

## WMCA Board

<b>Date</b>	18 September 2020
<b>Report title</b>	Financial Monitoring Report 2020/21
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<b>This report has been considered by</b>	Senior Leadership Team - 26 August 2020  Programme Board - 3 September 2020

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

#### WMCA Board is recommended to:

- (1) Note the financial outturn position as at the end of July 2020.
- (2) Note the latest forecast for 2020/21, incorporating the estimated impact of COVID-19.
- (3) Note the key actions to mitigate the impact of COVID-19 in 2020/21 and bring the forecast position back within budget as set out in section 3.
- (4) Note the use of one-off reserves totalling £2.0m required to bring the forecast position back within budget as set out in paragraph 3.13.
- (5) Note that an update on the Medium-Term Financial Planning position for the period 2021/22 to 2025/26 will be provided in November's Financial Monitoring Report.

## 1.0 Purpose

1.1 To provide an update on the Combined Authority's finances as at the end of July 2020, an update on the financial implications of COVID-19 and the impact of the crisis on the overall level of the Combined Authority's reserves.

## 2.0 Background - Financial Monitoring

2.1 A summary of both 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.

2.2 Appendix 1 shows the overall consolidated revenue position for the West Midlands Combined Authority.

2.3 The overall year to date position at the end of July shows a £0.032m favourable variance from budget. This consists of a favourable variance within the Transport budget of £0.093m largely due to lower concessionary patronage volumes and efficiency savings offsetting the Covid-19 impact on advertising revenue and departure charge income.

2.4 There is an adverse variance of £0.061m within the Delivery budget largely as a result of lower than budgeted investment income owing to the 0.1% bank rate which has led to lower returns on cash balances.

## 3.0 Forecast Update

3.1 On 24 July 2020 the Combined Authority received an update on the financial impact of COVID-19 in 2020/21 and beyond. Early indications at that time were that there would be an adverse movement of around £11.1m when compared with the revenue budget for 2020/21, primarily driven by transport related income drops as a consequence of COVID-19 and the restrictions introduced to limit the spread of the virus.

### 3.2 Table 1: Forecast in-year variations 2020/21

	2020/21 (£m)		
	Non-Covid	Covid	Total
Metro Life Cycle Costs	-2.2		
Concessions	1.6		
Child Concessions	1.0		
RTCC Contingency	0.4		
Departure Charges	-0.2		
Advertising Revenue		-2.0	
Investment in Bus Shelters		-0.2	
Subsidised Bus		-1.1	
Metro		-4.4	
Departure Charges		-0.6	
Swift		-0.5	
Ticketing		-0.4	
<b>TOTAL TRANSPORT</b>	<b>0.6</b>	<b>-9.2</b>	<b>-8.6</b>
Commercial Investment Income	-0.7		
Investment Income		-0.5	
Industrial Strategy		-0.4	
Office of Data Analytics		-0.3	
Culture & Digital		-0.1	
<b>TOTAL DELIVERY</b>	<b>-0.7</b>	<b>-1.3</b>	<b>-2.0</b>
Comms	-0.1		
HR&OD	-0.2		
Strategic Hub		-0.2	
<b>TOTAL SHARED SERVICES</b>	<b>-0.3</b>	<b>-0.2</b>	<b>-0.5</b>
<b>GRAND TOTAL</b>	<b>-0.4</b>	<b>-10.7</b>	<b>-11.1</b>

- 3.3 The first detailed reforecast exercise has now been undertaken for 2020/21. The results are summarised in the following table:

Table 2: Latest Forecast Deficit 2020/21

	Transport	Delivery Budget	Shared Services	TOTAL
<b>Forecast Deficit - 24 July 2020</b>	<b>-8.6</b>	<b>-2.0</b>	<b>-0.5</b>	<b>-11.1</b>
<u>Income changes:</u>				
Improved income forecasts	2.0	0.9	0.1	3.0
Government grant received for subsidised services	1.0	-	-	1.0
Estimated Light Rail Restart Grant up to 31 Oct 2020	0.9	-	-	0.9
Estimated grant for lost sales, fees and charges	0.7	-	-	0.7
<u>Expenditure changes:</u>				
Savings on concessionary travel owing to lower patronage	1.0	-	-	1.0
Metro lifecycle costs rescheduled	0.7	-	-	0.7
Other discretionary expenditure savings	0.7	0.8	0.3	1.8
<b>Latest Forecast Deficit</b>	<b>-1.6</b>	<b>-0.3</b>	<b>-0.1</b>	<b>-2.0</b>

- 3.4 It is important to note that the underlying assumptions used to forecast the latest deficit do not reflect a second wave or any renewal of restrictions because of an increase in COVID-19 cases or an increased R number.
- 3.5 It is also important to note that TfWM is continuing to see drops in income and the commercial bus and metro network is still seeing extremely low levels of patronage, however, since the July 2020 board meeting, the Government has confirmed that the Combined Authority is able to access a package of funding to support a proportion (75% of losses after the first 5% which will not be funded) of the loss of income from fees and charges for services.
- 3.6 The Department for Transport has also indicated that 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 will continue beyond the original award up to 3 August 2020 and will now continue until 31 October 2020, although the value of the grant has not yet been confirmed.
- 3.7 As can be seen in the table above, the estimated overall deficit in 2020/21 has now reduced from £11.1 million to £2.0 million.
- 3.8 This position has been made possible by improved forecasts for transport related income (£2.0m) and investment income (£0.9m) coupled with the anticipated receipt of additional government grants for subsidised bus services (£1.0m), light rail (£0.9m) and reimbursement for an element of lost sales, fees and charges (£0.7m).

- 3.9 The improved position would not have been possible to achieve without proactive action taken to generate significant in-year efficiency savings totalling £1.8m across the portfolios. Actions taken include a review of vacant posts and curtailment of discretionary spending on marketing and events and other non-essential overheads. A programme of productivity and efficiency savings has now been developed to deliver organisational operating savings along with a fundamental business transformation review also underway, to deliver efficiencies into the next financial year and beyond.
- 3.10 Given the inherent uncertainty around the significant number of constantly changing assumptions that underly the latest forecast position for 2020/21, the forecast clearly only represents a best estimate at this point in time. The underlying assumptions are changing on a daily basis, leading to movements in the forecast position and will therefore be kept under constant review.
- 3.11 The latest forecast therefore sets out the **best assessment at the time of writing** of the forecast impact on WMCA's financial position in 2020/21 including the specific impact of COVID-19 but is clearly subject to constant change.
- 3.12 It is proposed that the latest forecast deficit for 2020/21 of £2.0m is met from the one-off use of reserves summarised in the following table:

Table 3: Use of one-off reserves to fund the 2020/21 latest forecast deficit

<b>Use of reserves</b>	<b>£m</b>
COVID-19 earmarked reserves	1.3
Reprioritised earmarked reserves	0.4
Metro earmarked reserves	0.3
<b>Total</b>	<b>2.0</b>

- 3.13 These reserves can only be used once and therefore do not provide a sustainable funding solution. This position has only been achieved by reprioritising existing reserves that cannot now be used to support the efficiency saving projects and workstreams they were originally intended to fund.
- 3.14 The following table summarises the latest reforecast position following the application of one-off earmarked reserves:

Table 4: Latest forecast position 2020/21

	<b>Transport</b>	<b>Delivery Budget</b>	<b>Shared Services</b>	<b>TOTAL</b>
<b>Latest Forecast Deficit</b>	<b>-1.6</b>	<b>-0.3</b>	<b>-0.1</b>	<b>-2.0</b>
Use of COVID-19 Earmarked Reserves	1.2	0.1	-	1.3
Reprioritised earmarked reserves	0.1	0.2	0.1	0.4
Metro earmarked reserves	0.3	-	-	0.3
<b>Latest Forecast / Balanced Budget</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

3.15 The Medium-Term Financial Plan (5-year plan) is currently being reviewed and the latest position will be reported in the next Financial Monitoring Report that will be considered by the Combined Authority Board at its next meeting in November 2020.

