



Transport Delivery Committee

Date	20 July 2020
Report title	Financial Monitoring Report
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Report to be/has been considered by	Councillor Akhtar

Recommendation(s) for action or decision:

The Transport Delivery Committee is recommended to:

1. Note that the year to date net revenue expenditure to the end of May 2020 shows an adverse variance of £0.132m compared to budget.
2. Note that total capital expenditure to the end of May 2020 for the overall transport programme was £18.4 million, which was £12.6m below the budget of £31.0m. There is no change to the Annual Budget of £268.6m.

1. Purpose

- 1.1 This report sets out the financial position as at 31 May 2020. The content relates to the financial position of the Combined Authority's Transport Delivery Revenue and Capital Budgets and consists of the following Sections:

Section A Summary TfWM Revenue Budget

Section B Summary TfWM Capital Budget

SECTION A

2. Summary Revenue Position

- 2.1 The year to date position on the Transport revenue budget as at the end of May 2020 shows an overall adverse variance of £0.132m against budget.
- 2.2 This adverse variance is primarily a result of previously reported income drops owing to COVID-19 and the resulting lockdown, which has had a significant financial impact on TfWM. It is anticipated that income will continue to be impacted for some months, albeit at a gradually lower level. The reintroduction of Bus Station Departure Charges in July and the gradual resumption of social and business activities will now start to generate income although the scale will depend on how quickly normal activity resumes.
- 2.3 As previously reported, the DfT has confirmed short-term funding for Metro in the form of Light Rail Restart Grant, intended to provide financial support to enable services to continue whilst needing to implement social distancing measures. The grant is estimated to provide £3.7 million worth of support for Metro for the period up to 3 August 2020.
- 2.4 The shortfall in income to date is partly offset by operational cost savings alongside an additional government grant towards the costs of subsidised bus services.
- 2.5 A high level reforecast for 2020/21 is currently being prepared and will be reported to WMCA Board on 24 July 2020. The first detailed forecast review of the year will be undertaken following June month end and will be included in July's financial position.
- 2.6 Further details of net spending are set out in the table overleaf.

Transport for West Midlands financial monitoring position – 2020/2021

	MAY 2020 YEAR TO DATE			FULL YEAR 2020/21	VARIANCE EXPLANATION(S)
	ACTUAL £000	BUDGET £000	VARIANCE £000	BUDGET £000	
TRANSPORT FOR WEST MIDLANDS					
INCOME					
Specific resources:					
Transport Levy	19,120	19,120	0%	114,720	
Commonwealth Games	100	274	174	2,157	
Use of Reserves			0%	3,633	
TOTAL INCOME	19,220	19,394	174 1%	120,510	
EXPENDITURE					
Concessions					
National Bus Concession	8,410	8,419	9	50,998	
Metro / Rail	736	739	3	4,575	
Child Concession	1,209	1,218	9	7,836	
	10,356	10,376	20	63,409	
Bus Services					
Bus Stations / Infrastructure	1,316	735	(581)	4,571	Loss of bus infrastructure income (bus stations, shelter advertising, IBSS)
Subsidised Network	1,536	1,735	199	10,409	Savings due to reduced payment to operators for non-operational subsidised bus services. This will be offset against future increased costs as a result of capacity issues in relation to bus social distancing
Accessible Transport	1,090	1,103	13	6,617	
	3,941	3,572	(369)	21,597	
Rail and Metro Services					
Metro Services	209	203	(6)	2,643	
Rail Services	525	442	(83)	2,806	Adverse due to the timing of expenditure that can be funded in future periods and the loss of P&R car parking income.
	734	645	(89)	5,449	
Integration					
Safety and Security	216	204	(12)	1,276	
Passenger Information	671	859	188	5,677	Favourable due to the timing of ticketing payments offset by overspends in relation to lower commission received, commercial card processing, and rechargeable customer intelligence work.
Sustainable Travel	92	92	0%	569	
	979	1,155	177	7,522	
Network Resilience					
	308	510	202	3,111	Due to staffing variations, lower external advice activity compared to profile and lower IT costs.
Commonwealth Games					
	100	274	174	2,157	
Business and Democratic Support					
	559	573	14	3,764	
Strategic Development					
	593	508	(86)	3,155	Due to the timing of EU Projects income and expenditure.
Transport Governance					
	21	22	1	132	
Capital Finance Charges					
	1,564	1,560	(3)	10,214	
TOTAL EXPENDITURE	19,154	19,197	43 0%	120,510	
NET	66	198	(132) 67%	(0)	

