

WMCA Board

Date	15 January 2021
Report title	Financial Monitoring Report 2020/21
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This report has been considered by	Senior Leadership Team - 16 December 2020

Recommendation(s) for action or decision:

WMCA Board is recommended to:

- (1) Note the financial outturn position as at the end of November 2020.
- (2) Note the latest forecast for 2020/21, incorporating the latest view of the impact of Covid-19.
- (3) Approve the £2.5m WM5G guarantee as detailed in Section 11.
- (4) Approve the proposed changes to the JDT contract as outlined in Section 12.

1.0 Purpose

- 1.1 To provide updates on the Combined Authority's finances as at the end of November 2020 (including the financial implications of Covid-19), and an update on the forecast outturn for 2020/21.

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 November shows a £0.912m favourable variance from budget. This consists of a favourable variance within the Transport budget of £1.165m largely due to lower concessionary patronage volumes and RTCC efficiency savings offsetting the Covid-19 impact on advertising revenue and departure charge income.
- 2.4 There is an adverse variance of £0.253m within the Delivery budget largely as a result of lower than budgeted investment income owing to the 0.1% bank rate which has impacted the returns on cash balances.

3.0 Transport

- 3.1 Appendix 2 sets out the position on the Transport revenue budget as at the end of November 2020, showing a favourable variance of £1.165m from Budget.
- 3.2 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.
- 3.3 The favourable variance is supplemented by additional government grants towards the costs of Subsidised Bus and Metro along with additional staffing variations.
- 3.4 These savings are partly 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.

4.0 West Midlands Combined Authority Delivery Budget

- 4.1 Appendix 3 sets out the position on the West Midlands Combined Authority Delivery Budget as at the end of November 2020, showing an adverse variance of £0.253m from budget.
- 4.2 The adverse variance is primarily as a result of a reduction in the bank base rate, which has led to lower than budgeted Investment Income returns on cash balances.
- 4.3 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.

5.0 Mayoral Office

5.1 The Mayoral Office expenditure shows a favourable variance of £0.019m from Budget as at the end of September 2020 as a result of staffing variations alongside some smaller savings against the travel budget. The full year expenditure outturn is expected to be in line with Budget, as is the associated Mayoral Capacity Funding drawdown.

6.0 2020/21 Forecast Update

6.1 The second detailed capital forecast of the financial year was completed throughout September 2020 and was reported to WMCA Board on 13 November. There has been no further detailed reforecast since that report, however, as is seen in the actual position as at November 2020, Covid-19 continues to lead to some re-timing of capital programmes. The final forecast for 2020/21 will be completed throughout January 2021 and will be presented to WMCA Board in March 2021.

6.2 The previous forecast of the financial year reported an estimated £2.0m deficit, and WMCA Board approved the action to close with a one-off use of reserves, leaving the forecast in line with 2020/21 Budget.

6.3 A further detailed revenue reforecast of the current financial year was completed throughout October 2020. This forecast has benefitted from more certainty regarding central government funding to support the region through the Covid-19 pandemic, as well as more YTD actual data to support forward-looking assumptions.

6.4 Since the previously reported position the Department for Transport has announced that the short-term funding provided for Metro services (Light Rail Restart Grant) will be available throughout 2020/21, subject to a recovery plan review in January 2021. DfT are determining the value of the grant award using their own calculations, however it is anticipated that the grant will leave WMCA in a position no worse than 2020/21 Budget.

6.5 This assumption means that the subsidy forecast to be paid to MML for the 2020/21 financial year has been bought back in line with Budget to £0.7m. This has relieved a significant source of pressure which had been anticipated as part of the forecast as presented to WMCA Board on 18 September.

6.6 Furthermore, government have also confirmed that WMCA are eligible to apply for a second tranche of funding to support the loss of Sales, Fees, and Charges from the Bus and Metro network. An initial claim for £770k has been submitted, the latest forecast includes an anticipated further £300k of grant funding.

6.7 Whilst improvements have been seen within the TfWM forecast position, the WMCA Delivery budget forecast position has deteriorated since that previously reported.. This is primarily due to a reduced forecast for Investment Income. Due to the ongoing uncertainty within the wider markets, returns on new investments are currently at minimal levels. WMCA Treasury function, alongside external advisors, continue to review the market for the best investment opportunities available.

6.8 A summary of the movement between the previous reported forecasting the latest view is included below.

6.9

	TOTAL
Previous Forecast Deficit (before use of reserves)	(2.0)
<u>Income changes:</u>	
Estimated Light Rail Restart Grant up to 31 March 2021	2.8
Estimated grant for lost sales, fees and charges	0.3
Investment Income reduction	(0.4)
<u>Expenditure changes:</u>	
Other discretionary expenditure	0.2
Latest Forecast (Deficit) / Surplus	0.9

6.10 This surplus along with the £2.0m reserves held on the balance sheet for this year will now be used as funding towards the 2021/22 Budget as set out in the separate budget report to this Board.

6.11 It is important to note that this forecast represents the best assessment at the time of writing. Since the previous meeting, and the preparation of this forecast, England has completed a second lockdown and the region is currently under Tier 3 restrictions. However due to HMG commitment to underwrite ongoing Transport and income losses it is considered that there is no material risk to this forecast position. The final forecast for 2020/21 will be completed throughout January 2021 and will be presented to WMCA Board in March 2021.

7.0 Capital Programme

7.1 Appendix 5 sets out the position on the Capital Programme as at the end of November 2020. Actual costs totalled £134.7m, resulting in a favourable variance of £134.7m against a budget of £269.4m. The annual forecast was reduced in September 2020 to £375.0m, which is £135.9m below the Budget of £510.7m.

7.2 The year to date budget variance is contained primarily within Transport (£65.0m), Grants to Local Authorities within the Investment Programme (£50.1m) and Housing (£20.5m).