#### **4.0 Transport**

4.1 Appendix 2 sets out the position on the Transport revenue budget as at the end of July 2020, showing a favourable variance of £0.093m from budget.

4.2 This favourable variance is primarily driven by lower patronage volumes across English National Concessionary Travel Scheme and Child Concessions, as well as savings realised during the set-up of the RTCC through prudent purchasing decisions.

4.3 The favourable variance is supplemented by an additional government grant towards the costs of Subsidised Bus and staffing variations.

4.4 These savings are largely offset by the impact of Covid-19 driving lower than budgeted digital advertising revenue and the implementation of a departure charge holiday until the end of June aiming to support bus operators during the crisis.

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

5.1 Appendix 3 sets out the position on the West Midlands Combined Authority Delivery Budget as at the end of July 2020, showing an adverse variance of £0.061m from budget.

5.2 The adverse variance is primarily as a result of a reduction in the bank base rate, which has led to lower than budgeted returns on cash balances.

5.3 This adverse variance is partly offset by savings across portfolios as a result of the rescheduling of expenditure as a result of the impact of COVID-19 coupled with staffing variations.

#### **6.0 Mayoral Office**

6.1 The Mayoral Office is broadly in line with budget.

#### **7.0 Capital Programme**

7.1 Appendix 5 sets out the position on the Capital Programme as at the end of July 2020. Actual costs totalled £61.5m, resulting in a favourable variance of £48.0m against a budget of £109.5m. The annual forecast has been reduced in July 2020 to £459.1m, which is £46.3m below the Budget of £505.4m.

7.2 The year to date budget variance is contained primarily within Transport (£22.6m), Grants to Local Authorities within the Investment Programme (£14.7m) and Housing (£10.7m).

- 7.3 The Transport Programme has been categorised into five sub programmes. The largest of these is the Investment Programme with a budget of £146.9m (29%), including all the Rail/Sprint & Metro extension schemes. At the end of July, actual costs totalled £29.2m, which was £13.9m below the budget of £43.1m. The main variances at the end of July were contained within the Metro Programme totalling £10.3m. 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.
- 7.4 The variance against the Metro Wednesbury to Brierley Hill of £5.2m is 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.
- 7.5 The Birmingham Eastside extension variance of £3.2m relates to HS2 utility diversions which have not commenced due to the pending final sign off on the development agreement with HS2, expected in August 2020, with work to catch up in the next couple of 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.
- 7.6 The SPRINT-Hagley Road scheme was favourable by £3.2m (£1.8m Jun-20). There is an ongoing review of design with Birmingham City Council and a s278 agreement requires a revised Target Cost (TC2) so works have not progressed as quickly as anticipated.
- 7.7 The Metro Network-Comms & Control scheme was £0.9m below budget due to commissioning work for PID (Passenger Information Display) & PAU (Passenger Assistant Unit) upgrade and Subcontract Package (e.g. SmartTrams Enhancements & Radio system) proceeding later than anticipated due to COVID-19.
- 7.8 The Commonwealth Games Programme with a budget of £85.4m (17%) 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 July 2020, actual costs totalled £9.9m, which was £4.7m below the budget of £14.7m. The main variances of note related to the Sprint A34 Walsall to Birmingham which was below budget (£2.2m), owing to the COVID-19 restrictions impacting on utility diversion works, and 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. 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.

- 7.9 Other Major Schemes budget of £25.9m (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 July 2020, actual costs totalled £5.3m, which was £3.2m below the budget of £8.5m. The main variance relates to Connected and Autonomous Vehicles Testbed (CAV) (£1.0m) due to a delay in appointment of the construction contractor, coupled with COVID-19 restrictions. Work has commenced in June and July allowing some of the backlog to be addressed. In addition, the Longbridge Connectivity Package (£0.4m) favourable variance reflecting construction of the decked car park being broadly complete, with only minor power utility work to complete in July slightly behind schedule as a result of COVID-19 restrictions. Final snagging and commissioning work will be completed in Quarter 2 by our main contractor. The A435 Alcester Road Bus priority revitalisation Programme (£0.4m) variance is due to temporary disruption of construction works (expected 3-month timing impact) by the Coronavirus restrictions.
- 7.10 The Minor Works Programme with a budget of £9.8m (2%) includes several small schemes. At the end of July 2020, actual costs totalled £1.0m, which was £0.7m below the budget of £1.7m, with only minor variations at this early stage in the year.
- 7.11 The Grants to Local Authorities Budget of £8.2m (3%) relates primarily to the schemes funded within the Transforming Cities Fund which are in the early stages of development. There was no expenditure as planned at the end of July 2020.
- 7.12 The Grants to Local Authorities Investment Programme with a budget of £172.8m (34%) includes those schemes delivered by Local Authorities as part of the Investment Programme grant arrangements. At the end of July 2020, actual costs totalled £13.4m, which was £14.7m below the budget of £28.1m. The main favourable variance are broadly related to COVID-19 restrictions impacting on the progression of Coventry Station Masterplan (£5.0m), Very Light Rail (£3.7m) and the City of Culture Regeneration (£2.2m). The HS2 - UK Central Interchange (£3.5m) primarily relating to the Roundabout-Over Trace works, has also seen less work undertaken in first quarter due to COVID-19 restrictions.
- 7.13 The Housing Programme with an annual budget of £56.3m (11%) includes the WMCA Land Fund, WMCA land remediation funds including the BCLEP managed Land and Property Investment Fund (LPIF). At the end of July 2020, actual costs totalled £2.7m, which was £10.7m below the budget of £13.4m. The variance is primarily contained within the LPIF (£9.3m) due to the Phoenix 10 manufacturing site scheme (a 16.5-hectare former industrial site which has been designated for employment uses, where the final agreements and planning application expected in April 2020, has now been rescheduled. On site works are now expected to commence in April 2021. The WMCA Brownfield Land & Property Development Fund favourable variance (£1.1m) is also due to reduced drawdown as a result of COVID-19 restrictions.

7.14 Following a review of the Q1 position, the annual forecast has been reduced by £46.4m to £459.1m, against the annual budget of £505.4m. The main variances are contained within the Transport Programme (£20.7m), the Housing Programme (£19.0m) and the Grants to Local Authorities Investment Programme (£6.6m). Within the Transport Programme, the main variances are contained within the Metro Programme (£15.6m), related to Metro Eastside (£5.8m), Metro Wednesbury Brierley Hill (£4.5m), and Metro Westside (£2.1m) reflecting the up to date position. The Rail-Walsall-Wolverhampton (Package 1) Local Enhancements underspend of £2.3m is due to land acquisition costs (Willenhall Land Triple R Site) now projected for April 2021 (from Q2 2020). The main variance within the Housing Programme is contained within the WMCA Brownfield Land & Property Investment Fund (£18.9m), primarily relating to the Phoenix 10 project as set out in paragraph 6.13.

