



WMCA Board

Date	5 June 2020
Report title	Financial Monitoring Report 2019/20
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This report has been considered by	Senior Leadership Team Programme Board

Recommendation(s) for action or decision:

WMCA Board is recommended to:

- (1) Note the financial outturn position as at the end of March 2020.

1.0 Purpose

- 1.1 To provide an update on West Midlands Combined Authority finances as at the end of March 2020, subject to external audit.

2.0 Background - Financial Monitoring

- 2.1 A summary of final outturn of both the revenue and capital spend against the approved budget and forecast 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 Also reported for noting is the 2019/20 Treasury Management outturn as set out in appendix 9.
- 2.3 Appendix 1 shows the overall consolidated revenue position for the West Midlands Combined Authority.
- 2.4 The overall outturn position at the end of March shows a minor £0.018m favourable variance from budget. This consists of a favourable variance within the Delivery budget of £0.038m offset by a minor adverse variance of (£0.020m) within the Transport budget.
- 2.5 Planned transfers to reserves to support the 2020/21 budget amounted to £3.3m overall and transfers to reserves to set aside available funding to protect against the impact of Covid-19 in 2020/21 amounted to £1.3m overall.
- 2.6 Before transfers to reserves, the outturn position on the Transport budget was a favourable variance of £1.274m against forecast and £3.839m against budget, primarily due to reduced expenditure on concessionary travel, driven by lower patronage.
- 2.7 Before transfers to reserves, the outturn position on the Delivery budget was £0.558m, primarily as a result of additional grants awarded in year and the timing of recruitment activity, partly offset by investment income which is lower than budgeted as a result of the need to prudently provide for potential defaults against loans made through the CIF scheme.
- 2.8 It should be noted that the final outturn position set out in this report is subject to external audit which will commence in May 2020 with the audit findings to be reported to Audit, Risk and Assurance Committee on 26th June when the Committee will also approve the final audited accounts.

Table1: WMCA Final Outturn 2019/20 compared with Forecast Outturn

£ million	January 2020 Forecast	Final Outturn
Transport Delivery	2.6	3.8
WMCA Delivery Budget	0.5	0.6
Mayor's Office	0.0	0.0
Investment Programme	0.0	0.0
Total	3.1	4.4
Transfer to Efficiency Reserves	(3.1)	(3.1)
Transfer to Covid-19 Reserves	0.0	(1.3)
Total	0.0	0.0

3.0 Transport

- 3.1 Appendix 2 sets out the full year outturn position on the Transport revenue budget as at the end of March 2020, showing a minor adverse variance of £0.020m from budget.
- 3.2 Excluding transfers to reserves, the full year Transport outturn represented a £1.274m favourable variance against forecast and a £3.839m favourable position against budget. This favourable variance is primarily as a result of savings on concessionary travel as a result of lower patronage.
- 3.3 Further savings arose as a result of the timing of recruitment activity and lower infrastructure and capital financing costs.
- 3.4 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).
- 3.5 Towards the end of the financial year the impact of Covid-19 led to reduced departure charge income and income from digital advertising. Metro also began to see significant losses in fares income as a result of reductions in patronage.

4.0 West Midlands Combined Authority Delivery Budget

- 4.1 Appendix 3 sets out the full year outturn position on the West Midlands Combined Authority Delivery Budget as at the end of March 2020, showing a minor favourable variance of £0.038m from budget.
- 4.2 Prior to transfers to reserves, the full year Delivery outturn shows a £0.558m favourable variance to budget, primarily as a result of additional grant income received in the year, partially offset by a reduction in investment income from general balances. The variance to forecast shows a minor £0.046m favourable variance.
- 4.3 The Housing and Land portfolio has moved towards being fully grant funded with work continuing to ensure the portfolio can remain self-sufficient once the initial grant funding has been fully utilised. The grant funding is now expected to last into 2021/22.
- 4.4 As a result of lower borrowing requirements throughout the year there have been significant loan interest savings, thus delivering savings against Business Support.
- 4.5 There are further favourable movements within the remaining 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.
- 4.6 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 CIF scheme.

5.0 Mayoral Office

- 5.1 The Mayoral Office final outturn 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 March 2020. Actual costs totalled £189.7m, resulting in a favourable variance of £123.1m against a budget of £312.8m. The Annual Forecast totalled £195.4m, resulting in a favourable variance of £5.7m against actual costs.
- 6.2 The budget variance is contained primarily within Transport £72.0m, Grants to Local Authorities Investment Programme £25.9m and Housing £25.2m. The favourable forecast variance was much smaller, primarily contained within Transport (£4.0m) and Housing (£2.7m).
- 6.3 The Transport Programme was 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 March, actual costs totalled £94.5m, which was £45.1m below the budget of £139.6m. The main variances at the end of March were contained within the Metro Programme totalling £38.2m.
- 6.4 The variance against the Metro Wednesbury to Brierley Hill of £20.2m was reflective of the latest programme for design and advance construction costs informed by the Midland Metro Alliance. The target cost originally envisaged in April 2019, was approved in October 2019, which pushed back design and advance utility diversion works, but are now progressing, as well as work to acquire the railway corridor with completion imminent. Despite the in year variance, works are still on track to achieve the delivery date of December 2023.
- 6.5 The Birmingham Eastside extension variance of £14.5m reflects the timing of a pending Transport and Works Act Order approval from DfT. Successful discussions with DfT to secure shorter term funding recently allowed works to progress to a revised profile. DfT approved the final business case in March 2020, allowing the release of funding, which should see the pace of the scheme pick up significantly in Q1 20/21.
- 6.6 The Sprint Hagley Road scheme was £4.1m favourable to budget 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.
- 6.7 The MML life cycle project was £2.2m below budget owing to a re-profiling of track stress assessments, overhead line maintenance and gas tension replacements and re-phasing of works, due to resource availability.
- 6.8 The Metro East Birmingham to Solihull extension was £1.9m favourable to budget, as it is currently on hold pending the identification of a suitable budget to progress the scheme to the next stage. Discussions are ongoing with DfT in this regard.
- 6.9 The Rail–Camp Hill Line Local Enhancements (Package 2) was £1.5m favourable to budget largely due to land acquisition budgeted in first half of 19/20. Negotiations with land owners and concurrent Compulsory Purchase Offer process are still ongoing.

- 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 March 2020, actual costs totalled £13.5m, which was £12.4m below the budget of £26.0m. The main variance of note related to the Sprint A45 Birmingham Airport and Solihull which was £6.6m below budget due to a re-profiling of utility diversion works. The Sprint A34 Walsall to Birmingham was also below budget (£5.3m), owing to the re-profiling of utility diversion works. Both projects have received approval to commence phase one works, and WMCA Board approval to submission of Final Business Case to DfT in March 2020.
- 6.11 In addition, the RTCC-Design & Layout (£1.6m), for the new control centre has a favourable variance due to a pending approval of a revised solution. The scheduled work has been paused pending approval of the revised solution, which may require a rescheduling of IT system work and workstation hardware and software into 20/21.
- 6.12 Offsetting the favourable variances, the University Station is ahead of budget by £1.9m mainly due to the acceleration of GRIP 4 (single option solution) design activities that were anticipated later in the programme. A detailed review has helped to establish a higher degree of accuracy. Perry Barr Rail Station was £1.5m ahead of budget due to additional feasibility and design costs. These increases are expected to be contained within the overall budget for the respective schemes at this stage.
- 6.13 Other Major schemes include construction of the decked car park within the Longbridge Connectivity Package and the Snow Hill Third Access. At the end of March 2020, actual costs totalled £15.9m, which was £6.9m below the budget of £22.8m. The main variance relates to Clean Bus Technology Fund 2017-2019 (£1.8m), where the programme allocated to bus operators has fallen behind schedule in 19/20. In the main, the majority of the shortfall will be recovered in 20/21, subject to relaxation of Coronavirus measures implemented in March. In addition the Key Route Network Safety programme (£1.4m) relating to congestion and road safety measures have been rescheduled into 20/21. The Snow Hill 3rd Access (£1.1m) was paused in February 2020, following the emergence of a wider redevelopment and regeneration opportunity, led by Birmingham City Council and the WMCA Housing Directorate in the vicinity. Work to GRIP 5 (single option solution) has almost concluded in March 2020, and a review of final costings is under way.
- 6.14 The Connected and Autonomous Vehicles TestBed (CAV) project was £0.7m favourable, pending construction supplier selection for the remaining works, which will now be completed in 2021.
- 6.15 The Minor Works Programme includes a large number of small schemes. At the end of March 2020, actual costs totalled £6.5m, which was £4.1m below the budget of £10.6m. The main variance was attributable to the ADEPT Live Lab project (£0.9m) where early start pilots to analyse congestion patterns on the regions busiest roads have been revised in line with a new programme in 20/21. In addition, the Real Time Information Upgrades programme (£0.9m) was under spent due to a re-profiling of a new back office system selection review, expected to be concluded in 20/21. The DfT Tackling Nitrogen Dioxide allocated to Wolverhampton MBC (£0.8m) was also underspent owing to bus operator supplier installation delays, expected to be recovered in 20/21, subject to the relaxation of Coronavirus measures put into place in March.

