



WMCA Board

Date	19 March 2021
Report title	Financial Monitoring Report 2020/21
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This report has been considered by	WMCA Senior Leadership Team 24 February 2021

Recommendation(s) for action or decision:

WMCA Board is recommended to:

- (1) Note the financial outturn position as at the end of January 2021.
- (2) Note the latest forecast for 2020/21, incorporating the latest view of the impact of Covid-19.
- (3) Note the confirmation of 2021/22 Adult Education Budget, as verbally communicated at WMCA Board 12 February 2021.
- (4) Approve the capital block allocations, including Highways and Integrated Transport Block as detailed in Section 12.
- (5) Approve the increase in Investment Programme affordable limit from £801m to £871m and approve the provisional distribution of the additional £70m (section 13).

- (6) Approve that decisions regarding the £8.9m provided by Government to prepare for the Intra-city Transport Settlement be delegated to the Director of Finance, Managing Director of Transport for West Midlands and the Portfolio Lead for Transport (section 14).
- (7) Note that the acquisition of Victoria Lane steel works is to be funded from WMCA capital receipts (section 15)
- (8) Note that West Midlands Combined Authority intends to withdraw from the Passenger Transport Forum pay negotiations and enter into local government pay negotiations when practicably possible (section 16)
- (9) Note that WMCA is assessing the impact from the Chancellor's budget announcement on 3 March 2021 and will reflect the outcomes in an updated budget to the June 2021 Board.

1.0 Purpose

- 1.1 To provide updates on the Combined Authority's finances as at the end of January 2021 (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 January shows a £2.987m favourable variance from budget. This consists of a favourable variance within the Transport budget of £3.437m largely due to lower concessionary patronage volumes and RTCC efficiency savings offsetting the Covid-19 impact on advertising revenue and departure charge income. This is further supplemented by the drawdown of Government grants to support Subsidised Bus, Metro, and the wider Transport system.
- 2.4 There is an adverse variance of £0.450m 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 West Midlands Combined Authority Transport Budget

- 3.1 Appendix 2 sets out the position on the Transport revenue budget as at the end of January 2021, showing a favourable variance of £3.437m 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, Metro, and the wider Transport system, along with additional staffing variations. A reduction in the Accessible Transport service during the pandemic has also driven further savings against the Budget.
- 3.4 These savings are partly offset by the impact of Covid-19 driving lower than budgeted digital advertising revenue and ticketing commission, along with 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 January 2021, showing an adverse variance of £0.450m 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 due to the impact of Covid-19 coupled with staffing variations.

5.0 Mayoral Office

- 5.1 The Mayoral Office expenditure shows a favourable variance of £0.007m from Budget as at the end of January 2021 as a result of 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 Capital Programme

- 6.1 Appendix 5 sets out the position on the Capital Programme as at the end of January 2021. Actual costs totalled £178.2m, resulting in a favourable variance of £178.4m against a budget of £356.6.4m. The annual forecast was reduced in January 2021 to £276.7m, which is £229.6m below the Budget of £506.3m.
- 6.2 The year to date budget variance is contained primarily within Transport (£100.5m), Grants to Local Authorities within the Investment Programme (£46.1m) and Housing (£31.8m).
- 6.3 The Transport Programme has been categorised into five sub programmes. The largest of these is the Investment Programme with a budget of £146.9m, including all the Rail/Sprint & Metro extension schemes. At the end of January, actual costs totalled £73.8m, which was £46.2m below the budget of £120m. The main variances at the end of January were contained within the Metro Programme totalling £37.4m.
- 6.4 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. The 2021/22 Capital Budget will be confirmed to WMCA Board of 11 June 2021, following review of final 2020/21 outturn.