## **8.0 Investment Programme**

8.1 The financial results for the Investment Programme run behind the regular management accounts due to the requirement to consolidate outputs across the Metropolitan area. The June results are shown at Appendix 6, showing the gross delivery totals for programmes delivered by both WMCA and Local Authorities.

8.2 The 2020/21 year to date cash spend to June 2020 is £91.8m behind the rebased 2020/21 forecast, mainly because of the current Metro, UK Central Infrastructure and Coventry UK Central Plus programmes.

8.3 In respect of full project costs to completion, the financial summary has been adjusted to reflect the revised budget based on the 2020/21 programme baseline. It should be noted that the impact of Covid-19 on projects within the WMCA Investment Programme is currently being assessed by the Local Authorities, with each respective delivery organisation required to manage the schemes within the funding available to them.

8.4 The project budgets for the Sprint A34 Walsall to Birmingham, Sprint A45 Birmingham to Airport & Solihull and Metro Birmingham Eastside Extension schemes have been revised, as approved by the WMCA Board on 14 February 2020.

8.5 The Coventry UKC Plus programme is showing a variance of £8.9m between the total forecast outturn and total budgeted outturn. This is because of changes to estimated delivery costs for the A46 Stoneleigh Junction and Coventry City of Culture 2021 projects.

8.6 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.

8.7 The Sprint programme is red 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.

8.8 Appendix 7 details the commitments made against the Investment Programme which totalled £770.4m to the end of July 2020 (£770.4m June 2020).

8.9 In addition to the projects listed at Appendix 7, an application for repayable funding for the UK Battery Industrialisation Centre was approved by WMCA Board on 13 September 2019.



## Investment Programme Funding

- 8.10 In November 2019, WMCA Board agreed to hold current Investment Programme approvals within an affordable limit as determined by WMCA Finance Directors at £801m, following the funding required to support the overall programme being lower than anticipated. Arrangements to secure additional funding into WMCA are currently being developed and delivered.
- 8.11 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, UK Central HS2 Interchange, Innovation Programme, Land Reclamation & Remediation and Employment, Education & Skills.  
Independent Evaluation of Local Growth Interventions ('Devolution Deal Gateway Review')
- 8.12 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.
- 8.13 An update was provided at the July Board. SQW have been commissioned by MHCLG to review a selection of projects in the Investment programme and will issue a recommendation in November 2020. The Board will be updated as the review continues at such points when information should be brought to their attention.

## **9.0 Balance Sheet**

- 9.1 Appendix 8 presents the West Midlands Combined Authority Balance Sheet which shows a healthy financial position as at 31 July 2020.
- 9.2 The increase in loan receivables is as a result of a loan to Coventry City Council. Cash and short-term deposits have increased due to the receipt of a number of DfT grants, offset by payments in respect of the Adult Education Budget.
- 9.3 The increase in short-term creditors/accruals is mainly due to spending on capital projects, including the Metro Wednesbury to Brierley Hill extension scheme, HS2 Interchange, UK Central Infrastructure and Coventry UKC Plus programme.

## 10.0 Administered Funds

Funding Stream	2020/21 Latest Forecast Grant Award £'000	2020/21 Spend to date £'000	Purpose
Midlands Connect	7,355	1,468	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>48,611</b>	<b>42,724</b>	

## 11.0 Financial Implications

11.1 The Financial Implications are set out in the report.

## 12.0 Legal implications

12.1 There are no legal implications.

## 13.0 Equalities implications

13.1 There are no equalities implications.

## 14.0 Inclusive Growth Implications

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

## 15.0 Geographical Area of Report's Implications

15.1 The report encompasses the West Midlands region.

## 16.0 Other Implications

16.1 There are no other implications

## **17.0 Appendices**

- Appendix 1 – WMCA Consolidated Summary – July 2020
- Appendix 2 – WMCA Transport Revenue Summary - July 2020
- Appendix 3 – WMCA Operational Revenue Summary – July 2020
- Appendix 4 – WMCA Mayor Revenue Summary – July 2020
- Appendix 5 – WMCA Capital Transport Delivery Programme – July 2020
- Appendix 6 – WMCA Investment Programme Summary – June 2020
- Appendix 7 – WMCA Investment Programme Commitments – July 2020
- Appendix 8 – WMCA Balance Sheet – July 2020

## Appendix 1

### WMCA Consolidated Summary – July 2020

£000's	Year to Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Transport Levy	38,240	38,240	0	114,720	114,720	0
Commonwealth Games	243	564	(321)	1,905	2,157	(252)
Devolution Deal Grants	3,687	4,617	(930)	12,106	12,227	(121)
Adult Education Funding	45,188	46,941	(1,753)	128,534	128,534	0
Share of Business Rates	0	715	(715)	7,500	7,500	0
Constituent Membership	1,548	1,548	0	4,644	4,644	0
Non Constituent Members	142	142	0	425	425	0
Investment Programme	1,994	2,140	(146)	36,500	36,500	0
Investment Income	412	664	(252)	1,505	1,921	(416)
3rd Party / Other Grant Income	609	338	271	1,900	871	1,029
Use of Reserves	0	0	0	6,758	4,053	2,705
<b>Total Funding</b>	<b>92,063</b>	<b>95,909</b>	<b>(3,846)</b>	<b>316,497</b>	<b>313,552</b>	<b>2,945</b>
Transport for West Midlands	38,137	38,230	93	120,747	118,353	(2,394)
Commonwealth Games	243	564	321	1,905	2,157	252
Economy & Innovation	552	554	2	2,535	1,662	(873)
Environment, Energy & HS2	66	115	49	345	345	0
Housing and Land	519	840	321	1,384	2,521	1,137
Wellbeing	321	314	(7)	1,110	941	(169)
PSR & Social Economy	177	216	39	688	650	(38)
Culture and Digital	276	287	11	984	860	(124)
Productivity & Skills	48,208	50,565	2,357	138,358	137,715	(643)
Inclusive Communities	231	42	(189)	251	157	(94)
Business Support	1,133	1,049	(84)	3,228	3,229	1
Investment Programme	2,029	2,930	901	44,155	44,155	0
Mayoral Office	203	269	66	807	807	0
<b>Total Expenditure</b>	<b>92,096</b>	<b>95,974</b>	<b>3,878</b>	<b>316,497</b>	<b>313,552</b>	<b>(2,945)</b>
Transport	104	11	93	0	0	0
Operational	(137)	(76)	(61)	0	0	0
Mayoral Office	0	0	0	0	0	0
<b>Total</b>	<b>(33)</b>	<b>(65)</b>	<b>32</b>	<b>0</b>	<b>0</b>	<b>0</b>

The year to date position at the end of July shows a £0.032m favourable variance from budget.

This is made up of £0.093m within Transport as a result of lower patronage across ENCTS and Child concessions, additional government grants to fund subsidised bus, efficiency savings within the RTCC and lower operational costs during COVID-19 alongside staffing variations. This position is offset by significantly reduced advertising revenue and a departure charge holiday designed to support bus operators during the crisis.