- 6.16 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 March 2020, actual costs totalled £15k, which was £3.5m below the budget of £3.5m. The main variances have arisen owing to the finalisation of funding agreements with respect to two Coventry schemes, and as a consequence, the schemes expenditure have been rescheduled to commence in Q1 20/21.
- 6.17 The Grants to Local Authorities Investment Programme details those schemes delivered by Local Authorities as part of the Investment Programme grant arrangements. At the end of March 2020, actual costs totalled £27.5m, which was £25.9m below the budget of £53.4m. The main favourable variance related to the Coventry Station Masterplan (£10.3m) where the first draw down on WMCA funding was anticipated to be in October 2019, on exhaustion of Coventry City funding, however this has not yet been required as expenditure on the scheme has been low. The Compulsory Purchase Orders (CPO) for land acquisition is ongoing, and likely to be a dependency on draw down of WMCA funding in 20/21. Other significant variations within the Coventry schemes, notably Coventry UKC and Very Light Rail (£6.3m) where several work streams (Track Development, Transport Works Act order and Operations) were reduced or suspended pending a change request, the latest submitted in January 2020, which has led to a re-profiling of costs into 20/21.
- 6.18 In addition the Coventry City of Culture (£6.0m) is under budget, as local government and other public sector funding has been drawn down ahead of WMCA funds. Also within the HS2 UK Central Interchange (£1.5m) the favourable variance is primarily due to the HS2 Parallel designs project. Expenditure of £1.8m originally budgeted for September has now been re-profiled into early 20/21.
- 6.19 The Housing Programme with an annual budget of £56.8m includes the WMCA Land Fund, WMCA land remediation funds including the BCLEP managed Land and Property Investment Fund (LPIF). At the end of March 2020, actual costs totalled £31.6m, which was £25.2m below the budget of £56.8m. The variance is primarily contained within the WMCA Brownfield Land & Property Development Fund (£21.7m), where the drawdown of funding for Commonwealth Games (£15.5m), Telford and Wrekin Council (£2.3m), and Redsun Development (£1.4m) have been rescheduled to early 20/21 following the conclusion of legal agreements in March 2020, with the exception being Telford and Wrekin Council, which is pending further review.
- 6.20 Overall the actual costs to the end of March 2020 of £189.7m were closely aligned to the forecast of £195.4m, resulting in only a minor favourable variance of £5.7m. The main reductions are contained within the WMCA Investment Programme (£4.0m), Housing Programme (£2.7m), offset by the Commonwealth Games Programme (£1.0m), which are further explained below.

- 6.21 On the WMCA Investment Programme for Transport, actual costs of £94.5m were £4.0m below the forecast £98.5m. The main variances were contained within the Metro Programme (£2.0m), and the SPRINT Programme (£2.0m). Within the Metro Programme, the main variations are as a result of minor re-profiling on the Metro Wednesbury to Brierley Hill Extension (£2.0m) and Metro Birmingham Eastside extension (£1.1m), offset by Metro Westside extension (£2.2m) where some additional works requested by BCC combined with the accelerated construction works on Phase 2 of the Westside extension due to advantageous weather conditions allowing acceleration of works during Q4 2019-20. The overall Westside extension to Edgbaston remains on target to be delivered in December 2021. On the SPRINT Programme, the £2.0m primarily related to SPRINT – Hagley Road Phase 1 (£1.4m), and was due to a continuation of the budget variance explained previously.
- 6.22 Within the Commonwealth Games Programme, actual costs of £13.5m were £1.0m above the forecast of £12.5m. The main variances related to the Perry Barr Rail Station (£0.9m), and the University Station (£0.4m), and a continuation of the budget variance explained previously.
- 6.23 On the Other Major Schemes Programme, actual costs of £15.9m were £0.6m below the forecast of £16.5m. The only variance of note related to the Clean Bus Technology Fund 2017-2019 (£0.5m), where it was envisaged a further bus operator payment would have been made in March 2020, deferred into 20/21.
- 6.24 Within the Minor Works Programme, actual costs of £6.6m were £0.4m below the forecast of £7.0m. The main variance related to the DfT Tackling Nitrogen Dioxide allocated to Wolverhampton MBC (£0.6m) where further payments envisaged in March 2020 were deferred into 20/21.
- 6.25 On the Grants to Local Authorities Programme in Transport, actual costs of £0.015m matched the forecast.
- 6.26 Within the Investment Programme Grants to Local Authorities, actual costs of £27.5m were £1.0m above the forecast of £26.5m, primarily due to minor acceleration of the Coventry schemes, notably Coventry City of Culture Regeneration (£0.8m).
- 6.27 On the Housing Programme, actual costs of £31.6m were £2.7m below the forecast of £34.3m. The main variance is primarily contained within the Brownfield Land & Property Development Fund.

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 February 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 cash spend to February 2020 is £175.5m 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 rated as red status due to the East Birmingham to Solihull project, where discussions to confirm a funding package for the scheme are continuing.
- 7.4 The cost to completion against UK Central Interchange remains red status due to the funding gap of circa £131 million against the Birmingham International Station redevelopment project.

- 7.5 The Sprint programme is amber status because of the A34 Walsall to Birmingham and A45 Birmingham to Airport and Solihull projects. Phase 1 of these projects were approved by WMCA Board on 14th February 2020. Discussions to confirm the funding package for the second delivery phase of these projects are continuing.
- 7.6 In November 2019, WMCA Board agreed to hold Investment Programme approvals within an affordable limit as determined by WMCA Finance Directors at £801m whilst arrangements to secure additional funding into WMCA are developed and delivered. As such, a number of programmes for which the full extent of the funding required is not yet secure are amber status whilst these issues are being resolved. Specifically, these programmes include Coventry UKC Plus, Sprint Programme; Rail Programme, UK Central Infrastructure Package, Innovation Programme, Land Reclamation and Remediation and Employment, Education and Skills.
- 7.7 Appendix 7 details the commitments made against the Investment Programme which totalled £775.0m to the end of March 2020 (£774.2m February 2020) with the remaining £26.0m within the affordable limit currently progressing through the assurance framework.
- 7.8 The commitments against Metro cash-flow funding for the East Birmingham to Solihull and Birmingham Eastside Extension project is reported while the project secures permanent funding.
- 7.9 In addition to the projects listed at Appendix 7, an application for repayable funding for the UK Battery Industrialisation Centre was approved on 13 September 2019 by WMCA Board.

Investment Programme Funding

- 7.10 At the meeting in November 2019, the WMCA Board agreed to hold current Investment Programme approvals at £801m following the funding required to support the overall programme being lower than anticipated. WMCA Finance Directors are continuing to work to help resolve these matters.

Independent Evaluation of Local Growth Interventions ('Gateway Review')

- 7.11 Five-yearly gateway review periods formed part of the Devolution Deal agreement in 2016. The 2020/21 financial year is the fifth and final year of the first gateway review period.
- 7.12 A meeting was held between WMCA Finance directors and SQW on 20th February 2020 to discuss the draft evaluation plan for the West Midlands.
- 7.13 The schemes subject to the assessment were discussed, as well as a plan to conclude the review. A baseline report is expected in Spring 2020, with the ultimate aim of providing a recommendation in November 2020.

8.0 Balance Sheet

- 8.1 Appendix 8 presents the West Midlands Combined Authority Balance Sheet which shows a healthy financial position as at 31 March 2020. The main changes reflect Transport for West Midlands capital spend and work-in-progress mainly funded by grants in advance.