7.3 The Transport Programme has been categorised into five sub programmes. The largest of these is the Investment Programme with a budget of £147.4m, including all the Rail/Sprint & Metro extension schemes. At the end of November, actual costs totalled £59.9m, which was £36.8m below the budget of £96.7m. The main variances at the end of November were contained within the Metro Programme totalling £28.1m. 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 £14.4m is reflective of Covid-19 restrictions, where utility operators are only responding to emergency works therefore some diversions have not commenced as scheduled. WMCA are working on mitigation measures to overcome this delay and progress diversions where possible.
- 7.5 The Birmingham Eastside extension variance of £5.5m relates to HS2 utility diversions which have not commenced due to the pending final sign off on the development agreement with HS2.
- 7.6 The SPRINT-Hagley Road scheme was favourable by £3.1m. 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 £1.8m below budget due to commissioning work proceeding later than anticipated due to Covid-19.
- 7.8 The Commonwealth Games Programme with a budget of £85.5m 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 November 2020, actual costs totalled £19.3m, which was £22.2m below the budget of £41.4m. The main variances of note related to the Sprint A45 Birmingham to Airport & Solihull (£9.8m) 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 which was below budget (£7.2m), owing to the Covid-19 restrictions impacting on utility diversion works.
- 7.9 At the end of November 2020, Other Major Programmes actual costs totalled £9.3m, which was £9.4m below the budget of £18.7m. The main variance relates to A435 Alcester Road Bus priority revitalisation Programme (£2.5m) which is due to temporary disruption of construction works. A review of the project has led to a revised scheme proposal which is awaiting approval from Birmingham City Council (as the relevant Local Authority) at its December 2020 Board meeting. Further 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.
- 7.10 The Minor Works Programme with a budget of £14.7m includes several small schemes. At the end of November 2020, actual costs totalled £3.1m, which was £3.5m below the budget of £6.6m. The main variance is driven by ADEPT Live Lab (£0.6m) as the anticipated costs haven't materialised due to Covid-19 restrictions. Real Time Information Upgrades (£0.4m) represents additional favourable year-to-date variance after a rescheduled contract award, however Phase 1 is expected to be completed within the financial year.
- 7.11 The Grants to Local Authorities Budget of £8.2m relates primarily to the schemes funded within the Transforming Cities Fund. At the end of November 2020, £0.2m has been spent against a budget of £2.9m as a result of a revised delivery programme. The most significant variance of £1.7m relates to the Spon End, Coventry grant. The final legal agreements are expected imminently, with the first payments expected within Q3.

- 7.12 The Grants to Local Authorities Investment Programme with a budget of £172.8m includes those schemes delivered by Local Authorities as part of the Investment Programme grant arrangements. At the end of November 2020, actual costs totalled £37.9m, which was £35.2m below the budget of £73.1m. The favourable variance is broadly related to Covid-19 restrictions impacting on the progression of Coventry Station Masterplan (£6.9m), Very Light Rail (£5.0m) and the City of Culture Regeneration (£6.7m). The HS2 - UK Central Interchange (£8.9m) has been subject to a programme wide review and rescoping, leading to reprioritisation of some projects which will lead to ongoing variances throughout 2020/21.
- 7.13 The Housing Programme with an annual budget of £56.3m includes the WMCA Land Fund, WMCA land remediation funds including the BCLEP managed Land and Property Investment Fund (LPIF). At the end of November 2020, actual costs totalled £5.0m, which was £25.0m below the budget of £30.0m. The variance is primarily contained within the LPIF (£18.3m) due to the Phoenix 10 manufacturing site scheme, where the final agreements and planning application that were expected in April 2020, have now been rescheduled to April 2021. The WMCA Brownfield Land & Property Development Fund favourable variance (£6.0m) is also due to reduced drawdown as a result of Covid-19 restrictions, however a £3.6m funding drawdown in relation to the Commonwealth Games is expected in January 2021.

8.0 Investment Programme

- 8.1 The financial results for the Investment Programme run one month behind the regular management accounts due to the requirement to consolidate outputs across the metropolitan area. The October expenditure is shown at Appendix 6, which reports the gross delivery totals for programmes delivered by both WMCA and other entities (being primarily local authorities).
- 8.2 The 2020/21 year to date cash spend to October 2020 is £224.0m behind the rebased 2020/21 budget, mainly because of the current Coventry UK Central Plus, Metro and UK Central Infrastructure 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 continuously being assessed by the accountable bodies, with each respective delivery entity required to manage the schemes within the funding available to them.
- 8.4 The cost to completion against UK Central HS2 Interchange remains red status due to the funding gap of circa £131 million against the Birmingham International Station redevelopment project.
- 8.5 Appendix 7 details approved funding from the WMCA Investment Programme, which totalled £780.3m as at 30th November 2020 (£776.7m as at 31st October 2020).
- 8.6 In addition to the projects listed at Appendix 7, an application for £18m repayable funding for the UK Battery Industrialisation Centre was approved by WMCA Board on 13 September 2019.

Investment Programme Funding

- 8.7 In November 2019, WMCA Board agreed to hold current Investment Programme approvals at the current affordable limit, whilst arrangements to secure additional funding into WMCA are developed and delivered.

- 8.8 Based upon what is available to date, the affordable limit was determined by WMCA Finance Directors to be £801m and endorsed by WMCA Board.
- 8.9 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 UK Central 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')

- 8.10 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.
- 8.11 SQW were commissioned by MHCLG to review a selection of projects within the Investment Programme. SQW have concluded their interviews with stakeholders and the evaluation report. On the 9th November at WMCA Investment Board, the SQW report was presented and the WMCA prepared Complementary report was approved. Initial feedback appears to reflect well on the region's governance arrangements and progress to date.
- 8.12 A final decision is expected from MHCLG in early 2021.

9.0 Balance Sheet

- 9.1 Appendix 8 presents the West Midlands Combined Authority Balance Sheet which shows a healthy financial position as at 30 November 2020.
- 9.2 The decrease in short-term deposits and cash and bank is largely due to the payments in respect of Adult Education Budget, Investment Programme and Metro extension schemes. This correlates with the decrease in the grant receipts in advance and earmarked reserves.

10.0 Administered Funds

Funding Stream	2020/21 Latest Forecast Grant Award £'000	2020/21 Spend to date £'000	Purpose
Midlands Connect	7,355	2,848	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	48,611	44,104	

11.0 WM5G Guarantee

11.1 WM5G Limited has applied for and been offered £2.5m of ERDF funding for the 5G Application Accelerator programme, to fund the existing 3 facilities (one operational and two “under construction”, together with one new facility at Leamington Spa. *[The latter is conditional upon match funding from the Warwickshire County Council.]*

In order to proceed with ERDF funding, the WMCA is being asked by MHCLG to act as a guarantor to “duly observe and perform the obligations on the part of the Grant Recipient contained in the Funding Agreement” and “pay and make good to the Secretary of State all losses, costs and expenses sustained by the Secretary of State through any default of the Grant Recipient [WM5G] in respect of any of the said obligations of the funding agreement”.

These type of funding guarantees are standard practice for UK government & European funding and is driven by WM5G’s lack of financial history and application to be paid in arrears.

11.2 WM5G Ltd are wholly owned by WMCA and do not hold surpluses that would be available in the event of ERDF Grant being clawed back and the Guarantee being enforced.

The Grant document is yet to be received and scrutiny of this will be required by Legal and Finance before it is agreed. The governance of WM5G is such that WMCA approval is required.

It is standard ERDF practice to issue the Guarantee ahead of the Funding Agreement. The Funding Agreement will not be entered into, and hence the Guarantee cannot be called upon, unless approved by the by the Finance Director and Head of Governance/Legal.

A proportion of funding (c.£1.5m but flexible), relates to the existing Application Accelerators in delivery. Payments are made under an existing completed contract with 5SPING (delivery partner lead by Telefonica), in arrears and with approved evidence of delivery. The due diligence for checking results is in place and has been approved by DCMS in relation to other monies. If the required results are not delivered then payment is not made and the Grant will not be drawn.