This is offset by an adverse variance of £0.061m within the Delivery budget due to lower investment income as a result of a reduction in the bank base rate, partly offset by savings across portfolios as programme expenditure has been rescheduled for later in the year.

In addition, the Adult Education Budget has seen reduced delivery as a result of COVID-19 and new contracts with training providers are starting later than planned.

Lower grant drawdown has been required within Housing & Land due to increased capitalisation of staff costs and savings on external advice. In addition a grant to support Brexit preparations has been reflected in the Economy & Innovation forecast, which is offset by the associated expenditure.

## Appendix 2

### Transport for West Midlands year to date revenue position – July 2020

	JULY 2020 YEAR TO DATE			FULL YEAR 2020/21			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	38,241	38,240	1	114,721	114,720	1	
Commonwealth Games	243	564	(321)	1,905	2,157	(252)	
Use of Reserves				6,027	3,633	2,394	
<b>TOTAL INCOME</b>	<b>38,484</b>	<b>38,804</b>	<b>(320)</b>	<b>122,653</b>	<b>120,510</b>	<b>2,143</b>	
<b>EXPENDITURE</b>							
<b>Concessions</b>							
National Bus Concession	17,065	16,959	(106)	48,963	50,995	2,032	
Metro / Rail	1,174	1,479	305	4,557	4,575	17	
Child Concession	1,720	2,436	716	6,579	7,836	1,257	
	19,959	20,874	915	60,099	63,405	3,306	
<b>Bus Services</b>							
Bus Stations / Infrastructure	3,011	1,472	(1,539)	6,765	4,545	(2,220)	
Subsidised Network	3,363	3,470	106	10,409	10,409	()	
Accessible Transport	2,178	2,206	27	6,617	6,617	0%	
	8,553	7,147	(1,406)	23,791	21,571	(2,220)	
<b>Rail and Metro Services</b>							
Metro Services	326	407	81	6,637	2,642	(3,995)	
Rail Services	809	878	69	2,867	2,802	(65)	
	1,135	1,285	150	9,504	5,444	(4,061)	
<b>Integration</b>							
Safety and Security	311	408	98	1,154	1,274	121	
Passenger Information	1,885	1,879	(6)	5,907	5,740	(167)	
Sustainable Travel	185	185	0%	542	567	25	
	2,381	2,473	92	7,603	7,582	(21)	
<b>Network Resilience</b>							
	594	1,020	426	2,593	3,100	507	
<b>Commonwealth Games</b>							
	243	564	321	1,905	2,157	252	
<b>Business and Democratic Support</b>							
	1,139	1,171	33	3,723	3,764	41	
<b>Strategic Development</b>							
	1,141	1,021	(120)	3,090	3,141	51	
<b>Transport Governance</b>							
	42	44	2	130	132	2	
<b>Capital Finance Charges</b>							
	3,193	3,193	0%	10,214	10,214	()	
<b>TOTAL EXPENDITURE</b>	<b>38,379</b>	<b>38,792</b>	<b>413</b>	<b>122,653</b>	<b>120,510</b>	<b>(2,143)</b>	
<b>NET</b>	<b>104</b>	<b>11</b>	<b>93</b>	<b>0</b>	<b>0</b>		

As at the end of July 2020 there is a £0.093m favourable year-to-date variance. This is primarily driven by the efficient RTCC purchasing decisions and lower concessions expenditure offset by significantly reduced advertising revenue and a departure charge holiday for operators as a result of Covid-19.

Forecast spending on concessions reflects the latest patronage and fare reimbursement assumptions.

Loss of bus infrastructure income (bus stations, shelter advertising, IBSS) as a result of Covid-19.

Subsidised bus is currently being supported by additional Covid-19 grant.

The award of the DfT Light Rail Restart grant up to 3 August assumes a largely breakeven position up until the end of July. However, from that point the forecast assumes revenue will only return to 75% of pre-Covid levels.

Driven by increased CCTV income

Adverse variance driven by reduced commission and replacement pass income, partly offset by staffing variations.

Favourable variance driven by efficient purchasing decisions meaning the budgeted contingency for delivery of RTCC is no longer required alongside staffing variations.

Driven by the timing of CAV project costs.

**Appendix 3**  
West Midlands Combined Authority Delivery Budget – July 2020

FINANCIAL SUMMARY AS AT JULY 2020	JULY 2020 YEAR TO DATE			FULL YEAR 2020/21			
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000	
<b>Operational Income</b>							
Investment Interest Income (1)	376	589	(213)	1,350	1,766	(416)	(1) The bank base rate was substantially lowered as a result of Covid-19, and which has resulted in approximately a £50k a month reduction in investment income.
Contribution - 7 Met Councils	1,548	1,548	0	4,644	4,644	0	
Mayoral Capacity Funding	0	64	(64)	193	193	0	
Contribution - Non constituent members	142	142	0	425	425	0	
Use of Reserves	0	0	0	731	420	311	
<b>Total Income</b>	<b>2,066</b>	<b>2,343</b>	<b>(277)</b>	<b>7,343</b>	<b>7,448</b>	<b>(105)</b>	
Corporate Support Recharges to Portfolios	(1,133)	(1,049)	(84)	(3,228)	(3,229)	1	
<b>Total Expenditure</b>	<b>(1,133)</b>	<b>(1,049)</b>	<b>(84)</b>	<b>(3,228)</b>	<b>(3,229)</b>	<b>1</b>	
<b>Operational Income Net Total</b>	<b>933</b>	<b>1,294</b>	<b>(361)</b>	<b>4,115</b>	<b>4,219</b>	<b>(104)</b>	
<b>Economy &amp; Innovation</b>							
Other Industrial Strategy Income	10	0	10	0	0	0	(1) The adverse variance is driven by the delivery of the State of the Region report in April. In light of Covid-19, the planned outputs of the Economic Intelligence team have been revised to remain within the budgeted funding.
Office of Data Analytics	49	86	(37)	173	257	(84)	
MHCLG - Brexit Support Preparations	0	0	0	991	0	991	
<b>Total Income</b>	<b>59</b>	<b>86</b>	<b>(27)</b>	<b>1,164</b>	<b>257</b>	<b>907</b>	
West Midland Growth Company	(233)	(233)	0	(700)	(700)	0	
Industrial Strategy	(128)	(155)	27	(431)	(465)	34	
Office of Data Analytics	(49)	(86)	37	(173)	(257)	84	
Economic Intelligence (1)	(142)	(80)	(62)	(240)	(240)	0	
MHCLG - Brexit Support Preparations	0	0	0	(991)	0	(991)	
<b>Total Expenditure</b>	<b>(552)</b>	<b>(554)</b>	<b>2</b>	<b>(2,535)</b>	<b>(1,662)</b>	<b>(873)</b>	
<b>Economy &amp; Innovation Net Total</b>	<b>(493)</b>	<b>(468)</b>	<b>(25)</b>	<b>(1,371)</b>	<b>(1,405)</b>	<b>34</b>	
<b>Environment &amp; Energy, HS2</b>							
Energy Capital	3	0	3	0	0	0	(1) As a result of Covid-19 disrupting plans nothing has yet been spent on external advice. However revised plans are now in place for delivery of programmes over the remainder of the year.
<b>Total Income</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Environment (1)	(66)	(115)	49	(345)	(345)	0	
<b>Total Expenditure</b>	<b>(66)</b>	<b>(115)</b>	<b>49</b>	<b>(345)</b>	<b>(345)</b>	<b>0</b>	
<b>Environment &amp; Energy, HS2 Net Total</b>	<b>(63)</b>	<b>(115)</b>	<b>52</b>	<b>(345)</b>	<b>(345)</b>	<b>0</b>	
<b>Housing and Land</b>							
Housing and Land Commission (1)	519	840	(321)	1,384	2,521	(1,137)	(1) Increased capitalisation of staff costs and agreed savings on external advice have driven the lower expenditure and in turn the lower grant drawdown. The lower spend has been reflected in the forecast and will allow the grant to be utilised further into future years.
<b>Total Income</b>	<b>519</b>	<b>840</b>	<b>(321)</b>	<b>1,384</b>	<b>2,521</b>	<b>(1,137)</b>	
Housing and Land Commission (1)	(519)	(840)	321	(1,384)	(2,521)	1,137	
<b>Total Expenditure</b>	<b>(519)</b>	<b>(840)</b>	<b>321</b>	<b>(1,384)</b>	<b>(2,521)</b>	<b>1,137</b>	
<b>Housing and Land Net Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Wellbeing</b>							
Other Mental Health Income	21	0	21	21	0	21	(1) Staffing variations have driven savings year to date, with these savings reflected in forecast 1.
Well Being	14	10	4	36	31	5	
IPS Programme	79	28	51	198	83	115	
Fiscal Incentive Programme	66	35	31	195	105	90	
<b>Total Income</b>	<b>180</b>	<b>73</b>	<b>107</b>	<b>450</b>	<b>219</b>	<b>231</b>	
Mental Health Commission (1)	(119)	(188)	69	(522)	(563)	41	
Well Being	(57)	(63)	6	(195)	(190)	(5)	
IPS Programme	(79)	(28)	(51)	(198)	(83)	(115)	
Fiscal Incentive Programme	(66)	(35)	(31)	(195)	(105)	(90)	
<b>Total Expenditure</b>	<b>(321)</b>	<b>(314)</b>	<b>(7)</b>	<b>(1,110)</b>	<b>(941)</b>	<b>(169)</b>	
<b>Wellbeing Net Total</b>	<b>(141)</b>	<b>(241)</b>	<b>100</b>	<b>(660)</b>	<b>(722)</b>	<b>62</b>	