SECTION B

3.0 Summary Position TfWM Capital Budget

- 3.1 The Authority approves the Capital Programme for the financial year as part of the budget setting process and the amount that can be spent is limited by the amount of capital resources available.
- 3.2 Many of the schemes within the Capital Programme take some time to develop and implement over a period of some years and therefore considerable variations can arise.
- 3.3 Overall, TfWM Capital Programme expenditure totalled £18.4m at the end of May 2020, which was £12.6m (41%) below the budget of £31.0m, with the variance primarily contained within the Investment Programme portfolio (£8.5m). As anticipated at this early stage of the year, there were no variances to the Annual Budget of £268.6m.

TRANSPORT PROGRAMME	MAY 2020 YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Investment Programme	10,882	19,341	8,459	146,509	146,509	0
CWG Programme	3,944	7,214	3,270	79,915	79,915	0
Other Major Programmes	2,976	3,916	940	24,564	24,564	0
Minor Work Programme	579	490	(89)	9,361	9,361	0
Grants to Local Authorities	0	0	0	8,209	8,209	0
TOTAL	18,381	30,961	12,580 41%	268,558	268,558	0%

- 3.4 The TfWM delivered Investment Programme portfolio comprises the largest of the five Programmes within the Transport Programme, containing the schemes which feature in the WMCA Devolution Deal Investment Programme to be delivered by TfWM. These schemes are all, to some extent, funded from the West Midlands Combined Authority Devolution Deal funding arrangements.
- 3.5 The Transport Programme has been categorised into five sub programmes. The largest of these is the Investment Programme with a Budget of £146.5m, including all the Rail / Sprint & Metro Extension Schemes. At the end of May, actual costs totalled £10.9m, which was £8.5m below the budget of £19.3m. The main variances at the end of May were contained within the Metro Programme totalling £7.2m. Although delivery schedules are not currently anticipated to be impacted by rephasing of expenditure plans, it's likely that the COVID-19 pandemic will lead to further rescheduling and prioritisation of capital expenditure plans.
- 3.6 The variance against the Metro Wednesbury to Brierley Hill of £3.4m was reflective of Covid-19 restrictions, where utility operators are only responding to emergency works therefore some diversions have not commenced as scheduled. Work is still progressing to acquire land and therefore limited construction has taken place during the month. WMCA are working on mitigation measures to overcome this delay and progress diversions where possible.
- 3.7 The Birmingham Eastside extension variance of £1.2m relates to HS2 Utility diversions which have not commenced due to final sign off on the development agreement with HS2, expected in June 2020, with work to catch up over the coming months. The MMA are in the process of preparing the revised Target Cost (TC1) and are awaiting formal instruction to initiate detailed design works, with an acceleration in the coming months once formal instruction has been made.

- 3.8 The Westside Extension (Centenary Square / Edgbaston) variance of £0.946m is primarily due to Covid-19, where construction activity has been slower than anticipated, but work is expected to catch up in the coming months, with no change to the project schedule and delivery of scheme by December 2021.
- 3.9 The Commonwealth Games Programme with a budget of £79.9m (15%) includes all 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 May 2020, actual costs totalled £3.9m, which was £3.3m below the budget of £7.2m. The main variance of note related to the Sprint A45 Birmingham to Airport & Solihull (£1.6m) due mainly to lower than expected progress of utility diversion costs, as a result of temporary Covid-19 restrictions on the highways. The Sprint A34 Walsall to Birmingham was also below budget (£1.3m), owing to the Covid-19 restrictions impacting on utility diversion works. Both projects have received approval to commence phase one works, receiving WMCA Board approval to submission of Final Business Case to DfT in March 2020. In addition, the RTCC-Design & Layout (£0.3m), for the new control centre has a favourable variance due to a pending approval of a revised solution, which has required a rescheduling of IT system work and workstation hardware and software.
- 3.10 Other Major schemes budget of £24.6m (5%) includes trials of new transport innovation encompassed within Future Transport Zones, to discover new ways to help people and goods move around. In addition, Connected and Autonomous Vehicles trialling new technology, and Key Route Networks, to manage congestion and keep the West Midlands moving. At the end of May 2020, actual costs totalled £3.0m, which was £0.9m below the budget of £3.9m. The main variance relates to Connected and Autonomous Vehicles Testbed (CAV) (£0.8m) due to a delay in appointment of the construction contract, coupled with Covid-19 restrictions. The A435 Alcester Road Bus priority revitalisation Programme (£0.3m) variance is due to construction works, which have been temporarily disrupted (expected 3-month timing impact) by the Coronavirus restrictions. The Clean Bus Technology Fund (£0.1m) has seen a slowdown in programme delivery due to Covid-19, as social distancing measures have been implemented.
- 3.11 The Minor Works Programme with a budget of £9.4m (2%) includes several small schemes. At the end of May 2020, actual costs totalled £0.6m, which was £0.1m above the budget of £0.5m, with only minor variations at this early stage of the year.
- 3.12 The Grants to Local Authorities Investment Programme with a budget of £193.1m (37%) includes those schemes delivered by Local Authorities as part of the Investment Programme grant arrangements. At the end of May 2020, actual costs totalled £11.1m, which was £2.7m below the budget of £13.8m. The main favourable variance related to the HS2 - UK Central Interchange (£2.7m) due to March costs being lower than anticipated and the impact of Covid-19 restrictions, specifically Wildlife Ways (£1.4m) and Accelerated Housing Delivery - Utilising Solihull assets (£1.2m).