A second element (c.£1m but flexible), of the Funding relates to the new Application Accelerator to be developed at Leamington Spa. Match funding is required from Warwickshire County Council and a delivery partner is yet to be procured. If this is not achievable to the satisfaction of WMCA and Warwickshire CC and capable of being delivered within the timescales, notably the life of WM5G, then the Grant will not be taken up and the Guarantee will not cover this element as no funds will be drawn against it. Outputs will be measured and payments will be made when these are approved, again minimising risk of Grant being clawed back and the Guarantee being enforced.

- 11.3 The guarantee will be disclosed as contingent liability in a note to the Balance Sheet in the year end Statement of Accounts. The note will describe the nature of the contingent liability and an estimate of its financial effect.

The estimated amount of grant to be drawn down against the £1.5m funding at 31 March 2021 is £0.6m. We believe that we do not need to recognise this as a provision in the Statement of Accounts as the financial risk for delivery is with the delivery partner.

- 11.4 On the basis of the above, we believe there is minimal risk to the WMCA of signing this guarantee to MHCLG and therefore we recommend proceeding with signing it. If the guarantee is not given, WM5G will lose vital funding into the Accelerator programme which frees-up investment which is urgently needed elsewhere in the WM5G programme.

12.0 Joint Data Team Contract

- 12.1 The re-formed TfWM Data Insight Service (DIS) began providing the transport and road safety data collection, management and analysis as well as enhanced support for modelling on the 1st April 2018. The service developed as a result of the in-sourcing of the previous Joint Data Team (JDT) contract provided by Mott MacDonald. The service delivers data, IT services, analysis and support to TfWM, WMCA and the 7 Constituent Local Authority (LA) Members. The decision to insource the service for a period of 8 years was taken at the West Midlands Combined Authority (WMCA) Board in October 2017.

- 12.2 The original finance agreement was for the LAs to pay a combined figure of £624,100 per annum through to the end of the 2020/21 financial year, with further funding subject both to a review of the service delivery itself as well as the associated costs.

- 12.3 A report was taken to STOG on 2nd November 2020 where a series of options were presented. The decision was made by STOG to continue with TfWM delivering the service at a reduced cost of £553,340 a saving of 11%. STOG noted the importance of the service and progress and improvements that had been made since in-sourcing the work from private sector consultancy. The proposed saving is derived from efficiencies made on the costs of ICT Software and Hardware, the removal of a post and a slight reduction in the allocated budget used for ongoing data analysis and forecasting. Any costs of the post removal will be managed within the existing budget allocation. Funding contributions are based on population share.

12.4 The proposal also been endorsed by West Midlands Finance Directors and, whilst subject to annual review, is proposed remain indicatively at this level for the subsequent 4 yrs.

13.0 Financial Implications

13.1 The Financial Implications are set out in the report.

14.0 Legal implications

14.1 There are no legal implications.

15.0 Equalities implications

15.1 There are no equalities implications.

16.0 Inclusive Growth Implications

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

17.0 Geographical Area of Report's Implications

17.1 The report encompasses the West Midlands region.

18.0 Other Implications

18.1 There are no other implications

19.0 Appendices

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

Appendix 1

WMCA Consolidated Summary – November 2020

£000's	Year to Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Transport Levy	76,483	76,480	3	114,722	114,720	2
Commonwealth Games	656	1,286	(630)	1,506	2,157	(651)
Devolution Deal Grants	7,944	8,400	(456)	14,793	12,227	2,566
Adult Education Funding	90,651	95,294	(4,643)	131,871	128,534	3,337
Share of Business Rates	5,486	3,736	1,750	7,500	7,500	0
Constituent Membership	3,096	3,096	0	4,644	4,644	0
Non Constituent Members	284	283	1	425	425	0
Investment Programme	210	2,140	(1,930)	36,538	36,500	38
Investment Income	750	1,297	(547)	1,135	1,921	(786)
3rd Party / Other Grant Income	1,632	636	996	2,625	871	1,754
Use of Reserves	0	0	0	4,053	4,053	0
Total Funding	187,192	192,648	(5,456)	319,812	313,552	6,260
Transport for West Midlands	75,367	76,526	1,159	116,373	118,353	1,980
Commonwealth Games	656	1,290	634	1,506	2,157	651
Economy & Innovation	1,840	1,541	(299)	4,538	2,312	(2,226)
Environment, Energy & HS2	572	230	(342)	711	345	(366)
Housing and Land	1,076	1,680	604	1,455	2,521	1,066
Wellbeing	710	628	(82)	1,132	941	(191)
PSR & Social Economy	679	460	(219)	998	689	(309)
Culture and Digital	172	140	(32)	516	210	(306)
Productivity & Skills	96,834	101,657	4,823	143,084	137,715	(5,369)
Inclusive Communities	40	83	43	118	118	0
Business Support	2,275	2,107	(168)	3,428	3,229	(199)
Investment Programme	5,766	5,996	230	44,193	44,155	(38)
Mayoral Office	519	538	19	807	807	0
Total Expenditure	186,507	192,875	6,368	318,859	313,552	(5,307)
Transport	1,115	(50)	1,165	1,980	0	1,980
Delivery	(430)	(177)	(253)	(1,027)	0	(1,027)
Mayoral Office	0	0	0	0	0	0
Total	685	(227)	912	953	0	953

The year to date position at the end of November shows a £0.912m favourable variance from budget.

This is made up of £1.165m within Transport as a result of lower patronage across ENCTS and Child concessions, additional government grants to fund subsidised bus and Metro, efficiency savings within the RTCC and lower operational costs during Covid-19 alongside staffing variations. This position is partially 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 £0.253m 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 the second half of the year.

Appendix 2

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

Headlines
 As at the end of November 2020 there is a £1.165m favourable year to date variance.
 This is primarily driven by lower bus patronage leading to savings across Concessions budgets along with efficient RTCC purchasing decisions, offset by significantly reduced advertising revenue and a departure charge holiday for operators as a result of Covid-19 earlier in the year.