FINANCIAL SUMMARY AS AT JULY 2020	JULY 2020 YEAR TO DATE			FULL YEAR 2020/21			
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000	
<b>Public Service Reform &amp; Social Economy</b>							
Other PSR Income	0	13	(13)	33	40	(7)	(1) The favourable variance year to date is driven by staffing variations. However, over the full year it is forecast that these savings will be more than offset by additional workstreams to support the regions system and social economy responses to Covid-19.
<b>Total Income</b>	<b>0</b>	<b>13</b>	<b>(13)</b>	<b>33</b>	<b>40</b>	<b>(7)</b>	
Public Sector Reform (1)	(158)	(197)	39	(642)	(591)	(51)	
Inclusive growth	(19)	(19)	0	(46)	(59)	13	
<b>Total Expenditure</b>	<b>(177)</b>	<b>(216)</b>	<b>39</b>	<b>(688)</b>	<b>(650)</b>	<b>(38)</b>	
<b>Public Service Reform &amp; Social Economy Net Total</b>	<b>(177)</b>	<b>(203)</b>	<b>26</b>	<b>(655)</b>	<b>(610)</b>	<b>(45)</b>	
<b>Skills and Productivity</b>							
Productivity and Skills (1)	32	0	32	148	0	148	(1) Additional funding secured for delivery of a Skills Advisory Panel.
Employment Support (2)	421	629	(208)	1,920	2,070	(150)	
Investment Programme (Skills)	57	143	(86)	445	410	35	(2) Delivery plan revised in light of Covid-19, and reflected in forecast.
Technical Education	22	36	(14)	98	98	0	
Construction Skills	983	861	122	1,787	1,576	211	(3) Reduced delivery as a result of Covid-19 alongside delays in the commencement of new contracts with training providers.
Adult Education (3)	45,188	46,941	(1,753)	128,534	128,534	0	
Careers	9	31	(22)	48	61	(13)	
Digital Skills (4)	1,337	1,680	(343)	4,622	4,157	465	
<b>Total Income</b>	<b>48,049</b>	<b>50,321</b>	<b>(2,272)</b>	<b>137,602</b>	<b>136,906</b>	<b>696</b>	(4) Delivery plan revised in light of Covid-19, and reflected in the forecast.
Productivity and Skills	(191)	(244)	53	(904)	(809)	(95)	
Employment Support (2)	(421)	(629)	208	(1,920)	(2,070)	150	
Investment Programme (Skills)	(57)	(143)	86	(445)	(410)	(35)	
Technical Education	(22)	(36)	14	(98)	(98)	0	
Construction Skills	(983)	(861)	(122)	(1,787)	(1,576)	(211)	
Adult Education (3)	(45,188)	(46,941)	1,753	(128,534)	(128,534)	0	
Careers	(9)	(31)	22	(48)	(61)	13	
Digital Skills (4)	(1,337)	(1,680)	343	(4,622)	(4,157)	(465)	
<b>Total Expenditure</b>	<b>(48,208)</b>	<b>(50,565)</b>	<b>2,357</b>	<b>(138,358)</b>	<b>(137,715)</b>	<b>(643)</b>	
<b>Skills and Productivity Net Total</b>	<b>(159)</b>	<b>(244)</b>	<b>85</b>	<b>(756)</b>	<b>(809)</b>	<b>53</b>	
<b>Culture and Digital</b>							
Culture and Tourism Commission	5	0	5	0	0	0	
DDCMS - Creative Scale Up	255	217	38	774	650	124	
<b>Total Income</b>	<b>260</b>	<b>217</b>	<b>43</b>	<b>774</b>	<b>650</b>	<b>124</b>	
Digital	0	(33)	33	(100)	(100)	0	
Culture and Tourism Commission	(21)	(37)	16	(110)	(110)	0	
DDCMS - Creative Scale Up	(255)	(217)	(38)	(774)	(650)	(124)	
<b>Total Expenditure</b>	<b>(276)</b>	<b>(287)</b>	<b>11</b>	<b>(984)</b>	<b>(860)</b>	<b>(124)</b>	
<b>Culture and Digital Net Total</b>	<b>(16)</b>	<b>(70)</b>	<b>54</b>	<b>(210)</b>	<b>(210)</b>	<b>0</b>	
<b>Inclusive Communities</b>							
Veterans Mental Health & Homelessness (1)	211	13	198	133	39	94	(1) Additional grant has been awarded and is offset by an associated increase in expenditure.
<b>Total Income</b>	<b>211</b>	<b>13</b>	<b>198</b>	<b>133</b>	<b>39</b>	<b>94</b>	
Youth Combined Authority	(20)	(29)	9	(118)	(118)	0	
Veterans Mental Health & Homelessness (1)	(211)	(13)	(198)	(133)	(39)	(94)	
<b>Total Expenditure</b>	<b>(231)</b>	<b>(42)</b>	<b>(189)</b>	<b>(251)</b>	<b>(157)</b>	<b>(94)</b>	
<b>Inclusive Communities Net Total</b>	<b>(20)</b>	<b>(29)</b>	<b>9</b>	<b>(118)</b>	<b>(118)</b>	<b>0</b>	
<b>Operational Expenditure Net Total</b>	<b>(137)</b>	<b>(76)</b>	<b>(61)</b>	<b>0</b>	<b>0</b>	<b>0</b>	