- 8.2 Payments under the Capital Programme (including Metro extension schemes), AEB grant payments to providers and the purchase of the Abberley Street site as part of the Land Fund offset by grants received, contributed to the net decrease in cash and short-term deposits. They have also resulted in lower grants receipts in advance, earmarked reserves and debtors.
- 8.3 The increase in short-term creditors/accruals is due to a surge in spending as capital projects within the Investment Programme head towards detailed development and construction, including the Commonwealth Games schemes, UK Central Infrastructure and HS2 Interchange and Coventry UKC Plus. This increase has also contributed to the decrease in the earmarked reserves and unusable reserves.

8.4 Table 2: WMCA Earmarked Reserves as at 31 March 2020

£ million	Investment Programme	Revenue Grants	General Earmarked Reserves	Budget Support 2020/21	Total
1 April 2019 Opening Balance	73.848	2.622	20.172	0	96.642
Transfer between reserves	0	0	(0.320)	0.320	0
Movements in the year	24.373	16.172	3.414	3.053	47.012
31 March 2020 Closing Balance	98.221	18.794	23.266	3.373	143.654

- 8.5 Expenditure plans exist for all of the above funds.
- 8.6 The final General Fund Balance reflects the deficit in year as follows:

Table 3: WMCA General Fund Balance as at 31 March 2020

£ million	Total
1 April 2019 Opening Balance	2.284
Surplus in the year	0.018
31 March 2020 Closing Balance	2.302

- 8.7 This remains below what would normally be expected to be held by an Authority of this size, however in light of the statutory underwrite by the 7 Metropolitan councils a lower level of general funds is considered acceptable.

9.0 Administered Funds

Funding Stream	2019/20 Latest Forecast Grant Award £'000	2019/20 Spend to date £'000	Purpose
Midlands Connect	7,817	6,431	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
Total	49,073	47,687	

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 – March 2020
- Appendix 2 – WMCA Transport Revenue Summary - March 2020
- Appendix 3 – WMCA Operational Revenue Summary – March 2020
- Appendix 4 – WMCA Mayor Revenue Summary – March 2020
- Appendix 5 – WMCA Capital Transport Delivery Programme – March 2020
- Appendix 6 – WMCA Investment Programme Summary – February 2020
- Appendix 7 – WMCA Investment Programme Commitments – March 2020
- Appendix 8 – WMCA Balance Sheet – March 2020
- Appendix 9 – Treasury Management Strategy – March 2020

Appendix 1

WMCA Consolidated Summary – March 2020

£000's	Year to Date			Full Year		
	Actual	Budget	Variance	Actual	Forecast	Variance
Transport Levy	114,720	114,720	0	114,720	114,720	0
Devolution Deal Grants	11,481	12,745	(1,264)	11,481	13,437	(1,956)
Adult Education Funding	71,515	78,713	(7,198)	71,515	79,195	(7,680)
Share of Business Rates	6,000	6,000	0	6,000	6,000	0
Constituent Membership	4,644	4,644	0	4,644	4,644	0
Non Constituent Members	425	425	0	425	425	0
Investment Programme	36,500	36,500	0	36,500	36,500	0
Investment Income	1,252	1,694	(442)	1,252	1,255	(3)
3rd Party / Other Grant Income	1,919	0	1,919	1,919	2,292	(373)
Use of Reserves	1,000	1,000	0	1,000	1,000	0
Total Funding	249,456	256,441	(6,985)	249,456	259,468	(10,012)
Transport for West Midlands	111,881	115,720	3,839	111,881	113,155	1,274
Economy & Innovation	1,761	1,684	(77)	1,761	2,875	1,114
Environment, Energy & HS2	255	243	(12)	255	324	69
Housing and Land	2,071	2,351	280	2,071	2,172	101
Wellbeing	2,141	1,651	(490)	2,141	2,209	68
PSR & Social Economy	466	876	410	466	492	26
Culture and Digital	438	110	(328)	438	750	312
Productivity & Skills	79,617	87,159	7,542	79,617	88,145	8,528
Inclusive Communities	72	0	(72)	72	0	(72)
Business Support	2,984	3,343	359	2,984	2,892	(92)
Investment Programme	42,569	42,500	(69)	42,569	42,573	4
Mayoral Office	804	804	0	804	804	0
Total Expenditure	245,059	256,441	11,381	245,059	256,391	11,332
Net Expenditure (before transfer to reserves)	4,397	0	4,397	4,397	3,077	1,320
Transfer to Efficiency Reserve	3,053			3,053		
Transfer to Covid-19 Reserve	1,326			1,326		
Gross Expenditure (after transfer to reserves)	18	0	4,397	18	3,077	1,320
Transport	3,839	0	3,839	3,839	2,565	1,274
Operational	627	0	627	627	512	115
Investment Programme	(69)	0	(69)	(69)	0	(69)
Mayoral Office	0	0	0	0	0	0
Total	4,397	0	4,397	4,397	3,077	1,320
Transfer to Efficiency Reserve	3,053	0	3,053	3,053	0	3,053
Transfer to Covid-19 Reserve	1,326	0	1,326	1,326	0	1,326
Net Total	18	0	18	18	3,077	(3,059)

The full year outturn position at the end of March shows a £0.018m favourable variance from budget.

Excluding the transfer to reserves there is a £4.397m favourable variance to budget. This is made up of £3.839m within Transport primarily as a result of lower patronage volumes and the timing of recruitment activity. The remainder of the variance is due to £0.558m within the Delivery Portfolios as a result of lower borrowing requirements alongside the awarding of additional grants since the budget was set, partly offset by lower investment income than budgeted as a result of setting aside a statutory provision for debt. The variation in AEB grant income and expenditure reflects reduced delivery in the year by independent training providers (£6.4m) and grant providers (£1m). A new procurement round is currently underway to allocate the funding in the new financial year.

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.

Appendix 2

Transport for West Midlands year to date revenue position – March 2020

	FULL YEAR 2019/20						VARIANCE EXPLANATION(S) ACTUAL TO BUDGET
	ACTUAL £000	BUDGET £000	VARIANCE £000	ACTUAL £000	FORECAST £000	VARIANCE £000	
INCOME							
Specific resources:							
Transport Levy	114,720	114,720	(0) 0%	114,720	114,720	(0)	
Use of Reserves	1,000	1,000	0%	1,000	1,000		
TOTAL INCOME	115,720	115,720	(0) 0%	115,720	115,720	(0) 0%	
EXPENDITURE							
Concessions							
National Bus Concession	49,498	51,184	1,686 3%	49,498	50,531	1,033	Lower bus patronage volumes than anticipated
Metro / Rail	4,532	4,578	46 1%	4,532	4,542	10	
Child Concession	6,320	7,643	1,323 17%	6,320	6,796	476	Lower child patronage than anticipated
Bus Services							
Bus Stations / Infrastructure	4,200	3,994	(206) 5%	4,200	3,840	(360)	Departure charges and digital advertising revenue less than anticipated, partly as a result of Covid-19
Subsidised Network	9,917	9,379	(537) 6%	9,917	9,813	(104)	Increased costs coupled with the impact of Covid-19 on the network
Tendering / Monitoring	582	788	206 26%	582	552	(29)	
Accessible Transport	7,068	7,259	190 3%	7,068	7,209	141	Lower costs resulting from the new contractual arrangements
Rail and Metro Services							
Metro Services	1,591	1,609	18 1%	1,591	1,580	(11)	
Rail Services	2,269	2,267	(3) 0%	2,269	2,154	(115)	Higher maintenance and enforcement costs than anticipated as well as lower car parking income at park and ride sites
Integration							
Safety and Security	585	1,031	446 43%	585	544	(41)	
Passenger Information	4,896	5,062	166 3%	4,896	5,468	572	Largely due to reductions in fixed costs being achieved through effective contract management of cleaning contracts
Sustainable Travel	346	378	33 9%	346	347	1	
Network Resilience							
1,288	1,788	501 28%	1,288	1,437	149	Lower than expected spend on external advice	
Business and Democratic Support							
3,673	3,789	116 3%	3,673	3,657	(16)		
Strategic Development							
2,518	2,412	(106) 4%	2,518	2,661	143	Lower than expected spend on external advice	
Transport Governance							
130	136	6 5%	130	130	(0)		
Capital Finance Charges							
12,470	12,425	(46) 0%	12,470	11,896	(575)	Reflects prudent provision in respect of the potential impact of Covid-19 offset by lower than expected charges reflecting no new borrowing undertaken in year	
TOTAL EXPENDITURE	111,881	115,720	3,839 3%	111,881	113,155	1,274 1%	
NET (before transfer to reserves)	3,839	(0)	3,839				
Transfer to Efficiency Reserves	2,633		(2,633) 0%	2,633		(2,633)	Reflects planned transfer to reserves to support the 2020/21 budget
Transfer to Covid-19 Reserves	1,226		(1,226) 0%	1,226		(1,226)	Reflects transfer to reserves to mitigate the impact of Covid-19 in 2020/21
NET contribution to / (from) General Fund	(20)	(0)	(20)	(20)	2,565	(2,585)	