Key:

- Favourable Variance
- No Variance or Offset by Grant
- Adverse Variance

	NOVEMBER 2020 YEAR TO DATE			FULL YEAR 2020/21			VARIANCE EXPLANATION(S)
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000	
TRANSPORT FOR WEST MIDLANDS							
INCOME							
Specific resources:							
Transport Levy	76,483	76,480	3 0%	114,720	114,720	(0) 0%	●
Commonwealth Games	656	1,286	(631) 49%	1,506	2,157	(651) 30%	●
Use of Reserves	0	0	0 0%	3,633	3,633	0 0%	●
TOTAL INCOME	77,139	77,767	(628) 1%	119,859	120,510	(651) 1%	
EXPENDITURE							
Concessions							
National Bus Concession	32,971	33,812	841 2%	48,961	51,006	2,045 4%	●
Metro / Rail	2,951	2,959	8 0%	4,558	4,575	17 0%	●
Child Concession	3,912	4,859	946 19%	6,243	7,837	1,593 20%	●
	39,835	41,630	1,796	59,762	63,417	3,655	
Bus Services							
Bus Stations / Infrastructure	4,979	2,953	(2,025) 69%	6,399	4,542	(1,857) 41%	●
Subsidised Network	6,741	6,939	199 3%	10,409	10,409	(0) 0%	●
Accessible Transport	4,352	4,411	59 1%	6,615	6,617	2 0%	●
	16,071	14,304	(1,767)	23,423	21,567	(1,855)	
Rail and Metro Services							
Metro Services	660	815	155 19%	3,824	2,642	(1,182) 45%	●
Rail Services	1,915	1,808	(107) 6%	2,909	2,805	(104) 4%	●
	2,575	2,623	49	6,733	5,447	(1,287)	
Integration							
Safety and Security	555	818	263 32%	1,145	1,274	129 10%	●
Passenger Information	3,520	3,702	182 5%	5,266	5,729	463 8%	●
Sustainable Travel	383	372	(11) 3%	546	567	22 4%	●
	4,458	4,891	433	6,957	7,570	613	
Network Resilience							
Network Resilience	1,250	2,043	793 39%	2,252	3,100	848 27%	●
Commonwealth Games							
Commonwealth Games	656	1,290	634 49%	1,506	2,157	651 30%	●
Business and Democratic Support							
Business and Democratic Support	2,293	2,357	64 3%	3,696	3,764	68 2%	●
Strategic Development							
Strategic Development	2,373	2,160	(213) 10%	3,207	3,141	(66) 2%	●
Transport Governance							
Transport Governance	84	88	4 5%	129	132	3 3%	●
Capital Finance Charges							
Capital Finance Charges	6,430	6,430	0 0%	10,214	10,214	(0) 0%	●
TOTAL EXPENDITURE	76,024	77,816	1,792 2%	117,879	120,510	2,631 2%	
NET	1,115	(50)	1,165 2341%	1,980	(0)	1,980 #####	

The profile of CWG expenditure has been impacted by Covid-19, as such grant draw down will be lower than budgeted in year.

Forecast spending on concessions reflects the latest patronage and fare reimbursement assumptions. Discussions are ongoing regarding the most equitable payment schedule.

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

Subsidised bus is currently being supported by the Bus Services Support Grant to help mitigate against the impact of Covid-19.

The DfT Light Rail Restart grant has been extended to March, thus providing cover for losses up to budget while patronage is impacted by Covid-19. As such the YTD variance is primarily driven by realignment of insurance payments following updates from the insurance broker.

Car park income has been reduced due to lower demand as a result of Covid-19.

Driven by increased CCTV income

Favourable variance as a result of reduced printing and production costs from timetables, maps, etc due to Covid-19, in addition to an increase in the FMZ capital funding of IT development projects. Partly offset by a reduction in ticketing commission due to the drop in patronage.

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

The CWG external advice budget has not been spent as plans and recruitment were updated to account for Covid-19. Fully offset by lower grant draw down.

Adverse variance driven by an increase in costs associated with the CAV testbed project.

Appendix 3

West Midlands Combined Authority Delivery Budget – November 2020

FINANCIAL SUMMARY AS AT NOVEMBER 2020	NOVEMBER 2020 YEAR TO DATE			FULL YEAR 2020/21			
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000	
Operational Income							
Mayoral Capacity Funding	0	128	(128)	193	193	0	
Investment Interest Income (1)	680	1,177	(497)	487	1,766	(1,279)	(1) The bank base rate was substantially lowered as a result of Covid-19, and which has resulted in a significant reduction in investment income.
Contribution - 7 Met Council's	3,097	3,096	1	4,644	4,644	0	
Contribution - Non constituent members	283	283	0	425	425	0	
Use of Reserves	0	0	0	420	420	0	
Total Income	4,060	4,684	(624)	6,169	7,448	(1,279)	(2) Unidentified efficiency's included in the budget position have been identified and are now reflected in the relevant budget areas, hence this variance is offset by savings elsewhere.
Shared Services Recharges to Portfolios (2)	(2,275)	(2,107)	(168)	(3,428)	(3,229)	(199)	
Total Expenditure	(2,275)	(2,107)	(168)	(3,428)	(3,229)	(199)	
Operational Income Net Total	1,785	2,577	(792)	2,741	4,219	(1,478)	
Economy & Innovation							
Other Industrial Strategy Income (1)	157	0	157	1,195	0	1,195	(1) A funding contribution of £1.2m from the Investment Programme to fund the West Midlands Innovation Programme
Office of Data Analytics	91	171	(80)	174	257	(83)	
DDCMS - Creative Scale Up	481	433	48	674	650	24	
MHCLG - Brexit Support Preparations (2)	144	0	144	991	0	991	(2) An additional grant to support Brexit preparations has been reflected in the forecast and is beginning to be drawn down, offset by the associated expenditure.
Total Income	873	604	269	3,034	907	2,127	
Funding For Growth	(467)	(467)	0	(700)	(700)	0	
Industrial Strategy (1)	(492)	(310)	(182)	(1,772)	(465)	(1,307)	
Office of Data Analytics	(91)	(171)	80	(174)	(257)	83	
DDCMS - Creative Scale Up	(481)	(433)	(48)	(661)	(650)	(11)	
Economic Intelligence	(165)	(160)	(5)	(240)	(240)	0	
MHCLG - Brexit Support Preparations (2)	(144)	0	(144)	(991)	0	(991)	
Total Expenditure	(1,840)	(1,541)	(299)	(4,538)	(2,312)	(2,226)	
Economy & Innovation Net Total	(967)	(937)	(30)	(1,504)	(1,405)	(99)	
Environment & Energy, HS2							
Energy Capital	386	0	386	326	0	326	
Total Income	386	0	386	326	0	326	(1) Initial plans were disrupted as a result of Covid-19 however deliverables have now been rescheduled with work on the WM2041 project now entering the planning stage, hence activity is expected to increase significantly in the part of the year.
Environment (1)	(186)	(230)	44	(385)	(345)	(40)	
Energy Capital	(386)	0	(386)	(326)	0	(326)	
Total Expenditure	(572)	(230)	(342)	(711)	(345)	(366)	
Environment & Energy, HS2 Net Total	(186)	(230)	44	(385)	(345)	(40)	
Housing and Land							
Director of Housing & Regeneration (1)	1,076	1,680	(604)	1,455	2,521	(1,066)	(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.
Total Income	1,076	1,680	(604)	1,455	2,521	(1,066)	
Director of Housing & Regeneration (1)	(1,076)	(1,680)	604	(1,455)	(2,521)	1,066	
Total Expenditure	(1,076)	(1,680)	604	(1,455)	(2,521)	1,066	
Housing and Land Net Total	0	0	0	0	0	0	
Wellbeing							
Other Mental Health Income	0	0	0	0	0	0	
Well Being	39	21	18	49	31	18	(1) Work & Health Unit grant that was due to end in October 2020 has been extended until March 2022, offset by an associated increase in expenditure.
IPS Programme (1)	230	56	174	255	83	172	
Fiscal Incentive Programme (2)	175	70	105	214	105	109	(2) Increased drawdown of the grant as the project concludes, offset by the associated increase in expenditure.
Total Income	444	147	297	518	219	299	(3) Vacant posts within the staffing budget have driven savings year to date.
Mental Health Commission (3)	(170)	(375)	205	(447)	(563)	116	
Well Being	(135)	(127)	(8)	(208)	(190)	(18)	
IPS Programme (1)	(230)	(56)	(174)	(263)	(83)	(180)	
Fiscal Incentive Programme (2)	(175)	(70)	(105)	(214)	(105)	(109)	
Total Expenditure	(710)	(628)	(82)	(1,132)	(941)	(191)	
Wellbeing Net Total	(266)	(481)	215	(614)	(722)	108	