Appendix 4

West Midlands Combined Authority Mayoral Budget – July 2020

## West Midlands Combined Authority Mayoral Budget - July 2020

	JULY 2020 YEAR TO DATE			FULL YEAR 2020/21		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
<b>MAYORAL OFFICE</b>						
Other Grants	203	269	(66)	807	807	0
<b>TOTAL INCOME</b>	<b>203</b>	<b>269</b>	<b>(66)</b>	<b>807</b>	<b>807</b>	<b>0</b>
Staff Costs	(195)	(251)	56	(735)	(753)	18
IT	(3)	(3)	0	(12)	(10)	(2)
External Advice	0	0	0	(30)	0	(30)
Travel & Subsistence	0	(14)	14	(25)	(42)	17
Other Running Costs	(5)	(1)	(4)	(5)	(2)	(3)
<b>TOTAL EXPENDITURE</b>	<b>(203)</b>	<b>(269)</b>	<b>66</b>	<b>(807)</b>	<b>(807)</b>	<b>0</b>
<b>NET</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The underspend to date is largely within the staffing budget due to savings against vacant posts plus some smaller savings against the travel budget. Staffing costs will increase over the remainder of the year due to recruitment to vacant posts and costs associated with the temporary cover of roles, therefore final outturn is expected to be in line with budget.



Appendix 5

West Midlands Combined Authority Transport Delivery Capital Programme – July 2020

	YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Metro	26,762	37,081	10,319	113,638	129,230	15,592
Rail	1,758	2,094	336	11,049	13,338	2,289
Sprint	691	3,952	3,261	3,959	4,322	363
<b>TRANSPORT - INVESTMENT PROGRAMME</b>	<b>29,211</b>	<b>43,127</b>	<b>13,916</b>	<b>128,646</b>	<b>146,890</b>	<b>18,244</b>

**ACTUAL V BUDGET VARIANCE COMMENTARY**

At the end of July 2020, actual expenditure was £13.916m (£8.556m) lower than budget. The main variances are contained within the Metro Programme, and relate to the following;

**Metro Wednesbury to Brierley Hill Extension £5.187m** (£3.428m Jun-20). Due to Covid-19 some utility undertakers were only responding to emergency works therefore some diversions did not commence as scheduled. The Railway Corridor was acquired on 10th July 2020 following prolonged negotiations with Network Rail which has limited construction that has taken place to date. WMCA are working on mitigation measures to overcome this delay and progress diversions where possible. This plan will be worked through in the coming weeks and months.

**SPRINT - Hagley Road £3.210m** (£1.757m Jun-20). Ongoing review of design with Birmingham Council and agreement of S278 requires a revised Target Cost (TC2) so MMA works have not progressed as anticipated.

**Birmingham Eastside £3.184m** (£0.777m Jun-20) Utilities works relating to HS2 diversions have not commenced as forecast due to final sign-off on the development agreement being delayed with HS2. The final agreement is being issued and billing is expected to catch up in the next few months as work commences. The HS2 spend profile has been rephased as a result of this delay to the Development Agreement.

**Metro Network - Comms & Control £0.867m** Commissioning work for PID (Passenger Information Display) & PAU (Passenger Assistant Unit) upgrade and Subcontract Package (e.g. SmarTrams Enhancements & Radio system) proceeded later than anticipated due to Covid-19.

**FORECAST V BUDGET COMMENTARY**

**Metro Birmingham Eastside £5.844m** . The variance is due to utilities rephasing as a result of the protracted signing of the Development Agreement, which is due to be signed by the end of August.

**Metro Wednesbury to Brierley Hill Extension £4.520m** The knock on impact of the Covid-19 restriction impact on the progression of Utility diversion works.

**Rail - Walsall-Wolverhampton (Package 1) £2.299m** Land acquisition costs (Willenhall Land Triple R Site) now projected for April 2021 put back from April 2020.

**Metro Westside £2.066m** The residual works for urban realm paving is estimated to complete prior to BCC handover for Phase 1. The construction phasing has been revised due to the impact of Covid-19. The project is combined with EDGE within the Westside programme and the overall spend is expected to be within the overall funding envelope. Despite the Covid impact, there is no change to the project schedule and the project remains on track to be delivered by December 2021.

	YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Highway	673	1,579	906	13,167	13,167	0
Other	25	25	0	53	53	0
Rail	3,070	3,058	(12)	21,784	22,013	229
Sprint	6,137	10,003	3,866	50,202	50,202	0
<b>TRANSPORT - COMMONWEALTH GAMES</b>	<b>9,905</b>	<b>14,665</b>	<b>4,760</b>	<b>85,206</b>	<b>85,435</b>	<b>229</b>

**ACTUAL V BUDGET VARIANCE COMMENTARY**

At the end of July 2020, actual expenditure was £4.760m lower than budget. The main variances are as follows;

**SPRINT-A34 Walsall to Birmingham £2.240m** (£1.728m Jun-20) due to lower utility diversion costs owing to the Covid-19 restrictions on the highways during March-June 2020.

**SPRINT A45 Birmingham to Airport & Solihull £1.626m** (£1.585m Jun-20) due mainly to lower than expected progress of utility diversion costs , hampered by the temporary COVID-19 restrictions on the highways.

**FORECAST V BUDGET VARIANCE COMMENTARY**

**Perry Barr Rail Station £0.223m** Land costs budgeted at £1.5m in 2020/21 (Oct / Nov) now estimated at £1.3m.

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

	YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Bus	563	989	426	3,432	3,768	336
Highway	120	956	836	5,784	5,814	30
Other	4,245	5,783	1,538	14,220	14,844	624
Rail	381	793	412	968	1,480	512
<b>TRANSPORT - OTHER MAJOR PROGRAMMES</b>	<b>5,309</b>	<b>8,521</b>	<b>3,212</b>	<b>24,404</b>	<b>25,906</b>	<b>1,502</b>

**ACTUAL V BUDGET VARIANCE COMMENTARY**

At the end of July 2020, actual expenditure was £3.221m (£2.267m Jun-20) below the budget. The main variances are as follows;

**Connected and Autonomous Vehicles Testbed (CAV) £0.977m** (£0.837m Jun-20). Due to the delay in appointment of the construction company Siemens. Also the Covid-19 lockdown hasn't enabled the work to be carried out in the time frame. June and July has allowed some of the work to be completed and allow some of the backlog work to be done.

**Longbridge Connectivity Package £0.429m** (£0.335m Jun-20). The construction of the decked car park is broadly complete. The variance is due to the power utility company starting work late in July as a result of Covid 19. Final snagging and commissioning works to be completed in Quarter 2 by our main contractor.

**A435 Alcester Road Bus priority revitalisation £0.406m** (£0.303m Jun-20). Construction works have been temporarily disrupted (expected 3-month timing impact) by the Coronavirus restrictions.

**Clean Bus Technology Fund £0.238m**. Slow down in the delivery of the Programme due to Covid-19. Not anticipated to have an annual impact.