7.0 2020/21 Revenue and Capital Forecast Update

- 7.1 The third and final 2020/21 Revenue forecast was completed during January 2021. This forecast incorporates the latest central government funding position in response to Covid-19, as well as the latest view on the timing and cost of activities which will be delivered in the remainder of the year.
- 7.2 This forecast shows £3.143m of additional savings compared to forecast as presented to WMCA Board on 15 January, and overall savings of £4.097m versus the 2020/21 Budget.
- 7.3 As a result of this latest forecast it is anticipated that the Authority will have successfully secured the £3.9m one off resources required to fund the 21/22 Revenue Budget as reported and approved in the Budget report to the Feb 2021 Board. The £1.2m of transport reserves set aside in 2019/20 will be used to fund light rail operating costs in 2020/21 following reassessment by Midland Metro Ltd of future operating costs and revenues in recovery.
- 7.4 Final results against this forecast will be reported to the June Board meeting following closure of the year end Accounts.
- 7.5 Of the £3.143m favourable movement £2.165m is within Transport, predominantly as a result of securing an additional tranche of Sales, Fees, and Charges and Metro revenue loss grant to the end of the financial year as well as further Subsidised Bus grant to cover the provision of additional services in response to Covid-19, such as roadside information and enhanced cleaning.
- 7.6 The favourable movement within Transport is further supplemented by a reduction in payments on Accessible Transport due to the reduced service levels required during the pandemic which has also enabled the service to deliver key transport services for NHS workers during the pandemic. In addition a final agreement on Concessions reimbursement rates has now been reached with service providers, delivering some savings against Budget however the Authority has maintained its payments into the West Midlands Bus Industry at pre-pandemic demand levels to ensure a stable and sustainable local bus network.
- 7.7 The Delivery portfolios have also secured a £0.978m favourable movement from the second reforecast primarily due to an improvement in the debt interest position, following the re-profiling of borrowing needs in line with the re-profiling of Capital activities which have been impacted by Covid-19. Covid-19 has also impacted the timing of activities within all Delivery portfolios, which has resulted in savings compared to Budget. These savings are partly offset by an increase in expenditure to support the WM2041 environmental programme.
- 7.8 A summary of the movement between the forecast as presented at January Board and the latest view is included below.

	Transport	Delivery	Enabling Services	Total
Forecast Deficit / (Surplus) – 15 January 2021	(1.9)	1.0	0.0	(0.9)
<u>Income Changes:</u>				
Estimated grant income for lost Sales, Fees and Charges	(0.5)	0.0	0.0	(0.5)
Additional Covid Bus Services Support Grant	(0.3)	0.0	0.0	(0.3)
<u>Expenditure Changes:</u>				
Reduction in Accessible Transport costs	(0.6)	0.0	0.0	(0.6)
Debt Interest	0.0	(0.9)	0.0	(0.9)
Other discretionary expenditure	(0.8)	(0.1)	0.0	(0.9)
Latest Forecast Deficit / (Surplus) – 19 March 2021	(4.1)	0.0	0.0	(4.1)

- 7.9 The third capital forecast update of the year was undertaken in January 2021. This process resulted in an annual forecast reduction of £95m. The largest movement was contained within the Grants to Local Authorities Investment Programme (£39.4m). A majority of this is due to WMCA funding not being drawdown as originally profiled as a result of pandemic restricting the volume of physical construction taking place.
- 7.10 The Transport programme has a reduced forecast by £20.4m, a majority of this in the Metro programme. The Metro Birmingham Eastside Extension makes up most of the movement (£11m) as the deferral of the development agreement reduced and rephased the HS2 utilities work.
- 7.11 The Commonwealth Games programme saw a reduction in forecast of £14.8m, Sprint reduced by £7.8m and Highways £5.8m. The Covid-19 pandemic has resulted in the main construction work in the Sprint projects to be rephased to the final quarter of 2020/21 and quarter 1 of 2021/22.
- 7.12 The Transport – Other Major Programmes has been reduced by £5.3m, a majority of which is within Highways projects where Covid-19 has caused work to be re-phased into 2021/22.
- 7.13 Housing programmes have a reduced forecast of £11.8m, with £6.4m related to the i54 Western Extension and Dudley Brownfields schemes. A further £3m reduction in Brownfield Land and Property Development Fund is due to the Commonwealth Games project not progressing as expected. Discussions are ongoing with Birmingham City Council in relation to this.
- 7.14 It is important to note that this forecast represents the best assessment at the time of writing, however, as the January 2021 position is in line with the forecasted outturn, it is deemed that there is no material risk to the forecast position.
- 7.15 Following the Chancellor’s budget announcement on 3 March 2021, WMCA is assessing the impact against its financial plans and an updated budget will be presented to the June 2021 WMCA Board within the financial monitoring report. This will include an assessment around the availability of new funding into the WMCA from the Intracity Transport Settlement, the Levelling Up fund and other fiscal levers announce by Government including the UK Infrastructure Bank.
- 7.16 WMCA recently received a notification regarding £1.9m of DfT funding for the new Local Authority Capability Fund which replaces the Access Fund of previous years. The £1.9m revenue funding is to be used to support objectives around the development of infrastructure projects, to promote an increase in levels of physical activity and to support access to new / existing employment, education and training. The funding is to be

distributed to Local Authorities following consideration of the distribution methodology by Strategic Transport Officers Group.