FINANCIAL SUMMARY AS AT NOVEMBER 2020	NOVEMBER 2020 YEAR TO DATE			FULL YEAR 2020/21			
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000	
Public Service Reform & Social Economy							
Mayoral Capacity Funding	0	0	0	0	0	0	<p>(1) Additional grant has been awarded and is offset by an associated increase in expenditure.</p> <p>(2) 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.</p>
Other PSR Income	24	27	(3)	34	40	(6)	
Homelessness (1)	275	26	249	296	39	257	
Total Income	299	53	246	330	79	251	
Public Sector Reform (2)	(354)	(394)	40	(665)	(591)	(74)	
Inclusive Growth	(50)	(40)	(10)	(37)	(59)	22	
Homelessness (1)	(275)	(26)	(249)	(296)	(39)	(257)	
Total Expenditure	(679)	(460)	(219)	(998)	(689)	(309)	
Public Service Reform & Social Economy Net Total	(380)	(407)	27	(668)	(610)	(58)	
Skills and Productivity							
Productivity and Skills (1)	39	0	39	148	0	148	<p>(1) Additional funding secured for delivery of a Skills Advisory Panel.</p> <p>(2) Delivery plan revised in light of Covid-19, and reflected in forecast.</p> <p>(3) Construction Industry Training Board delivery increased in Q1 of this year, thus requiring additional grant drawdown.</p> <p>(4) Reduced delivery as a result of Covid-19 alongside delays in the commencement of new contracts with training providers.</p> <p>(5) Delivery plan revised in light of Covid-19, and reflected in the forecast.</p>
Employment Support (2)	929	1,285	(356)	1,795	2,070	(275)	
Technical Education	43	59	(16)	93	98	(5)	
Construction Skills (3)	1,153	965	188	1,787	1,576	211	
Adult Education (4)	90,651	95,294	(4,643)	131,871	128,534	3,337	
Careers	29	61	(32)	48	61	(13)	
Digital Skills (5)	3,449	3,261	188	6,145	4,157	1,988	
Investment Programme (Skills)	230	256	(26)	441	410	31	
Total Income	96,523	101,181	(4,658)	142,328	136,906	5,422	
Productivity and Skills (1)	(350)	(476)	126	(904)	(809)	(95)	
Employment Support (2)	(929)	(1,285)	356	(1,795)	(2,070)	275	
Technical Education	(43)	(59)	16	(93)	(98)	5	
Construction Skills (3)	(1,153)	(965)	(188)	(1,787)	(1,576)	(211)	
Adult Education (4)	(90,651)	(95,294)	4,643	(131,871)	(128,534)	(3,337)	
Careers	(29)	(61)	32	(48)	(61)	13	
Digital Skills (5)	(3,449)	(3,261)	(188)	(6,145)	(4,157)	(1,988)	
Investment Programme (Skills)	(230)	(256)	26	(441)	(410)	(31)	
Total Expenditure	(96,834)	(101,657)	4,823	(143,084)	(137,715)	(5,369)	
Skills and Productivity Net Total	(311)	(476)	165	(756)	(809)	53	
Culture and Digital							
Culture & Tourism Commission (1)	107	0	107	301	0	301	<p>(1) BFI Creative Clusters Growth Fund secured to fund BFI project, offset by associated expenditure</p>
Total Income	107	0	107	301	0	301	
Culture & Tourism Commission (1)	(172)	(73)	(99)	(416)	(110)	(306)	
Digital	0	(67)	67	(100)	(100)	0	
Total Expenditure	(172)	(140)	(32)	(516)	(210)	(306)	
Culture and Digital Net Total	(65)	(140)	75	(215)	(210)	(5)	
Inclusive Communities							
Total Income	0	0	0	0	0	0	
Youth Combined Authority	(40)	(83)	43	(118)	(118)	0	
Total Expenditure	(40)	(83)	43	(118)	(118)	0	
Inclusive Communities Net Total	(40)	(83)	43	(118)	(118)	0	
Operational Income Net Total	(430)	(177)	(253)	(1,519)	0	(1,519)	

Appendix 4

West Midlands Combined Authority Mayoral Budget – November 2020

	NOVEMBER 2020 YEAR TO DATE				FULL YEAR 2020/21			
	ACTUAL £000	BUDGET £000	VARIANCE £000		FORECAST £000	BUDGET £000	VARIANCE £000	
MAYORAL OFFICE								
Other Grants	519	538	(19)	4%	807	807	0	0%
Other Income	0	0	0	0%	0	0	0	0%
Use of Reserves	0	0	0	0%	0	0	0	0%
TOTAL INCOME	519	538	(19)	4%	807	807	0	0%
Staff Costs	(495)	(502)	7	1%	(777)	(753)	(24)	3%
IT	(7)	(7)	0	0%	(11)	(10)	(1)	10%
External Advice	(10)	0	(10)	0%	(30)	0	(30)	0%
Travel & Subsistence	(1)	(28)	27	96%	(22)	(42)	20	48%
Other	(6)	(1)	(5)	500%	33	(2)	35	1750%
TOTAL EXPENDITURE	(519)	(538)	19	4%	(807)	(807)	0	0%
NET	0	0	0	0%	0	0	0	0%

The favourable variance to date is largely due to staffing variations plus some smaller savings against the travel budget. Staffing costs will increase over the remainder of the year as a result of 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 – November 2020

	YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Metro	54,942	83,077	28,135	109,408	129,754	20,346
Rail	3,816	9,341	5,525	7,782	13,338	5,556
Sprint	1,161	4,322	3,161	2,662	4,322	1,660
TRANSPORT - INVESTMENT PROGRAMME	59,919	96,740	36,821	119,852	147,414	27,562

ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of November 2020, actual expenditure was £36.821m lower than budget. The main variances are contained within the Metro Programme, these and others relate to the following;

Metro Wednesbury to Brierley Hill Extension £14.353m 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 the construction that has taken place to date. Works to overcome this delay are currently in progress and will continue over the coming months.