TfWM Delivered Investment Programme Schemes

INVESTMENT PROGRAMME	MAY 2020 YEAR TO DATE			FULL YEAR		
	ACTUAL	BUDGET	VARIANCE	FORECAST	BUDGET	VARIANCE
	£000	£000	£000	£000	£000	£000
Rail						
Rail - Camp Hill Line Local Enhancements (Package 2)	487	604	117	6,299	6,299	0
Rail - Walsall to Wolverhampton Local Enhancements (Package 1)	404	466	62	6,812	6,812	0
Rail - Sutton Coldfield Gateway	0	0	0	127	127	0
Coventry South Package - Tile Hill Station Improvements	(17)	0	17	100	100	0
Rail - Programme Level Costs	1	0	(1)	0	0	0
Metro						
Metro Birmingham Eastside Extension	438	1,675	1,237	28,064	28,064	0
Metro Wolverhampton City Centre Extension	321	1,026	705	4,006	4,006	0
Metro Wednesbury to Brierley Hill Extension	3,451	6,829	3,378	50,858	50,858	0
Metro Centenary Square/Edgbaston Extension	4,268	5,214	946	28,219	28,219	0
Bilston Road Track Replacement Phase 2	3	0	(3)	884	884	0
Metro Network Enhancements - Traction Power and OLE Upgrades with Power Modelling	41	30	(11)	2,892	2,892	0
WIP Station and Car Park works	537	537	0	1,084	1,084	0
Metro Network Enhancements - Wednesbury Depot Upgrades	129	655	526	4,561	4,561	0
Metro Network Enhancements – Comms and Control	52	248	196	4,105	4,105	0
Buy Before Boarding	59	74	15	743	743	0
MML Life Cycle Projects	247	596	349	3,555	3,555	0
Priestfield Re-railing	94	0	(94)	0	0	0
Sprint						
Sprint - Sutton Coldfield to Birmingham (via Langley)	(3)	88	91	132	132	0
Sprint - Hagley Road Phase 1	370	1,299	929	4,068	4,068	0
TOTAL	10,882	19,341	8,459 44%	146,509	146,509	0%

3.13 Expenditure against the TfWM delivered Investment Programme schemes totalled £10.882m at the end of May 2020 which was £8.459m below the budget of £19.341m. The main contributors to the favourable variance were as follows:

- Metro Wednesbury to Brierley Hill Metro Extension (£3.378m) was reflective of Covid-19 restrictions, where utility operators are only responding to emergency works therefore some diversions have not commenced as scheduled. Work is still progressing to acquire land and therefore limited construction has taken place during the month. WMCA are working on mitigation measures and progress diversions where possible.
- Metro Birmingham Eastside extension (£1.237m) relating to HS2 Utility diversions which have not commenced due to final sign off on the development agreement with HS2, expected in June 2020, with work to catch up in the coming months. The MMA are in the process of preparing the revised Target Cost (TC1) and are awaiting formal instruction to initiate detailed design works, with an acceleration in the coming months once formal instruction has been made.
- Metro Westside Centenary Square /Edgbaston Extension (£0.946m) was primarily due to Covid-19, where construction activity has been slower than anticipated, but work is expected to catch up in the coming months, with no change to the project schedule and delivery of scheme by December 2021.
- SPRINT-Hagley Road (£0.929m) due mainly to lower than expected progress of utility diversion costs, as a result of the temporary Covid-19 restrictions on the highways.