Appendix 3

West Midlands Combined Authority Delivery Budget – March 2020

FINANCIAL SUMMARY AS AT MARCH 2020	MARCH 2020 YEAR TO DATE			FULL YEAR 2019/20			
	ACTUAL £000	BUDGET £000	VARIANCE £000	ACTUAL £000	FORECAST £000	VARIANCE £000	
Operational Income							
Investment Interest Income (1)	1,185	1,694	(509)	1,185	1,185	0	
Contribution - 7 Met Council's	4,644	4,644	0	4,644	4,644	0	
Contribution - Non constituent members	425	425	0	425	425	0	
Total Income	6,254	6,763	(509)	6,254	6,254	0	
Business Support (2)	(2,984)	(3,343)	359	(2,984)	(2,892)	(92)	
Total Expenditure	(2,984)	(3,343)	359	(2,984)	(2,892)	(92)	
Operational Income Net Total	3,270	3,420	(150)	3,270	3,362	(92)	
Economy & Innovation							
Other Industrial Strategy Income (1)	197	296	(99)	197	77	120	
Office of Data Analytics (2)	187	284	(97)	187	193	(6)	
MHCLG - Brexit Support Preparations (3)	384	0	384	384	1,518	(1,134)	
Total Income	768	580	188	768	1,788	(1,020)	
West Midland Growth Company	(700)	(700)	0	(700)	(720)	20	
Industrial Strategy (1)	(197)	(298)	101	(197)	(77)	(120)	
Office of Data Analytics (2)	(187)	(284)	97	(187)	(193)	6	
Economic Intelligence (4)	(126)	(240)	114	(126)	(201)	75	
MHCLG - Brexit Support Preparations (3)	(384)	0	(384)	(384)	(1,518)	1,134	
Director of Strategy	(167)	(162)	(5)	(167)	(166)	(1)	
Total Expenditure	(1,761)	(1,684)	(77)	(1,761)	(2,875)	1,114	
Economy & Innovation Net Total	(993)	(1,104)	111	(993)	(1,087)	94	
Environment & Energy, HS2							
Energy Capital (1)	76	0	76	76	150	(74)	
Total Income	76	0	76	76	150	(74)	
Environment (2)	(180)	(242)	62	(180)	(174)	(6)	
Energy Capital (1)	(75)	0	(75)	(75)	(150)	75	
HS2 Growth Strategy	0	(1)	1	0	0	0	
Total Expenditure	(255)	(243)	(12)	(255)	(324)	69	
Environment & Energy, HS2 Net Total	(179)	(243)	64	(179)	(174)	(5)	
Housing and Land							
Housing and Land Commission	2,071	2,201	(130)	2,071	2,172	(101)	
Total Income	2,071	2,201	(130)	2,071	2,172	(101)	
Housing and Land Commission	(2,071)	(2,351)	280	(2,071)	(2,172)	101	
Total Expenditure	(2,071)	(2,351)	280	(2,071)	(2,172)	101	
Housing and Land Net Total	0	(150)	150	0	0	0	
Wellbeing							
Other Mental Health Income	25	0	25	25	25	0	
Well Being (1)	258	0	258	258	238	20	
IPS Programme	299	144	155	299	249	50	
Fiscal Incentive Programme	1,014	820	194	1,014	1,156	(142)	
Total Income	1,596	964	632	1,596	1,668	(72)	
Mental Health Commission (2)	(420)	(499)	79	(420)	(420)	0	
Well Being (1)	(409)	(160)	(249)	(409)	(388)	(21)	
IPS Programme	(299)	(144)	(155)	(299)	(249)	(50)	
Fiscal Incentive Programme	(1,013)	(848)	(165)	(1,013)	(1,156)	143	
Total Expenditure	(2,141)	(1,651)	(490)	(2,141)	(2,213)	72	
Wellbeing Net Total	(545)	(687)	142	(545)	(545)	0	

FINANCIAL SUMMARY AS AT MARCH 2020	MARCH 2020 YEAR TO DATE			FULL YEAR 2019/20			
	ACTUAL £000	BUDGET £000	VARIANCE £000	ACTUAL £000	FORECAST £000	VARIANCE £000	
Public Service Reform & Social Economy							
Mayoral Capacity Funding (1)	0	100	(100)	0	0	0	
Other PSR Income (2)	49	215	(166)	49	26	23	
Total Income	49	315	(266)	49	26	23	
Public Sector Reform (2)	(454)	(816)	362	(454)	(479)	25	
Inclusive growth	(12)	(60)	48	(12)	(13)	1	
Total Expenditure	(466)	(876)	410	(466)	(492)	26	
Public Service Reform & Social Economy Net Total	(417)	(561)	144	(417)	(466)	49	
Skills and Productivity							
Productivity and Skills	105	0	105	105	89	16	
Employment Support Pilot Skills (1)	1,458	2,278	(820)	1,458	1,530	(72)	
Investment Programme (Skills)	255	206	49	255	278	(23)	
Technical Education	84	100	(16)	84	84	0	
Construction Skills (2)	4,854	3,556	1,298	4,854	5,342	(488)	
Adult Education (3)	71,515	78,713	(7,198)	71,515	79,195	(7,680)	
Careers	2	0	2	2	2	0	
Digital Skills (4)	866	1,741	(875)	866	1,147	(281)	
Total Income	79,139	86,594	(7,455)	79,139	87,667	(8,528)	
Productivity and Skills	(641)	(565)	(76)	(641)	(625)	(16)	
Employment Support Pilot Skills (1)	(1,458)	(2,278)	820	(1,458)	(1,530)	72	
Investment Programme (Skills)	(234)	(206)	(28)	(234)	(257)	23	
Technical Education	(84)	(100)	16	(84)	(84)	0	
Construction Skills (2)	(4,854)	(3,556)	(1,298)	(4,854)	(5,342)	488	
Adult Education (3)	(71,479)	(78,713)	7,234	(71,479)	(79,159)	7,680	
Careers	(2)	0	(2)	(2)	(2)	0	
Digital Skills (4)	(865)	(1,741)	876	(865)	(1,146)	281	
Total Expenditure	(79,617)	(87,159)	7,542	(79,617)	(88,145)	8,528	
Skills and Productivity Net Total	(478)	(565)	87	(478)	(478)	0	
Culture and Digital							
DDCMS - Creative Scale Up (1)	342	0	342	342	650	(308)	
Total Income	342	0	342	342	650	(308)	
Culture and Tourism Commission	(96)	(110)	14	(96)	(100)	4	
DDCMS - Creative Scale Up (1)	(342)	0	(342)	(342)	(650)	308	
Total Expenditure	(438)	(110)	(328)	(438)	(750)	312	
Culture and Digital Net Total	(96)	(110)	14	(96)	(100)	4	
Inclusive Communities							
Veterans Mental Health & Homelessness	68	0	68	68	0	68	
Total Income	68	0	68	68	0	68	
Veterans Mental Health & Homelessness	(72)	0	(72)	(72)	0	(72)	
Total Expenditure	(72)	0	(72)	(72)	0	(72)	
Inclusive Communities Net Total	(4)	0	(4)	(4)	0	(4)	
Operational Income Total (before transfer to reserves)	558	0	558	558	512	46	
Transfer to Efficiency Reserves	(420)	0	(420)	(420)	0	(420)	
Transfer to Covid-19 Reserves	(100)	0	(100)	(100)	0	(100)	
Operational Income Total (after transfer to reserves)	38	0	38	38	512	(474)	

Appendix 4

West Midlands Combined Authority Mayoral Budget – March 2020

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MARCH 2020 YEAR TO DATE		
ACTUAL £000	BUDGET £000	VARIANCE £000