Metro Birmingham Eastside £5.530m Utilities works relating to HS2 diversions have not commenced as forecast due to delay in final sign-off on the development agreement with HS2 (expected imminently). Billing is expected to catch up in the next few months as work commences. The HS2 spend profile has been re-phased as a result of this delay to the Development Agreement.

SPRINT - Hagley Road £3.1m Ongoing review of design with Birmingham City Council and agreement for Highway Improvements (S278) requires a revised Target Cost (TC2) so Midland Metro Alliance works have not progressed as anticipated.

Rail Package 1 Walsall to Wolverhampton Local Enhancements £3.125m Darlaston and Willenhall Land Costs £2.25m put back to April 2021. Network Rail Industry and Risk fees of £0.85m have now been pushed back to March 2021.

Rail Package 2 Camp Hill Line Local Enhancements £2.306m Moseley and Hazelwell land costs of £1.3m initially expected in August 2020 are now expected in March 2021. Network Rail Industry and Risk Fees of £0.85m were projected for Oct 2020 have now been pushed back to next financial year - estimate Aug 2021.

Metro Network - Comms & Control £1.765m Commissioning work for PID (Passenger Information Display) & PAU (Passenger Assistant Unit) upgrade and Subcontract Package (e.g. SmartTrams Enhancements & Radio system) proceeded later than anticipated due to Covid-19.

FORECAST V BUDGET COMMENTARY

Metro Wednesbury to Brierley Hill Extension £11.926m Due to Covid-19 some utility providers were not able to commence work as scheduled, these works are being rescheduled. Prolonged negotiations with Network Rail prior to acquiring the Railway Corridor have allowed for limited construction to take place to date. WMCA are working on measures to overcome this delay including the approval of Advanced Work Packages and granting access to land under License.

Rail - Walsall-Wolverhampton (Package 1) £2.791m Land acquisition costs (Willenhall Land Triple R Site) of £2.4m are now projected for April 2021. ECI / Physical Construction budgeted at £1.0m has subsequently been amended to £0.25m in 2020/21 with £0.75m pushed back to years 2021/22 and 2022/23. Resource Plan Estimates have increased SLC by £0.17m and inflationary effects not budgeted for in 2020/21 have been estimated at £0.114m.

Rail Package 2 Camp Hill Line Local Enhancements £2.764m Early Contractor Involvement Estimates have reduced by £1.044m since the budget was set in April. Land acquisition costs of £0.85m forecast for 2020/21 have been delayed to 2021/22 and National Rail Industry and Risk Fees of £0.837m have been pushed back to Aug 2021.

Metro Network - Comms & Control £2.227m Full year reflection of the YTD variance. Some subcontract packages (e.g. SmartTrams Enhancements & Radio system) have been rephased and pushed back to phase two of the project after further review with MML to identify optional enhancements.

Sprint - Hagley Road £1.66m Due to ongoing review of design with Birmingham City Council TC2 has been delayed.

	YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Highway	2,004	4,377	2,373	10,083	13,167	3,084
Other	25	53	28	53	53	0
Rail	7,842	10,506	2,664	21,208	22,013	805
Sprint	9,397	26,507	17,110	28,701	50,302	21,601
TRANSPORT - COMMONWEALTH GAMES	19,268	41,443	22,175	60,045	85,535	25,490

ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of November 2020, actual expenditure was £22.175m lower than budget. The main variances are as follows;

SPRINT-A45 Birmingham to Airport & Solihull £9.791m Due mainly to lower than expected progress of utility diversion costs, hampered by the temporary Covid-19 restrictions on the highways. Utilities and ECI works are continuing on a 'rolling programme' basis along the A45 route. Morgan Sindall, the preferred contractor for Physical Construction tendered a cost programme earlier in October 20 which was formally approved by the Sprint team with works due to commence in December 20 and which are expected to continue into 21/22.

SPRINT-A34 Walsall to Birmingham £7.172m The largest variance YTD is against the Utilities budget line due to delayed utility diversion costs as a result of Covid-19. The Construction budget line including ECI is also underspent. ECI works are continuing on a 'rolling programme' basis. In tandem with the A45, tendering of the construction contract is in progress.

Perry Barr Rail Station £1.634m The land acquisition budgeted for October 2020 has been reprofiled which makes up for £1.5m of the underspend. National Rail Industry and Risk Fees of £0.2m have also been delayed.

University Station Improvement Project £1.024m Network Rail Industry and Risk Fees of £0.85m were projected for June 2020 however these costs have now been delayed to later in this financial year. YTD physical construction estimates are lower than anticipated and Insurance Premium costs projected to be incurred in August 20 have not yet materialised but are expected in this financial year.

FORECAST V BUDGET VARIANCE COMMENTARY

SPRINT-A45 Birmingham to Airport & Solihull £13.253m The completion of utilities works in this financial year is considered critical to the entire Sprint Programme. These were due for completion in P6 but have been delayed due to Covid-19 and are now anticipated to be completed by the end of P12. Morgan Sindall has been formally approved as the physical construction contractor in, with construction due to commence in Q4 2020 on conclusion of the utility work.

SPRINT-A34 Walsall to Birmingham £8.348m As above, utility work commenced late due to the ongoing impact of the Covid-19 pandemic, and is now due for completion by P12. Re-tendering for the £12m contract is in process and although physical construction will now commence in 21/22, the project will be completed within budget and on time.

RTCC - Highways Interventions £3.036m The initial speed of work has not been possible due to Covid-19 restrictions and delays in legal agreement sign off.

Appendix 5 (continued)

West Midlands Combined Authority Transport Delivery Capital Programme – November 2020

	YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Bus	1,245	2,197	952	3,028	3,768	740
Highway	229	4,792	4,563	3,120	5,814	2,694
Other	7,278	10,599	3,321	13,725	14,559	834
Rail	525	1,062	537	961	1,480	519
TRANSPORT - OTHER MAJOR PROGRAMMES	9,277	18,650	9,373	20,834	25,621	4,787

ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of November 2020, actual expenditure was £9.373m below the budget. The main variances are as follows;

A435 Alcester Road Bus priority revitalisation £2.516m The project was originally delayed due to the general election period last year affecting our ability to consult stakeholders, slipping delivery from Spring 2020 to Summer 2020. However, a review of the project has led to a revised scheme proposal, pending Local Authority approval in December 2020.

Key Route Network Safety £1.013m Covid-19 has caused a delay in the programme delivery, however £0.5m is profiled to be spent in Q3.

Connected and Autonomous Vehicles TestBed (CAV) £0.987m Due to the delay in appointment of the construction company Siemens, anticipated capital costs have not incurred. Activities have resumed since June allowing some of the backlog work to be done.

