisition for the Coventry Station Masterplan project has been delayed, which has caused the observed variance. The Coventry South Package variance is because of delays to the A46 Stoneleigh Junction project, caused by legal and planning issues with Highways England and DfT, as well as land acquisition values remaining yet to be agreed with land owners. Formal confirmation of DfT funding remains outstanding for the A46 Stoneleigh Junction project.

The latest spend against the Sprint projects has been primarily caused by ongoing cost reviews and funding assurance processes.

The above variances are not considered to have an impact on the overall delivery of the projects.

The other major full year variances to forecast are:

- \* An variance of £17.2 million in respect of Land Reclamation and Remediation; and
- \* An variance of £30.0 million in respect of the Collective Investment Fund.

Variances are due to planning permission issues, complications on site and legal issues with solicitors for the Land Reclamation and Remediation programme. As with the variances for the HS2 Growth Strategy, the above variances are not considered to have an impact on the overall delivery of the projects.

The Coventry UKC Plus programme is showing a variance of £10.2 million between total forecast outturn and budgeted outturn. This is because of increased estimated delivery costs for the A46 Stoneleigh Junction project within the Coventry South Package.

**Appendix 7**

WMCA Investment Programme Commitment Profile as at 30th November 2019

£m	Total Approvals	Approved Commitments	Actual Spend
UK Central HS2 Interchange	398.0	51.9	13.9
UK Central Infrastructure Package	288.0	30.8	9.3
Sprint Programme	217.4	21.0	3.0
Rail Programme	146.7	18.8	6.1
Metro Programme	136.0	136.0	52.2
Coventry City Centre First incl. Coventry Station Masterplan	43.4	43.4	-
Coventry UKC Plus - Very Light Rail: 'Transforming Connectivity'	55.0	12.2	2.0
Coventry North Package	21.6	0.2	0.0
Coventry South Package	136.5	7.4	0.3
Wednesbury to Brierley Hill Metro Extension	103.0	103.0	-
Coventry UKC Plus - UK City of Culture 2021 Regeneration	31.6	31.6	0.4
<b>SUB TOTAL HS2 GROWTH STRATEGY</b>	<b>1,577.2</b>	<b>456.4</b>	<b>87.3</b>
Coventry City Centre South Regeneration	150.0	150.0	8.7
Innovation Programme	50.0	12.5	5.6
Land Reclamation and Remediation	200.0	103.0	15.5
Commonwealth Games 2022	25.0	25.0	-
Employment, Education & Skills	20.0	1.3	0.2
<b>OTHER INVESTMENT PROGRAMME</b>	<b>445.0</b>	<b>291.8</b>	<b>30.0</b>
<b>TOTAL</b>	<b>2,022.1</b>	<b>748.2</b>	<b>117.3</b>

## Appendix 8

Balance Sheet as at 30th November 2019

<b>WMCA Balance Sheet as at 30 November 2019</b>			
	<b>30 November 2019 £'000</b>	<b>31 October 2019 £'000</b>	<b>Movement £'000</b>
Property, plant and equipment	402,209	396,860	5,349
Investments	23,095	22,918	177
<b>Long-term assets</b>	<b>425,304</b>	<b>419,778</b>	<b>5,526</b>
Debtors	59,885	51,816	8,069
Short-term deposits	133,490	168,900	(35,410)
Cash and bank	23	188	(166)
<b>Current assets</b>	<b>193,398</b>	<b>220,904</b>	<b>(27,506)</b>
Loans - interest due	(1,743)	(2,629)	886
Short-term creditors/accruals	(53,056)	(72,790)	19,734
<b>Current liabilities</b>	<b>(54,799)</b>	<b>(75,419)</b>	<b>20,620</b>
<b>Net current assets</b>	<b>138,599</b>	<b>145,485</b>	<b>(6,886)</b>
Provisions	(3,504)	(3,504)	-
PWLB	(118,924)	(118,924)	-
Other loans - Barclays	(10,000)	(10,000)	-
Dudley MBC	(7,185)	(7,185)	-
Grants receipts in advance	(164,307)	(175,815)	11,508
<b>Long-term liabilities</b>	<b>(303,920)</b>	<b>(315,428)</b>	<b>11,508</b>
<b>Net assets</b>	<b>259,983</b>	<b>249,835</b>	<b>10,148</b>
General fund balance	4,591	2,916	1,675
Earmarked reserves	134,049	132,115	1,934
Capital grants unapplied reserve	247	247	-
<b>Usable reserves</b>	<b>138,887</b>	<b>135,278</b>	<b>3,609</b>
Revaluation reserve	6,730	6,731	(1)
Deferred capital grants account	414,355	409,004	5,351
Capital financing account	(299,622)	(300,811)	1,189
Accumulated absences account	(367)	(367)	0
<b>Unusable reserves</b>	<b>121,096</b>	<b>114,557</b>	<b>6,539</b>
<b>Total reserves</b>	<b>259,983</b>	<b>249,835</b>	<b>10,148</b>

The WMCA Balance Sheet reflects a healthy financial position. Main changes since October reflect TfWM capital spend and work-in-progress funded mainly by grants in advance, resulting in an increase of £5.3m net of depreciation in property, plant and equipment.

The increase in debtors is due largely due to grant income for the Metro Centenary Square scheme.

The decrease in cash and bank and short-term deposits is largely due Investment Programme and capital programme (including Metro extension schemes) payments, and grant payments for the Adult Education Budget which resulted in the decrease in grants receipts in advance and short-term creditors/accruals.