FULL YEAR 2019/20		
ACTUAL £000	FORECAST £000	VARIANCE £000

MAYORAL OFFICE

Other Grants
TOTAL INCOME
Staff Costs
IT
Travel & Subsistence
Other Running Costs
TOTAL EXPENDITURE

804	804	0	0%
804	804	0	6%
(674)	(751)	77	10%
(12)	(10)	(2)	20%
(17)	(41)	24	59%
(101)	(2)	(99)	2350%
(804)	(804)	0	6%

804	804	0	0%
804	804	0	6%
(674)	(688)	14	2%
(12)	(10)	(2)	20%
(17)	(41)	24	59%
(101)	(65)	(36)	25%
(804)	(804)	0	6%

NET

0	0	0	0%
0	0	0	0%

0	0	0	0%
0	0	0	0%

Appendix 5

West Midlands Combined Authority Transport Delivery Capital Programme – March 2020

Transport Capital Programme

	YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	ACTUAL £000	FORECAST £000	VARIANCE £000
Metro	88,009	126,230	38,221	88,009	90,002	1,993
Rail	3,930	6,214	2,284	3,930	3,986	56
Sprint	2,594	7,172	4,578	2,594	4,546	1,952
TRANSPORT - INVESTMENT PROGRAMME	94,533	139,616	45,083	94,533	98,534	4,001

ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of March 2020, actual expenditure was £45.083m lower than budget (£32.482m Feb 20). The main variances are contained within the Metro Programme, and relate to the following:

Metro Wednesbury to Brierley Hill Extension £20.151m (£115.073 Feb) reflects latest programme for design and advance construction costs following agreement to the Target Price.

Metro Birmingham Eastside £14.545m (£12.436 mFeb) variance reflects the pending decision from Government on powers following Transport and Works Act Order (TWAO) submission in Quater 1 2020/21.

SPRINT - Hagley Road £4.063m (£4.590m Feb) Utility and construction works have been reprofiled in line with the latest schedule.

MML Life Cycle Projects £2.153m (£1.401m) owing to track stress assessments being aligned to the latest delivery schedules.

Metro East Birmingham to Solihull Extension £1.859m (£1.804m Feb) activity has been paused until further funding is secured.

Rail - Camp Hill Line Local Enhancements (Package 2) £1.514m (£0.770m Feb) largely due to land acquisition budgeted in first half of 19/20, however negotiations with land owners and concurrent CPO process are still ongoing.

ACTUAL V FORECAST VARIANCE COMMENTARY

At the end of March 2020, the Annual variance was £4.0m below Forecast. The main variances to Forecast are as follows;

Metro Wednesbury to Brierley Hill Extension £1.955m due to the rescheduling of the Programme owing to the funding release, however work is ongoing to ensure there is no impact on delivery date December 2023.

Sprint - Hagley Road Phase 1 £1.413m owing to utility and construction works being reprofiled.

Metro Birmingham Eastside £1.076m due to minor end of year re-profiling.

Offsetting the underspends is

Metro Centenary Square / Edgbaston Extension £2.178m higher than forecast due to additional works requested by BCC combined with the accelerated construction works on Phase 2 Westside extension due to advantageous weather conditions.

Appendix 5 Continued:

Transport Capital Programme

	YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	ACTUAL £000	FORECAST £000	VARIANCE £000
Highway	2,172	5,969	3,797	2,172	2,650	478
Other	45	98	53	45	45	0
Rail	6,012	2,622	(3,390)	6,012	4,787	(1,225)
Sprint	5,306	17,275	11,969	5,306	5,038	(268)
TRANSPORT - COMMONWEALTH GAMES	13,535	25,964	12,429	13,535	12,520	(1,015)

ACTUAL v BUDGET VARIANCE COMMENTARY

At the end of March 2020, actual expenditure was £12.429m lower than budget (£7.177m Feb). The main variances are as follows;

SPRINT A45 £6.646m (£4.349m Feb) due to the reprofiling of utility diversion costs to Q1 20/22; the overall delivery target remains unchanged.

SPRINT-A34 Walsall to Birmingham £5.323m (£3.275m Feb) due to the reprofiling of utility diversion costs whch have now commenced in Q4 19/20.

RTCC - Design & Layout £1.640m (£1.134m Feb) Activity paused pending approval of an alternative solution to refit a new data room on 6th floor Summer Lane, completion due in 20/21.

RTCC - Customer Interface £0.887m. Works with respect to a Journey planner and Website re-profiled into 20/21

The above variances are offset by

University Station Improvements £1.860m (£1.357m Feb) for acceleration of GRIP 4 (single solution design) ahead of schedule.

Perry Barr Rail Station £1.544m (£0.720m Feb) due to revisions to the design brief and detailed studies.

ACTUAL V FORECAST VARIANCE COMMENTARY

At the end of March 2020, the Annual variance was £1.017m above budget . The main variances are as follows;

Perry Barr Rail Station £0.851m due to the acceleration of the enabling works and additional project support in relation to procurement strategy activities and funding agreements.

University Station improvements £0.375m higher costs primarily due to complexity of design option and underestimation of original Budget.

SPRINT A45 £0.305m where the activity in utility diversions was higher than originally envisaged.

Offset by

RTCC - Design & Layout £0.550m where the approval for the revised solution was anticipated to have been made in Q4 19/20, but has not yet been presented.

Appendix 5 (continued)
West Midlands Combined Authority Transport Delivery Capital Programme – March 2020

Appendix 5 Continued:

Transport Capital Programme

	YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	ACTUAL £000	FORECAST £000	VARIANCE £000
Bus	4,193	5,769	1,576	4,193	4,862	669
Highway	801	3,247	2,446	801	1,032	231
Other	5,457	6,421	964	5,457	5,472	15
Rail	5,491	7,396	1,905	5,491	5,150	(341)
TRANSPORT - OTHER MAJOR PROGRAMMES	15,942	22,833	6,891	15,942	16,516	574

ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of March 2020, actual expenditure was £6.891m lower than budget (£5.986m Feb). The main variances are as follows;

Clean Bus Technology Fund £1.764m (£0.538 Feb) largely due to one bus operator falling 40 units behind scheduled works over the winter period. This has contributed to the overall slippage of the programme into 20/21..

Key Route Network £1.413m (£1.435m Feb) owing to a reprofiling of the Congestion & Road Safety works into 20/21.

Snow Hill 3rd Access £1.069m (£1.220m Feb) The emergence of a wider redevelopment and regeneration opportunity in the vicinity of the Project has led to the current project being placed on hold. Work to GRIP 5 (detailed design) has been progressing to completion, including discussions with the supplier to establish the final costs.

Connected and Autonomous Vehicles Testbed (CAV) £0.725m (£0.534m Feb) due to an extended period of the construction procurement, some costs will be incurred in 2020/21.

Longbridge Connectivity Package £0.685m (£1.176m Feb) Construction works are progressing to completion in May 2020, subject to Coronavirus restrictions.

NPIF 2 (National Productivity Investment Fund £0.544m due to a revised scheme for bus priority interventions along the A435 Alcester Road was submitted in September 2019 (OBC & FBC) and is pending approval, thus works are expected to complete in 20/21. .

ACTUAL V FORECAST VARIANCE COMMENTARY

At the end of March 2020 the Annual variance was £0.574m below budget.The main variance is as follows;

Clean Bus Technology Fund £0.553m below Forecast because of issues with bus companies taking part. in addition to the above, the procurement of more buses to take part in the scheme, expected completion is unknown due to the COVID-19 circumstances.

Offsetting the above:

5G £0.121m over Forecast. The overspend relates to WMCA Sensory Infrastructure costs which are to be reclaimed from DCMS, pending finalisation of a Grant agreement with 5G.

Appendix 5 Continued:

Transport Capital Programme

	YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	ACTUAL £000	FORECAST £000	VARIANCE £000
Minor Work Programme	6,564	10,644	4,080	6,564	7,013	449
TRANSPORT - MINOR WORKS	6,564	10,644	4,080	6,564	7,013	449

ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of March 2020, actual expenditure was £4.080m lower than budget (£2.361m Feb). The main variances are as follows;

ADEPT Live Lab £0.911mm (£1.125m Feb) below budget. Early pilot work to analyse congestion patterns revised in line with a new profile.

Real Time Information Upgrades £0.908m works on the new back office system have been reprofiled for completion in Q1 20/21.

DfT Tackling Nitrogen Dioxide (Wolverhampton MBC) £0.792 below budget.due to supplier installation delays which have seen the delivery programme be re-profiled for later in 20/21. Unable to give a revised date, due to the current COVID-19 circumstances.