FORECAST V BUDGET VARIANCE COMMENTARY

A35 Alcester Road Bus Priority Revitalisation £2.535m Revised plans were submitted to Birmingham City Council in October 2020, formal approval is not expected until December 2020, and therefore the Utility works earmarked for Q2 will not now commence until Q4, with the majority of the follow on construction deferred into 21/22.

5G £1.112m The delay in confirming the business case and the grant agreement has led to a reduction in the work achievable by year end.

Dudley Interchange £0.666m Due to the uncertainty of the funding allocation for the Interchange, along with the DMBC awaiting funding confirmation for the associated highway works, the project is currently at the pre-formal tender stage.

	YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Minor Work Programme	3,116	6,621	3,505	13,435	14,718	1,283
TRANSPORT - MINOR WORKS	3,116	6,621	3,505	13,435	14,718	1,283

ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of November 2020, actual expenditure was £3.505m below budget.

ADEPT Live Lab £0.602m Due to the impact of Covid-19, anticipated costs have not materialised. Specifically, £0.28m expected for recruitment is now on hold while discussions continue with HR.

Better Streets Community Fund £0.508m The variance here is due to initial delays in signing legal agreements with local authorities who have had limited resources due to Covid-19. Legal agreements have now been signed off however, the delay has led to the schedule of this project being altered.

West Midlands Cycle Hire £0.417m The underspend is due to a flat profiled budget while costs are incurred as the programme is rolled out.

Real Time Information Upgrades £0.396m After an initial delay, tenders are now expected back imminently, and a contract will be awarded for this project by November 2020 with phase 1 to be completed by the end of the financial year.

FORECAST V BUDGET VARIANCE COMMENTARY

Real Time Information Upgrades £0.4m This is due to the initial delay in the project, as detailed above.

	YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Grants to Local Authorities	238	2,854	2,616	2,277	8,209	5,932
Total Grants to Local Authorities	238	2,854	2,616	2,277	8,209	5,932

ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of November 2020, actual expenditure was £2.616m below budget, the variances to budget are as follows:

B4106 Spon End (Coventry CC) £1.692m There has been a delay in acquiring final signatures on the legal agreements, these are with Coventry Council and are expected back imminently, with the first claim payments due in Q3.

New St/High St/Victoria Sq./Public Realm (Birmingham CC) £0.925m There has been a slippage of work due to the delay in assigning a design consultant to the project to complete the full business case.

FORECAST V BUDGET VARIANCE COMMENTARY

B4106 Spon End (Coventry CC) £3.697m The delay in signing off of legal agreements has resulted in work rolling over into 2021/22.

New St/High St/Victoria Sq. /Public Realm (Birmingham CC) £2.235m The full business case submission for approval is planned for the new year, after which the TCF grant utilisation will be profiled.

GRAND TOTAL TRANSPORT PROGRAMME	91,818	166,308	74,490	216,443	281,497	65,054
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Appendix 5 (continued)
West Midlands Combined Authority Transport Delivery Capital Programme – November 2020

	YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Investment Programme (Grants to Local Authorities)	37,920	73,083	35,163	122,776	172,840	50,064
Total Investment Programme Grants to Local Authorities	37,920	73,083	35,163	122,776	172,840	50,064

ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of November 2020, actual expenditure was £35.163m below budget. The main variances are as follows;

UK Central HS2 Interchange £8.563m Work undertaken in the first quarter was reduced significantly due to Covid-19 restrictions. HS2 related projects are also subject to short notice amendments which impact the volume of activity taken place YTD. The HS2 Interchange programme has been subject to programme wide rescoping and review. While some projects have been reprioritised, expected spend on one of the projects has been deferred.

Coventry Station Masterplan £6.862m The Coventry station plan is funded by several sources. The delays in construction and ancillary work due to Covid-19 has meant that the WMCA funding has not yet been drawn down.

Coventry City of Culture £6.695m This project is made up of 17 work streams, the largest variance of £3m is on the Retail Quarter. Covid-19 social distancing and other restrictions have meant that although construction work has resumed, the volume is much reduced.

Very Light Rail £5.018m The first quarter spending impacted by Covid-19 restrictions, but work has steadily progressed back to capacity following the easing of restrictions May-July and a compressed schedule of work has prepared for the remainder of the year.

Coventry City Centre South Regeneration - Coventry City Centre South £3.662m Land acquisition costs of £1.5m expected in October 2020 have now been deferred to December 2020. A further £1m is attributable to the ongoing demolition costs at Coventry Point.

FORECAST V BUDGET VARIANCE COMMENTARY

UK Central HS2 Interchange £41.65m Delay in business case submission by the Urban Growth Committee has resulted in work and hence WMCA drawdown of funding to be pushed back into 2021/22. The deferred spend is split as follows, utilities reinforcement £27.4m and HS2 Parallel Design £15.5m.

Very Light Rail £5.125m Despite having a compressed schedule of works for the remainder of the year for workstream 1 after initial delays in Q1, there have been delays to subsequent workstreams and applications for further funding which will result in reduced costs for the full year.

Coventry City of Culture £3.697m The latest forecasts from Coventry City Council show £1.5m of project slippage in respect of the Retail Quarter and £0.9m of project slippage in respect of wider public realm works throughout

Housing Capital Programme

	YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Housing	4,985	30,033	25,048	35,803	56,348	20,545
Total Housing	4,985	30,033	25,048	35,803	56,348	20,545
TOTAL OTHER PORTFOLIOS	42,905	103,116	60,211	158,579	229,188	70,609

ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of November 2020, actual expenditure was £25.048m below budget. The main variances are as follows;

Black Country Land and Property Investment Fund LPIF £18.256m The final agreements and planning application for the Phoenix 10 project were initially expected in Apr-20, this was not achieved and work is scheduled to commence in April 2021.

Brownfield Land and Property fund BLPDF £5.932m The main projects include Commonwealth Games (£3.6m) funding drawdown expected January 2021, Redsun (£0.5m) funding drawdown expected in January 2021, Far Gosforth (£0.2m) due in December 2020 and Hawks Green (£0.3m) drawdown delayed to March 2022.

FORECAST V BUDGET VARIANCE COMMENTARY

Brownfield Land and Property fund BLPDF £22.331m Primarily relating to Phoenix 10 project with a budget of £25m. 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 £0.2m of costs are now expected to be incurred in 2020/21. This is offset slightly by introductions of small spend across several projects into 2020/21.