Commonwealth Games Programme

COMMONWEALTH GAMES PROGRAMME	MAY 2020 YEAR TO DATE			FULL YEAR		
	ACTUAL	BUDGET	VARIANCE	FORECAST	BUDGET	VARIANCE
	£000	£000	£000	£000	£000	£000
Sprint - A34 Walsall to Birmingham	878	2,142	1,264	18,329	18,329	0
Perry Barr Interchange Development	0	0	0	12	12	0
University Station Improvement Project	839	868	29	8,225	8,225	0
Perry Barr Rail Station	846	798	(48)	8,308	8,308	0
RTCC-Highway Interventions	54	81	27	8,787	8,787	0
RTCC-Customer Information	1	2	1	107	107	0
RTCC-Design & Layout/Commercialisation	4	22	18	1,853	1,853	0
RTCC-Operations	47	113	66	317	317	0
RTCC-Data (Tactical & Operational Intelligence Data Engine)	31	372	341	1,110	1,110	0
RTCC-ICT	0	0	0	58	58	0
RTCC NWM Customer Interface Tool (Journey planner/Website)	30	15	(15)	936	936	0
A34 Sprint Park & Ride	7	9	2	100	100	0
Sprint - A45 Birmingham to Airport and Solihull	1,207	2,792	1,585	31,773	31,773	0
TOTAL	3,944	7,214	3,270 45%	79,915	79,915	0%

3.14 Expenditure against the Commonwealth Games Programme totalled £3.944m at the end of May 2020 which was £3.270m below the budget of £7.214m. The main contributors to this favourable variance were as follows:

- SPRINT – A45 Birmingham to Airport and Solihull (£1.585m) due mainly to lower than expected progress of utility diversion costs, as a result of temporary Covid-19 restrictions on the highways.
- SPRINT – A34 Walsall to Birmingham (£1.264m) owing to the Covid-19 restrictions impacting on utility diversion works.
- RTCC-Design & Layout / Commercialisation (£0.341m) variance due to a pending approval of a revised solution, which has required a rescheduling of IT system work and workstation hardware and software.

Other Major Works Programme

OTHER MAJOR WORKS PROGRAMME	MAY 2020 YEAR TO DATE			FULL YEAR		
	ACTUAL	BUDGET	VARIANCE	FORECAST	BUDGET	VARIANCE
	£000	£000	£000	£000	£000	£000
Dudley Bus Station Development	9	3	(6)	16	16	0
Longbridge Connectivity Package	347	350	3	760	760	0
Snow Hill 3rd Access	52	33	(19)	570	570	0
Snow Hill Public Realm	0	0	0	150	150	0
Connected and Autonomous Vehicles TestBed (CAV)	445	1,241	796	2,239	2,239	0
Clean Bus Technology Fund 2017-2019	97	229	132	1,764	1,764	0
NPIF 2 Birmingham Growth Point	14	2	(12)	755	755	0
Key Route Network Safety	0	0	0	1,413	1,413	0
ConVEx-Connected Vehicle data Exchange	673	681	8	2,015	2,015	0
Highway Investment Programme	1	0	(1)	101	101	0
Dudley Interchange	219	261	42	1,110	1,110	0
Autonomous Highway,Rural & Parking Test Facilities (Meridian 3)	260	313	53	3,015	3,015	0
Future Transport Zone WP1- Human Centred Data	31	37	6	174	174	0
Future Transport Zone WP2 - Enhanced Ticket Platform	211	25	(186)	1,551	1,551	0
Future Transport Zone WP 3Transport Network Data	94	130	36	1,669	1,669	0
Future Transport Zone WP4 Enabling Data Exploitation	146	204	58	619	619	0
Future Transport Zone WP5 -Innovation Showcases	65	59	(6)	1,240	1,240	0
Future Transport Zone WP6 -Programme Management	28	28	0	330	330	0
A435 Alcester Rd Bus Priority Revitalisation	44	305	261	2,771	2,771	0
5G	240	0	(240)	0	0	0
Cross City Bus - City Centre Package	0	0	0	412	412	0
Cross City Bus - Dudley – Druids Heath Package	0	15	15	1,065	1,065	0
Major Road Network-A4123 Corridor -A4150 Ring Road to A456 Hagley Road	0	0	0	200	200	0
Major Road Network- A454 Wolverhampton and East Park Gateway	0	0	0	274	274	0
Major Road Network-A449 Stafford Rd M54 J2 to A4150 Ring Road	0	0	0	141	141	0
Major Road Network- A46 Link Road Ph2 Coventry	0	0	0	150	150	0
Major Road Network- A38 Kingsbury Road Birmingham	0	0	0	60	60	0
TOTAL	2,976	3,916	940 0%	24,564	24,564	0%