**FORECAST V BUDGET VARIANCE COMMENTARY**

**Future Transport Zone WP3 Transport Network Data £0.735m**. Costs have been transferred into 21/22, as timelines for data collection have been impacted dramatically by Covid-19 travel patterns.

**Snow Hill 3rd Access £0**. The scheme was paused in March-20, in consideration of a wider solution around the public realm.

	YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Minor Work Programme	1,015	1,693	678	9,776	9,818	42
<b>TRANSPORT - MINOR WORKS</b>	<b>1,015</b>	<b>1,693</b>	<b>678</b>	<b>9,776</b>	<b>9,818</b>	<b>42</b>

**ACTUAL V BUDGET VARIANCE COMMENTARY**

At the end of July 2020, actual expenditure was £0.678m (£0.082m) below budget.

**ADEPT Live Lab £0.290m**. The anticipated costs in Q1 have not materialising due to Covid-19. Not anticipated to have an annual impact.

**FORECAST V BUDGET VARIANCE COMMENTARY**

There are only minor variances at this time

	YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Grants to Local Authorities	0	0	0	7,524	8,209	685
<b>Total Grants to Local Authorities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,524</b>	<b>8,209</b>	<b>685</b>

**ACTUAL V BUDGET VARIANCE COMMENTARY**

At the end of Jul 2020, there was as no actual expenditure.

**FORECAST V BUDGET VARIANCE COMMENTARY**

**New St/High St/Victoria Sq /Public Realm (Birmingham CC) £0.685m**. Due to revised Programme from the Local Authority. The full business case is scheduled for approval in Nov-20, at which point draw down against the grant is expected to begin.

<b>GRAND TOTAL TRANSPORT PROGRAMME</b>	<b>45,440</b>	<b>68,006</b>	<b>22,566</b>	<b>255,556</b>	<b>276,258</b>	<b>20,702</b>
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**Appendix 5 (continued)**  
**West Midlands Combined Authority Transport Delivery Capital Programme – July 2020**

**Capital Programme Investment Programme Grants to Local Authorities**

	YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Investment Programme (Grants to Local Authorities)	13,352	28,087	14,735	166,206	172,840	6,634
<b>Total Investment Programme Grants to Local Authorities</b>	<b>13,352</b>	<b>28,087</b>	<b>14,735</b>	<b>166,206</b>	<b>172,840</b>	<b>6,634</b>

**ACTUAL V BUDGET VARIANCE COMMENTARY**

At the end of July 2020, actual expenditure was £14.735m below budget. The main variances are as follows;

**Coventry UKC £10.089m**

**Station Masterplan £4.991m.** Reduced progress of onsite construction works and ancillary support work due to Covid-19 restrictions, has meant draw down on WMCA funding has not begun (DfT & Local Authorities funding been utilised)

**Very Light Rail £3.718m.** The first quarter spending impacted by Covid-19 restrictions, but work has steadily progressed back to capacity following the easing of restrictions May-July

**City of Culture Regeneration £2.162m.** The first quarter impacted by Covid-19 restrictions, now easing.

**UK Central**

**HS2 £3.476m.** Work undertaken in first quarter reduced by Covid-19 restrictions, primarily relating to the Roundabout-Over Trace works.

**FORECAST V BUDGET VARIANCE COMMENTARY**

**Very Light Rail £3.718m.** The knock on impact due to the Covid-19 restrictions in Q1.

**City of Culture Regeneration £2.162m** The knock on impact due to the Covid-19 restrictions in Q1.

**Housing Capital Programme**

	YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Housing	2,730	13,418	10,688	37,329	56,348	19,019
<b>Total Housing</b>	<b>2,730</b>	<b>13,418</b>	<b>10,688</b>	<b>37,329</b>	<b>56,348</b>	<b>19,019</b>
<b>TOTAL OTHER PORTFOLIOS</b>	<b>16,082</b>	<b>41,505</b>	<b>25,423</b>	<b>203,535</b>	<b>229,188</b>	<b>25,653</b>

**ACTUAL V BUDGET VARIANCE COMMENTARY**

At the end of July 2020, actual expenditure was £10.688m below budget. The main variances are as follows;

**Black Country Land and Property Investment Fund LPIF £9.290m** (£6.992m Jun-20). Phoenix 10 Manufacturing site scheme. Final agreements and planning application expected in Apr-20, now rescheduled with design works to April-21.

**Brownfield Land and Property fund BLPDF £1.142m (£1.298m Jun-20).** The main projects include Redsun (£0.457m) awaiting a formal decision notice pushed back to September, Pipe Hall (£0.210m) pushed back to Q3, and Far Gosforth (£0.259m) due to prior year corrections.

**FORECAST V BUDGET VARIANCE COMMENTARY**

**Brownfield Land and Property fund BLPDF £18.869m.** Primarily relating to Phoenix 10 project with a budget of £25m (underspend £24m). Phoenix 10 is a 16.5 hectare former industrial site (currently vacant) which has been designated for employment uses. Since the budget, Walsall Council have informed WMCA that they are still to obtain planning permission and procure the contractor in 2020/21. On site work is now expected to commence in April 2021. Therefore, for this project, only £1m of costs are now expected to be incurred in 2020/21. Dudley Brownfields scheme £0.125m of expenditure been deferred to Q2 2020. The delay has been caused by lockdown restrictions.

Offset by

Introduction of spend in 20/21 for the i54 Western Extension to the business park on the edge of Wolverhampton (£2.5m), Sandwell Housing Gap funding (£0.6m) and Iron Park Moxley Walsall industrial scheme (£6.6m).

## WMCA Investment Programme Financial Summary

Period Ending 30th June 2020

PROGRAMME	2020 / 2021 YEAR TO DATE			2020 / 2021 FULL YEAR			COST TO COMPLETION					
	ACTUAL	BUDGET	VARIANCE	BUDGET	FORECAST	VARIANCE	PRIOR PERIOD SPEND	2020/21 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	9,152	26,903	17,751	113,191	106,416	6,775	61,277	106,416	546,038	713,731	704,851	(8,880)
SPRINT PROGRAMME	4,815	9,647	4,833	54,302	54,302	-	12,287	54,302	267,926	334,515	334,515	-
RAIL PROGRAMME	1,380	1,594	214	13,238	13,238	-	8,050	13,238	191,727	213,015	213,015	-
METRO PROGRAMME	16,442	29,698	13,256	123,634	123,634	-	275,784	123,634	1,265,221	1,664,639	1,664,639	-
UK CENTRAL INFRASTRUCTURE PACKAGE	1,488	29,446	27,958	117,784	27,592	90,192	18,299	27,592	1,353,793	1,399,685	1,386,688	(12,997)
UK CENTRAL HS2 INTERCHANGE	3,458	8,005	4,547	74,870	75,070	(200)	17,395	75,070	437,098	529,563	529,563	-
CURZON STREET STATION MASTERPLAN	1,292	1,292	-	5,169	5,169	-	7,059	5,169	541,620	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>38,026</b>	<b>106,585</b>	<b>68,559</b>	<b>502,189</b>	<b>405,422</b>	<b>96,767</b>	<b>436,975</b>	<b>405,422</b>	<b>4,942,152</b>	<b>5,784,549</b>	<b>5,762,671</b>	<b>(21,877)</b>
COVENTRY CITY CENTRE SOUTH REGENERATION	835	1,870	1,035	19,864	19,675	189	27,854	19,675	295,410	342,939	342,938	(1)
INNOVATION PROGRAMME	2,389	3,709	1,320	14,601	11,730	2,870	11,703	11,730	171,639	195,072	195,000	(73)
LAND RECLAMATION AND REMEDIATION	837	9,003	8,166	49,727	31,179	18,548	36,708	31,179	132,113	200,000	200,000	-
COMMONWEALTH GAMES 2022	-	9,361	9,361	37,442	37,442	-	-	37,442	35,092	72,534	72,534	-
EMPLOYMENT, EDUCATION & SKILLS	40	111	71	444	445	(1)	283	445	19,273	20,000	20,000	-
COLLECTIVE INVESTMENT FUND	3,685	6,972	3,287	54,307	54,307	-	43,949	54,307	901,744	1,000,000	1,000,000	-
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>7,787</b>	<b>31,026</b>	<b>23,239</b>	<b>176,384</b>	<b>154,778</b>	<b>21,606</b>	<b>120,496</b>	<b>154,778</b>	<b>2,874,271</b>	<b>3,149,545</b>	<b>3,149,472</b>	<b>(74)</b>
<b>GRAND TOTAL</b>	<b>45,813</b>	<b>137,612</b>	<b>91,799</b>	<b>678,573</b>	<b>560,200</b>	<b>118,373</b>	<b>557,471</b>	<b>560,200</b>	<b>7,816,422</b>	<b>8,934,094</b>	<b>8,912,143</b>	<b>(21,951)</b>