Network Wide Bus Station Refurbishment £0.550m (£0.427m Feb) subject to successful completion of a revised lease at Coventry Pool Meadow, works to support the new requirements of this facility will take place in 20/21 along with extensive auto door replacements at West Bromwich and Wednesbury bus stations.

Better Streets Community Fund £0.356m due to prolonged legal discussions on finalising Funding Agreements with Local Authorities, which have pushed back the commencement of the schemes within this project

Bradley Lane Park and Ride £0.239m (£0.241m Feb) the site opened in February 2020. A revisit to site in Spring / Summer 2020 will be required to complete improvement works required to the playing fields.

Offset by

Digital Advertising Panels (£0.228m) above budget. A capital budget was not originally envisaged, however costs emerged in March, fully funded by Advertising income.

ACTUAL V FORECAST VARIANCE COMMENTARY

DfT Tackling Nitrogen Dioxide (Wolverhampton MBC) £0.609 below forecast. It was envisaged further payments would have been made in March 2020, however COVID-19 measures put in to place prevented the work from being completed.

Digital Advertising Panels (£0.228m above budget as previously explained

Appendix 5 Continued:

Transport Capital Programme Grants to Local Authorities

	YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	ACTUAL £000	FORECAST £000	VARIANCE £000
Grants to Local Authorities	15	3,546	3,531	15	15	0
Total Grants to Local Authorities	15	3,546	3,531	15	15	0

ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of March 2020, actual expenditure was £3.531m below budget (£2.136m Feb), primarily due to the finalisation of Funding Agreements with Local Authorities, as a consequence the commencement of the schemes has been rescheduled to commence in Q1 20/21..

ACTUAL V FORECAST VARIANCE COMMENTARY

There were no variances to Forecast .

GRAND TOTAL TRANSPORT PROGRAMME	130,589	202,603	72,014	130,589	134,598	4,009
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Appendix 5 (continued)

West Midlands Combined Authority Transport Delivery Capital Programme – March 2020

Appendix 5 Continued:

Capital Programme Investment Programme Grants to Local Authorities

	YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	ACTUAL £000	FORECAST £000	VARIANCE £000
Investment Programme (Grants to Local Authorities)	27,501	53,423	25,922	27,501	26,470	(1,031)
Total Investment Programme Grants to Local Authorities	27,501	53,423	25,922	27,501	26,470	(1,031)

ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of March 2020, actual expenditure was £25.922m (£25.362m Feb) below budget. The main variances are as follows;

Coventry Station Masterplan £10.346m (£7.364m Feb) Compulsory Purchase Order (CPO) process to conclude land acquisition not finalised, requiring WMCA drawdown.

Coventry UKC and Very Light Rail £6.306m (£6.257m Feb) some workstreams have slipped owing to completion of a change request to secure more funding, subsequently approved in Q4 19/20.

Coventry City of Culture Regeneration £6.016m (£5.980m Feb) Local Government and other public funding sources have been drawn down first. The funding agreement was finalised with Coventry City Council allowing draw down of WMCA funds to commence. This is not expected to impact on the long term completion date of the project.

Coventry City Centre South Regeneration £1.931m (£2.219m Feb) CPO promotion costs have not been incurred and planning fees have only started in October since the Development Agreement has been in place.

HS2 - UK Central Interchange £1.479m (£2.004m Feb) below budget relating to HS2 Parallel designs originally budgeted for September 2019 has been reprofiled to 2020/21. This is not expected to have an impact on overall programme/project delivery.

ACTUAL V FORECAST VARIANCE COMMENTARY

At the end of March 2020, actual costs were £1.031m above budget. The main variances were as follows;

Coventry City of Culture Regeneration £0.839m Acceleration of activity higher than envisaged following completion of the funding agreement in March 20.

Coventry City Centre South Regeneration £0.505m Acceleration of demolition costs at Coventry point, envisaged to take place in Q1 20/21.

Appendix 5 Continued:

Housing Capital Programme

	YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	ACTUAL £000	FORECAST £000	VARIANCE £000
Housing	31,607	56,772	25,165	31,607	34,285	2,678
Total Housing	31,607	56,772	25,165	31,607	34,285	2,678
TOTAL OTHER PORTFOLIOS	59,108	110,195	51,087	59,108	60,755	1,647

ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of March 2020, actual expenditure was £25.165m below budget (£28.747m Feb). The main variances are as follows;

Brownfield Land & Property Development Fund £21.745m (£23.545m Feb) primarily due to a rescheduling of draw down of Commonwealth Games (£15.5m) partly deferred to April 2020, Telford & Wrekin Council (£2.25m) deferred to April 2020, and Redsuns Project (£1.4m) deferred to April 2020.

Black Country Land and Property Investment Fund £7.459m (£4.985m Feb) is largely due to Phoenix 10 legal agreements being reviewed by all parties and the Portersfield demolition being removed from the project.

ACTUAL V FORECAST VARIANCE COMMENTARY

At the end of March 2020, actual costs were £2.678m below forecast below budget, primarily due to a rescheduling of schemes within Brownfield Land & Property Development Fund, as above.

Appendix 6

WMCA Investment Programme Financial Summary period ending 29th February 2020

WMCA Investment Programme Financial Summary

Period Ending 29th February 2020

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 £000	VARIANCE £000
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
COVENTRY UKC PLUS	28,106	54,468	26,362	64,073	40,509	23,564	23,425	40,509	649,747	713,682	700,787	(12,894)
SPRINT PROGRAMME	7,050	20,847	13,796	24,627	7,405	17,222	4,385	7,405	322,725	334,515	297,449	(37,066)
RAIL PROGRAMME	3,749	8,223	4,474	9,207	3,922	5,285	4,129	3,922	180,581	188,631	185,727	(2,904)
METRO PROGRAMME	75,385	107,996	32,612	128,275	83,822	44,453	190,447	83,822	1,317,547	1,591,816	1,589,610	(2,207)
UK CENTRAL INFRASTRUCTURE PACKAGE	7,108	11,251	4,143	14,241	14,204	36	9,330	14,204	1,363,094	1,386,629	1,386,756	128
UK CENTRAL HS2 INTERCHANGE	4,846	6,845	1,999	7,932	6,497	1,435	12,305	6,497	510,758	529,560	604,416	74,856
CURZON STREET STATION MASTERPLAN	2,622	2,622	-	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	-
HS2 GROWTH STRATEGY TOTAL	128,866	212,252	83,386	252,258	160,263	91,996	284,000	160,263	5,229,970	5,674,233	5,694,146	19,913
COVENTRY CITY CENTRE SOUTH REGENERATION	3,432	5,225	1,793	6,207	4,724	1,483	23,046	4,724	314,850	342,620	373,675	31,055
INNOVATION PROGRAMME	8,453	21,934	13,481	23,929	11,916	12,013	2,660	11,916	180,423	194,999	195,000	0
LAND RECLAMATION AND REMEDIATION	12,222	41,805	29,583	49,138	19,935	29,204	7,194	19,935	172,871	200,000	200,000	-
COMMONWEALTH GAMES 2022	-	9,167	9,167	10,000	-	10,000	-	-	25,000	25,000	25,000	-
EMPLOYMENT, EDUCATION & SKILLS	193	1,939	1,747	2,116	234	1,881	48	234	19,717	20,000	20,000	0
COLLECTIVE INVESTMENT FUND	7,466	43,849	36,383	52,708	8,320	44,388	39,147	8,320	952,533	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	-
OTHER INVESTMENT PROGRAMME SCHEMES	31,766	123,919	92,154	144,098	45,129	98,969	72,096	45,129	2,984,394	3,101,619	3,132,675	31,056
GRAND TOTAL	160,632	336,172	175,540	396,356	205,392	190,964	356,096	205,392	8,214,365	8,775,852	8,826,821	50,969

Appendix 6 (Continued)

WMCA Investment Programme Financial Commentary for the period ending 29th February 2020

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. In quarter 1 of 2019/20, the UK Central 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 UK Central HS2 Interchange programme.

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.

The Metro programme is red status due to 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 £131 million against the Birmingham International Station redevelopment project.

The Sprint programme is red status because of the A34 Walsall to Birmingham and A45 Birmingham to Airport & Solihull projects. Revised outturn costs for these projects presented in the full business cases were approved by WMCA Board on 14 February 2020. The variance for cost to completion for the Sprint programme reflects the revised project costs. Discussions to confirm the funding package for the second delivery phase of these projects are continuing.