3.15 Expenditure against the Other Major Works Programme totals £2.976m at the end of May 2020 which was £0.940m below the budget of £3.916m. The main contributor to this favourable variance were as follows:

- CAV's (Connected and Autonomous Vehicle) (£0.796m) variance is due to a delay in appointment of the construction contract, coupled with the disruption of the Covid-19 restrictions.
- A435 Alcester Rd Bus Priority Revitalisation (£0.261m) is due to construction works, which have been temporarily disrupted (expected 3-month timing impact) by the Coronavirus restrictions.
- Clean Bus Technology Fund 2017-2019 (£0.132m), where the programme has seen a slowdown in programme delivery due to Covid-19, as social distancing measures have been implemented.

Offset by:

- 5G (£0.240m) pending completion of a funding agreement between WMCA and 5G, which will enable infrastructure costs to be reclaimed from the Department for Digital, Culture, Media and Sport (DCMS).

Minor Works Programme

MINOR WORKS PROGRAMME	MAY 2020 YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Bus						
Shelter Appeals	0	2	2	9	9	0
TBT Platinum Route RTI Equipment Upgrades	(4)	5	9	14	14	0
DfT Tackling Nitrogen Dioxide - Dudley MBC	0	0	0	95	95	0
DfT Tackling Nitrogen Dioxide (Wolverhampton MBC)	331	195	(136)	792	792	0
Rail						
Park and Ride Delivery	0	0	0	660	660	0
Tipton Park and Ride	0	0	0	24	24	0
Aldridge Rail Station Study	3	32	29	32	32	0
Dudley Port Integrated Transport Hub	0	0	0	130	130	0
Metro						
Bradley Lane Park and Ride	25	25	0	249	249	0
Cycling						
Network Wide Cycling Programme (NWCP)	9	12	3	24	24	0
Bike Life Report	0	0	0	15	15	0
Better Streets Community Fund	9	6	(3)	1,089	1,089	0
Priority One Development Workstream	2	2	0	638	638	0
Highway						
ADEPT Live Lab	59	136	77	1,798	1,798	0
Asset Replacement						
Network Wide P and R Lighting Enhancement	1	0	(1)	17	17	0
Network Wide Park and Ride Expansion Developments -Phase 2	5	3	(2)	23	23	0
IDOX - Asset Management System	0	0	0	35	35	0
Asset Management Programme	30	1	(29)	1,592	1,592	0
Real Time Information Upgrades	72	58	(14)	1,473	1,473	0
Other						
Project Development Costs	1	1	0	7	7	0
Road Safety Grant	0	0	0	2	2	0
LTP Technical Development Nims Mattisse	0	0	0	19	19	0
Gateway Controlled Project Development	0	0	0	154	154	0
Top Slice	25	0	(25)	141	141	0
Asset Management- RTI Upgrades	0	0	0	170	170	0
Transport Data Unification (traffic data)	0	0	0	61	61	0
AutopleX	9	12	3	98	98	0
TOTAL	579	490	(89) 18%	9,361	9,361	0%

3.16 Expenditure against the Minor Works Programme totalled £0.579m at the end of May 2020 which was £0.089m above the budget of £0.490m. The main variance of note was as follows:

- DfT Tackling Nitrogen Dioxide (Wolverhampton MBC (£0.136m) owing to minor acceleration of the Programme.

Grants to local Authorities

GRANTS TO LOCAL AUTHORITIES	MAY 2020 YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
B4106 Spon End (Coventry CC)	0	0	0	4,697	4,697	0
New St/High St/Victoria Sq Public Realm (Birmingham CC)	0	0	0	3,275	3,275	0
Low Emission Bus Scheme (Coventry CC)	0	0	0	237	237	0
TOTAL	0	0	0	8,209	8,209	0%

3.17 There was no expenditure against the Grants to Local Authorities Programme as at the end of May 2020.