GRAND TOTAL	134,723	269,424	134,701	375,022	510,685	135,663
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Appendix 6
WMCA Investment Programme Financial Summary period ending 31st October 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	29,108	64,416	35,308	113,191	87,578	25,614	61,277	87,578	567,323	716,178	704,851	(11,327)
SPRINT PROGRAMME	9,384	25,882	16,498	54,302	30,864	23,438	12,287	30,864	291,321	334,472	334,515	42
RAIL PROGRAMME	3,432	8,005	4,573	13,238	7,281	5,957	8,050	7,281	195,083	210,415	213,015	2,600
METRO PROGRAMME	43,449	69,295	25,847	123,634	92,534	31,100	275,784	92,534	1,296,594	1,664,911	1,664,639	(272)
UK CENTRAL INFRASTRUCTURE PACKAGE	5,055	68,707	63,652	117,784	23,481	94,303	18,299	23,481	1,357,963	1,399,743	1,386,688	(13,056)
UK CENTRAL HS2 INTERCHANGE	6,762	25,820	19,058	74,870	41,724	33,146	17,395	41,724	470,443	529,563	529,563	-
CURZON STREET STATION MASTERPLAN	3,015	3,015	-	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	-
HS2 GROWTH STRATEGY TOTAL	100,204	265,140	164,936	502,188	288,631	213,557	436,975	288,631	5,059,078	5,784,684	5,762,671	(22,013)
COVENTRY CITY CENTRE SOUTH REGENERATION	3,852	6,869	3,017	19,864	16,501	3,363	27,854	16,501	304,503	348,857	342,938	(5,919)
INNOVATION PROGRAMME	4,827	8,550	3,723	14,601	12,815	1,786	11,703	12,815	170,482	195,000	195,000	-
LAND RECLAMATION AND REMEDIATION	2,809	24,653	21,844	49,727	10,425	39,302	36,708	10,425	152,868	200,000	200,000	-
COMMONWEALTH GAMES 2022	2,187	21,841	19,654	37,442	37,442	-	-	37,442	35,092	72,534	72,534	-
EMPLOYMENT, EDUCATION & SKILLS	213	259	46	444	441	3	283	441	19,276	20,000	20,000	-
TOURISM, TRADE AND INVESTMENT PROGRAMME	-	-	-	-	957	(957)	-	957	22,943	23,900	-	(23,900)
COLLECTIVE INVESTMENT FUND	10,315	21,233	10,917	54,307	41,476	12,831	43,949	41,476	914,575	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	-
OTHER INVESTMENT PROGRAMME SCHEMES	24,203	83,405	59,201	176,384	120,057	56,327	120,496	120,057	2,938,738	3,179,291	3,149,472	(29,819)
GRAND TOTAL	124,408	348,545	224,137	678,573	408,688	269,885	557,471	408,688	7,997,815	8,963,975	8,912,143	(51,831)

Appendix 6 (Continued)

WMCA Investment Programme Financial Commentary for the period ending 31st October 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. It should be noted that the impact of COVID-19 on projects within the WMCA Investment Programme is continuously being assessed by the accountable bodies, with each respective delivery organisation being required to manage the schemes within the funding available to them.

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 £224.1 million compared with the 2020/21 programme baseline primarily comprises:

*Coventry UKC Plus variance of £35.3 million, including Coventry Station Masterplan (£11.7 million) and Coventry City of Culture Regeneration (£7.5 million);

*Metro programme variance of £25.8 million, including Birmingham East-side Extension (£6.2 million) and Wednesbury to Brierley Hill (£15.2 million);

*UK Central Infrastructure Package variance of £63.7 million, primarily in respect of major M42 Junction 6 improvements budgeted for 2020/21 now forecast for 2021/22 (project delivered and funded as part of the National Highways England Programme).

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 30th November 2020

£m	Total Expected Approvals	Approved Commitments	Actual Spend
UK Central HS2 Interchange	398.0	65.4	23.2
UK Central Infrastructure Package	288.0	34.2	14.0
Sprint Programme	217.4	47.0	10.5
Rail Programme	160.1	18.0	11.0
Metro Programme	119.8	119.8	82.7
Coventry Station Masterplan (CSMP)	39.4	39.4	4.3
Coventry City of Culture Trust (2021)	4.0	4.0	2.2
Coventry UKC Plus - Very Light Rail: 'Transforming Connectivity'	55.0	12.2	7.7
Coventry North Package	21.6	0.2	0.2
Coventry South Package	136.5	7.4	0.3
Wednesbury to Brierley Hill Metro Extension	103.0	103.0	0.0
Coventry UKC Plus - UK City of Culture 2021 Regeneration	31.6	31.6	10.9
SUB TOTAL HS2 GROWTH STRATEGY	1,574.4	482.3	167.0
Coventry City Centre South Regeneration	150.0	150.0	15.5
Innovation Programme	50.0	16.1	5.9
Land Reclamation and Remediation	200.0	103.0	39.5
Commonwealth Games 2022	25.0	25.0	-
Employment, Education & Skills	20.0	1.3	0.5
Tourism, Trade and Investment Programme	2.6	2.6	-
OTHER INVESTMENT PROGRAMME	447.6	298.0	61.4
TOTAL	2,022.0	780.3	228.4

Appendix 8

WMCA Balance Sheet as at 30 November 2020

	30 November 2020 £'000	31 October 2020 £'000	Movement £'000
Property, plant and equipment	465,140	458,320	6,820
Investments	23,832	22,996	836
Loan Receivables	18,000	18,000	-
Long-term assets	506,972	499,316	7,656
Debtors	54,481	53,215	1,266
Short-term deposits	222,920	248,427	(25,507)
Cash and bank	692	201	491
Current assets	278,094	301,843	(23,749)
Loans - interest due	(1,327)	(1,700)	373
Short-term creditors/accruals	(91,980)	(94,243)	2,263
Current liabilities	(93,307)	(95,943)	2,636
Net current assets	184,787	205,900	(21,113)
Provisions	(2,751)	(2,751)	-
PWLB	(113,583)	(113,603)	20
Other loans - Barclays	(10,000)	(10,000)	-
Dudley MBC	(6,427)	(6,427)	-
Grants receipts in advance	(265,798)	(272,328)	6,529
Long-term liabilities	(398,559)	(405,109)	6,549
Net assets	293,199	300,107	(6,908)
General fund balance	2,991	2,189	802
Earmarked reserves	226,845	231,996	(5,151)
Capital grants unapplied reserve	247	247	-
Usable reserves	230,083	234,432	(4,349)
Revaluation reserve	6,518	6,520	(2)
Deferred capital grants account	473,501	466,679	6,822
Capital financing account	(416,406)	(407,027)	(9,379)
Accumulated absences account	(496)	(496)	-
Unusable reserves	63,116	65,675	(2,559)
Total reserves	293,199	300,107	(6,908)

The WMCA Balance Sheet reflects a healthy financial position. Main changes since October reflect TfWM capital spend and work-in-progress funded mainly by grants in advance, resulting in an increase of £6.8m net of depreciation in property, plant and equipment.

The decrease in short-term deposits and cash and bank is largely due to the payments in respect of Adult Education Budget, Investment Programme and Metro extension schemes. This correlates with the decrease in the grants receipts in advance and earmarked reserves.