The Coventry UKC Plus programme is showing a variance of £12.9 million between total forecast outturn and budgeted outturn. This is because of changes to estimated delivery costs for the A46 Stoneleigh Junction project within the Coventry South Package.

At the WMCA Board meeting on 8th November 2019, the WMCA Board agreed to hold Investment Programme approvals at the current affordable limit of £801 million. As a consequence, programmes that are funded from the Investment Programme beyond the current affordable limit are amber status.

For 2019/20, the year to date variance of £175.5 million compared with the 2019/20 programme baseline primarily comprises:

*Coventry UKC Plus variance of £26.4 million, including Coventry Station Masterplan (£15.7 million);

*Metro programme variance of £32.6 million, including Birmingham Eastside Extension (£15.3 million) and Wednesbury to Brierley Hill (£16.0 million);

*Land Reclamation and Remediation variance of £29.6 million, including Brownfield Land Property and Development Fund (BLPDF) (£24.1 million); and

*Collective Investment Fund variance of £36.4 million.

The 2019/20 full year forecast variance of £92.0 million compared with the 2019/20 programme baseline for the HS2 Growth Strategy primarily comprises:

*Coventry UKC Plus variance of £23.6 million, including Coventry Station Masterplan (£14.9 million), Coventry South Package (£7.1 million) and Coventry Very Light Rail (£6.3 million), offset by forecast spend for UK City of Culture 2021 Regeneration (£5.7 million).

*Sprint programme variance of £17.2 million, including A34 Walsall to Birmingham (£5.1 million) and A45 Birmingham to Airport and Solihull (£6.5 million); and

*Metro programme variance of £44.5 million, including Edgbaston Extension (£7.3 million), Birmingham Eastside Extension (£16.3 million) and Wednesbury to Brierley Hill Extension (£19.1 million).

The CPO process to finalise the required land acquisition for the Coventry Station Masterplan project is ongoing. Within the Coventry South Package, legal and planning work is being undertaken on the A46 Stoneleigh Junction project with Highways England and DfT. Land acquisition values are being agreed with land owners. Formal confirmation of DfT funding for the A46 Stoneleigh Junction project is pending.

The Metro Birmingham Eastside Extension spend reflects the timing of approval of the Full Business Case, approved by WMCA Board on 14 February 2020.

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

The other significant full year variances in forecast spend compared with the 2019/20 programme baseline are:

*A variance of £29.2 million in respect of Land Reclamation and Remediation; and

*A variance of £44.4 million in respect of the Collective Investment Fund.

The Land Reclamation and Remediation programme variance is due to planning permission issues, complications on site and legal issues with solicitors. 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.

Appendix 7

WMCA Investment Programme Commitment Profile as at 31st March 2020

£m	Total Expected Approvals	Approved Commitments	Actual Spend
UK Central HS2 Interchange	398.0	51.9	16.2
UK Central Infrastructure Package	288.0	31.6	10.2
Sprint Programme	217.4	47.0	7.1
Rail Programme	146.7	18.8	7.7
Metro Programme	136.0	136.0	53.9
Coventry City Centre First incl. Coventry Station Masterplan	43.4	43.4	0.8
Coventry UKC Plus - Very Light Rail: 'Transforming Connectivity'	55.0	12.2	3.6
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	1.9
SUB TOTAL HS2 GROWTH STRATEGY	1,577.2	483.2	101.7
Coventry City Centre South Regeneration	150.0	150.0	10.5
Innovation Programme	50.0	12.5	6.2
Land Reclamation and Remediation	200.0	103.0	19.4
Commonwealth Games 2022	25.0	25.0	-
Employment, Education & Skills	20.0	1.3	0.2
OTHER INVESTMENT PROGRAMME	445.0	291.8	36.3
TOTAL	2,022.2	775.0	138.1

Appendix 8

WMCA Balance Sheet as at 31 March 2020

	31 March 2020 £'000	29 February 2020 £'000	Movement £'000
Property, plant and equipment	423,566	422,150	1,416
Investments	13,088	14,315	(1,227)
Long-term assets	436,654	436,465	189
Debtors	42,716	54,381	(11,665)
Short-term deposits	78,450	97,615	(19,165)
Cash and bank	343	339	4
Current assets	121,509	152,335	(30,826)
Loans - interest due	(1,679)	(1,715)	36
Short-term creditors/accruals	(67,611)	(52,274)	(15,337)
Current liabilities	(69,290)	(53,989)	(15,301)
Net current assets	52,219	98,346	(46,127)
Provisions	(2,744)	(3,500)	756
PWLB	(113,778)	(113,778)	-
Other loans - Barclays	(10,000)	(10,000)	-
Dudley MBC	(6,427)	(7,185)	758
Grants receipts in advance	(111,454)	(121,361)	9,907
Long-term liabilities	(244,403)	(255,824)	11,421
Net assets	244,470	278,986	(34,516)
General fund balance	2,302	6,070	(3,768)
Earmarked reserves	143,654	156,203	(12,549)
Capital grants unapplied reserve	247	247	-
Usable reserves	146,203	162,520	(16,317)
Revaluation reserve	6,531	6,725	(194)
Deferred capital grants account	435,911	434,301	1,610
Capital financing account	(343,808)	(324,193)	(19,615)
Accumulated absences account	(367)	(367)	0
Unusable reserves	98,267	116,466	(18,199)
Total reserves	244,470	278,986	(34,516)
<p>The WMCA Balance Sheet reflects a healthy financial position. The main changes since February reflect TfWM capital spend and work-in-progress funded mainly by grants in advance, resulting in an increase of £1.4m net of depreciation in property, plant and equipment.</p> <p>The net decrease in cash and short-term deposits is largely due to capital programme (including Metro extension schemes) payments, grant payments for the Adult Education Budget and the Land Fund purchase of the Abberley Street site, offset by grants received. These transactions have also resulted in the reduction in grants receipts in advance, earmarked reserves and debtors.</p> <p>Short-term creditors/accruals have increased mainly due to a surge in spending as capital projects within the Investment Programme head towards detailed development and construction, including the Commonwealth Games schemes, UK Central Infrastructure and HS2 Interchange and Coventry UKC Plus. This increase contributed to the decrease in the earmarked reserves and unusable reserves.</p>			

Appendix 9

Treasury Management Strategy – March 2020

1. Introduction

- 1.1 The report provides an update on the West Midlands Combined Authority Treasury Management Outturn 2019/20 and is being submitted as a requirement under the CIPFA Treasury Management Code.

2. Treasury Management Outturn 2019/20

- 2.1 Table 1 shows WMCA borrowing and investments held at 1 April 2019 and 31 March 2020. It shows that net borrowing has decreased by £33.72m to £51.75m mostly as a result of a PWLB debt maturity of £5m in December 2019 and an increase in investment balances following the receipt of Government Grants during the year including, for the first time, the Adult Education and Land Fund grants.

TABLE 1 : Borrowing and Investments

£M	As At 01/04/2019	Movement In Year	As At 31/03/2020	Notes
Gross Borrowing	(136.28)	6.08	(130.20)	Movement mostly due to loan maturity in December 2019 not re-financed.
Gross Investments	38.65	(39.80)	78.45	Movement due to receipt of Government Grants in advance including Land Fund, Adult Education Budget and Gainshare.
Net Borrowing	(97.63)	(33.72)	(51.75)	

3. Borrowing Activity

- 3.1 Effective cash flow management and the use of grants received in advance have minimised borrowing. As a result no new borrowing was undertaken in 2019/20 to meet financing requirements. Current forecasts suggest the WMCA will be required to borrow in 2020/21 as Investment Programme delivery intensifies.

4. Historic Borrowing

- 4.1 WMCA's historic borrowing is from three sources, Public Works Loan Board (PWLB); essentially HM Treasury, Barclays Bank and inherited County Council Debt which is administered on behalf of the Constituent Local Authorities by Dudley MBC.
- 4.2 The majority of loans are maturity loans, where the principal is repayable at the maturity date, with the exception of two PWLB loans and the inherited debt which both incur payments against the principal annually.
- 4.3 During 2019/20 one PWLB loan matured in December 2019 at a cost of £5m and there were some modest repayments of principal against the two PWLB annuity loans. There was also a principal repayment of £0.757m against the West Midlands County Council debt, which has six more annual instalments to pay before being repaid in full.
- 4.4 It should be noted that the Treasurer of the Authority continues to review the opportunities to reschedule debt but throughout 2019/20, the premium applied to early repayment have been too onerous to be beneficial.
- 4.5 Table 2 shows borrowing held at 1 April 2019 and 31 March 2020. It shows that borrowing has decreased by £6m due to principal repayments as previously detailed.