## Appendix 6 (Continued)

WMCA Investment Programme Financial Commentary for the period ending 30th June 2020

In respect of full project costs to completion, the financial summary has been adjusted to reflect the revised budget based on the 2020/21 programme baseline. The project budgets for the Sprint A34 Walsall to Birmingham, Sprint A45 Birmingham to Airport & Solihull and Metro Birmingham Eastside Extension schemes have been revised, as approved by the WMCA Board on 14 February 2020. 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 Coventry UKC Plus programme is showing a variance of £8.9m between the total forecast outturn and total budgeted outturn. This is because of changes to estimated delivery costs for the A46 Stoneleigh Junction and Coventry City of Culture 2021 projects.

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, for which discussions to confirm the funding package for the second delivery phase of these projects are continuing.

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 2020/21, the year to date variance of £91.8 million compared with the 2020/21 programme baseline primarily comprises:

- \*Coventry UKC Plus variance of £17.8 million, including Coventry Station Masterplan (£7.1 million) and Coventry Very Light Rail (£4.2 million);
- \*Metro programme variance of £13.3 million, including Birmingham Eastside Extension (£5.1 million) and Wednesbury to Brierley Hill (£6.5 million);
- \*UK Central Infrastructure Package variance of £28.0 million, across a wide array of projects within the programme.

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 landowners. Formal confirmation of DfT funding for the A46 Stoneleigh Junction project is pending.

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 July 2020

£m	Total Expected Approvals	Approved Commitments	Actual Spend
UK Central HS2 Interchange	398.0	51.9	19.9
UK Central Infrastructure Package	288.0	34.2	12.0
Sprint Programme	217.4	47.0	11.9
Rail Programme	153.0	18.0	9.2
Metro Programme	129.5	129.5	75.7
Coventry Station Masterplan (CSMP)	39.4	39.4	-
Coventry City of Culture Trust (2021)	4.0	4.0	1.7
Coventry UKC Plus - Very Light Rail: 'Transforming Connectivity'	55.0	12.2	6.0
Coventry North Package	21.6	0.2	0.1
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	4.9
<b>SUB TOTAL HS2 GROWTH STRATEGY</b>	<b>1,577.0</b>	<b>478.5</b>	<b>141.8</b>
Coventry City Centre South Regeneration	150.0	150.0	12.6
Innovation Programme	50.0	12.5	4.8
Land Reclamation and Remediation	200.0	103.0	37.6
Commonwealth Games 2022	25.0	25.0	-
Employment, Education & Skills	20.0	1.3	0.4
<b>OTHER INVESTMENT PROGRAMME</b>	<b>445.0</b>	<b>291.8</b>	<b>55.3</b>
<b>TOTAL</b>	<b>2,022.0</b>	<b>770.4</b>	<b>197.2</b>

## Appendix 8

## WMCA Balance Sheet as at 31 July 2020

	31 July 2020 £'000	30 June 2020 £'000	Movement £'000
Property, plant and equipment	443,942	437,530	6,412
Investments	19,950	16,611	3,339
Loan Receivables	18,000	18	17,982
<b>Long-term assets</b>	<b>481,892</b>	<b>454,159</b>	<b>27,733</b>
Debtors	63,234	63,560	(326)
Short-term deposits	253,195	236,100	17,095
Cash and bank	140	513	(373)
<b>Current assets</b>	<b>316,569</b>	<b>300,173</b>	<b>16,396</b>
Loans - interest due	(1,180)	(1,184)	4
Short-term creditors/accruals	(77,623)	(67,576)	(10,047)
<b>Current liabilities</b>	<b>(78,803)</b>	<b>(68,760)</b>	<b>(10,043)</b>
<b>Net current assets</b>	<b>237,766</b>	<b>231,413</b>	<b>6,353</b>
Provisions	(2,744)	(2,744)	-
PWLB	(113,616)	(113,764)	148
Other loans - Barclays	(10,000)	(10,000)	-
Dudley MBC	(6,427)	(6,427)	-
Grants receipts in advance	(236,536)	(189,612)	(46,924)
<b>Long-term liabilities</b>	<b>(369,323)</b>	<b>(322,547)</b>	<b>(46,776)</b>
<b>Net assets</b>	<b>350,335</b>	<b>363,025</b>	<b>(12,690)</b>
General fund balance	2,271	2,105	166
Earmarked reserves	266,746	276,153	(9,407)
Capital grants unapplied reserve	247	247	-
<b>Usable reserves</b>	<b>269,264</b>	<b>278,505</b>	<b>(9,241)</b>
Revaluation reserve	6,525	6,531	- 6.00
Deferred capital grants account	452,288	445,879	6,409
Capital financing account	(377,246)	(367,394)	(9,852)
Accumulated absences account	(496)	(496)	0
<b>Unusable reserves</b>	<b>81,071</b>	<b>84,520</b>	<b>(3,449)</b>
<b>Total reserves</b>	<b>350,335</b>	<b>363,025</b>	<b>(12,690)</b>

The WMCA Balance Sheet reflects a healthy financial position. Main changes since June reflect TfWM capital spend and work-in-progress funded mainly by grants in advance, resulting in an increase of £6.4m net of depreciation in property, plant and equipment.

The increase in loan receivables relate to a loan being drawn down by Coventry City Council whilst the net increase in cash and short-term deposits is largely due a number of DfT grants received offset by payments for the Adult Education Budget. The grants receipts in advance have increased following receipt of these grants.

The increase in short-term creditors/accruals is mainly due to spending on capital projects, namely the Metro Wednesbury to Brierley Hill extension scheme, HS2 Interchange, UK Central Infrastructure and Coventry UKC Plus programme.

The decrease in usable reserves was driven by the payments for the Adult Education Budget.