TABLE 2 : Outstanding Debt As At 31 March 2020

£M	As At 01/04/2019	In Year		As At 31/03/2020	Notes
		Rapaid	Raised		
PWLB	119.100	(5.32)	0.00	113.78	Movement mostly due to loan maturity in December 2019 not re-financed.
Barclays Loan	10.000	0.00	0.00	10.00	No change
WM County Council (Inherited Debt)	7.185	(0.76)	0.00	6.43	Movement mostly due to annual repayment of principal as planned.
Total Long Term Borrowing	136.285	(6.08)		130.21	

- 4.6 The cost of servicing WMCA debt was £6.82m as detailed in Table 3. This equates to an average annual interest rate of circa 5.07% when set against the average loan balance during the year of £134m.

TABLE 3 : Cost of Borrowing

£M	Interest Paid 2019/20
PWLB	5.990
Barclays Loan	0.400
WM County Council (Inherited Debt)	0.430
Total Interest Paid	6.820

5. Future borrowing / capital programme

- 5.1 Table 4 details the future capital expenditure forecasts as included within the 2020/21 Treasury Management Strategy as agreed by WMCA Board in February 2020.
- 5.2 This shows it is expected there will be a need to fund projects from borrowing up to £307m in 2020/21 with that value increasing subject to WMCA being able to unlock additional income to support the Investment Programme.
- 5.3 Actual debt taken out will be wholly subject to the capital programme being delivered in line with the schedules used to inform the numbers below and the degree to which WMCA is in receipt of available cash resources, which are used in advance of borrowing in order to avoid unnecessary interest costs.

TABLE 4 : CAPITAL EXPENDITURE AND DEBT FORECASTS

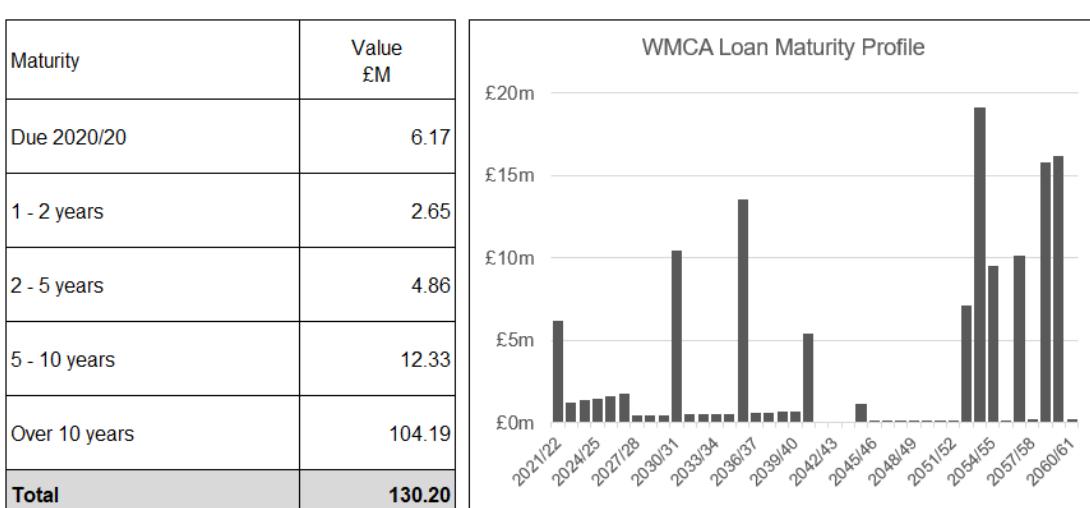
WMCA Capital Programme Funding (£M)		2020/21	2021/22	2022/23	Total
Funded By	Grants & Other External Funding	199.9	246.3	55.3	501.6
	Borrowing (Capital Programme)	287.0	243.4	154.2	684.6
	Borrowing (Investment Funds)	20.0	30.0	30.0	80.0
	Borrowing / Grants TBC*	122.7	226.9	366.6	716.3
TOTAL FUNDING		629.6	746.7	606.1	2,765.5

* Included committed Investment Programme schemes where additional income is required to support borrowing.

6. Long Term Debt Profile

- 6.1 Table 5 details the maturity profile of WMCA's existing debt. These are the dates upon which loans are due to be repaid and the most common, best practice approach within Local Authorities is to ensure a relatively even spread of maturities across the horizon to ensure the Authority is not exposed to the risk of refinancing a large amount of debt in any one particular financial year.
- 6.2 The table shows that following the £5m due in 2020/21, no significant debt maturities are due until 2030/31 (£10m) and then 2035/36 (£14m). Of the £130m outstanding, £78m falls due in the eight years commencing 2052. New borrowings taken out by WMCA will therefore be likely to avoid this period when selecting a maturity point.

TABLE 5 : DEBT Maturity PROFILE



7. Investment Activity

- 7.1 For the 12 month ending 31 March, all short term investments (excluding loans made under the Commercial and Residential Investment Portfolios) made a return of £1.06m at an average rate of approximately 0.75%.
- 7.2 All treasury management activities undertaken during 2019/20 complied fully with the CIPFA Code of Practice and the Authority's approved Treasury Management Strategy. Investments are placed directly with financial institutes, or using various brokers: ICAP, Tradition, Prebon, Martin Brokers, BGC and King & Shaxson. Investments held as at the 31st March 2020 were as set in Table 7 below:

TABLE 7 : Short Term Investments as at 31 March 2020

Counterparty	Investment Type	Value (£m)	Interest Rate	Maturity Date
Birmingham City Council	Fixed	10.00	0.72%	03/04/2020
Cheltenham Borough Council	Fixed	5.00	1.00%	03/04/2020
Plymouth CC	Fixed	10.00	1.05%	29/05/2020
Suffolk County Council	Fixed	5.00	1.15%	11/06/2020
Thurrock Council Council	Fixed	10.00	0.85%	26/05/2020
London Borough of Hillingdon	Fixed	10.00	1.15%	19/05/2020
HSBC MMF	Variable	3.20	0.50%	N/A
HSBC MMF (Overnights)	Variable	11.35	0.02%	N/A
Federated Short Term	Variable	13.90	0.50%	N/A
TOTAL		78.45		

8 Performance measurement and Prudential Indicators

- 8.1 The WMCA treasury management function participates in a local benchmarking group which compares WMCA's treasury management performance with other local authorities, to ensure that relative to other local authorities the Authority is achieving a fair investment return without any undue risk. Performance is also regularly reviewed at the monthly Treasury Management Group.
- 8.2 One of the key requirements in the CIPFA Code of Practice on Treasury Management is the formal introduction of performance measurement relating to investments, debt and capital financing activities. All key prudential indicators are met or complied with.

9 Non Treasury Investments

- 9.1 The definition of investments in CIPFA's revised Treasury Management Code covers all the financial assets of WMCA as well as other non-financial assets which an Authority may hold primarily for financial return. This is replicated in the Investment Guidance issued by Ministry of Housing, Communities and Local Government's (MHCLG), in which the definition of investments is further broadened to also include all such assets held partially for financial return.
- 9.2 Whilst WMCA does make loans to developers under the Commercial and Residential Investment Funds, the core objective of such investments is not financial return, but economic regeneration.
- 9.3 As at 31 March 2020 WMCA had £14.8m on loan to developers. During the 2019/20 financial year and after accounting for the costs of provisions under IFRS accounting standards, the investments were cost neutral to the overall income and expenditure statement of WMCA.

10 Compliance

- 10.1 The Finance Director reports that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Authority's approved Treasury Management Strategy.

11 Treasury Management Strategy

- 11.1 The Treasury Management Strategy for 2020/21 has been underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practise on Treasury Management. Treasury Management is defined as:

"The management of local authority's investment and cash flows, its banking, money market and capital transactions; effective control of risk associated with those activates; and the pursuit of optimum performance consistent with those risks."

- 11.2 The Treasury Management Strategy is reviewed regularly and amended throughout the year to reflect changes in the financial markets and the economic climate.