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 December 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 December 2020 is £293.1m behind the rebased 2020/21 budget, mainly because of the current Coventry UK Central Plus, UK Central Infrastructure, UK Central HS2 Interchange and Land reclamation and remediation 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 £795.3m as at 31st January 2021 (£780.3m as at 30th November 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 before the start of the new financial year .

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 January 2021.
- 9.2 The increase in short-term deposits and cash and bank is largely due to the receipt of the Land Fund grant offset by the payments in respect of Adult Education Budget, Investment Programme and Metro extension schemes. Correspondingly, the Land Fund grant contributed to the increase in grants receipts in advance whilst Adult Education Budget payments contributed to the decrease in earmarked reserves.
- 9.3 Accelerated spending on Coventry UKC Plus and Coventry City Centre Regeneration resulted in the major increase in short-term creditors/accruals as these projects gain momentum.

10.0 Administered Funds

Funding Stream	2020/21 Latest Forecast Grant Award £'000	2020/21 Spend to date £'000	Purpose
Midlands Connect	6,543	3,597	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	47,799	44,853	

11.0 Adult Education Budget

- 11.1 As verbally communicated at WMCA Board on 12 February 2021, the 2021/22 Adult Education Budget has now been confirmed by the Department for Education at £142.7m.
- 11.2 As agreed at WMCA Board on 12 February 2021, the Director of Finance, in consultation with the Portfolio Lead for Finance, will use their delegated authority in order to update the 2021/22 Budget to reflect this.
- 11.3 It is noted that as the Adult Education Budget is ring-fenced funding, there is no impact on any other area of the 2021/22 Budget.
- 11.4 The AEB budget includes core funding of £131m, £9m for Level 3 training and £1.9m of Covid support. This budget reflects income related to the WMCA financial year period, which is different to the DfE allocations that run from August to July. Administration of the contract and funds will follow WMCA governance during the year.

12.0 Capital Block Allocations

- 12.1 The annual Capital Block grant settlements are generally approved by WMCA Board within the final budget report; however, the regional allocations for 2021/22 were confirmed by DfT later than previous financial years.
- 12.2 The total grant allocation for the region is confirmed by DfT as £38.1m which, whilst representing an overall increase of £3.7m, may require Local Authorities to re-focus resources into the correction of pot holes on the regions' highways. A comparison of the settlement versus the previous year is shown below:

	20/21	21/22	Variance
Highways Maintenance Block	13.11	9.04	(4.07)
Highways Maintenance Block (Incentive)	2.73	2.26	(0.47)
Potholes	0.94	9.04	8.10
Integrated Transport Block	17.62	17.76	0.14
Total	34.40	38.10	3.70

- 12.3 It is important to note there is only a modest change to the Integrated Transport Block settlement and as such, the WMCA Capital Programme as presented to WMCA Board on 12 February 2021 is considered to remain affordable.
- 12.4 The methodology for distributing the total grant allocation was discussed and agreed at the West Midlands Finance Director Group on 18 February 2021. The precise allocations are shown in the table below:

(£)	Highways Allocation Proportion 2015 to 2021	2021 / 2022					
		Potholes	HMB - Needs element	HMB - Incentive element	Sub Total (Highways)	Integrated Transport Block**	GRAND TOTAL
Birmingham *	-	-	-	-	-	5,165,498	5,165,498
Coventry	17.0%	1,534,597	1,534,597	383,692	3,452,886	1,680,736	5,133,622
Dudley	18.6%	1,684,711	1,684,711	421,224	3,790,646	1,454,878	5,245,524
Sandwell	19.7%	1,780,567	1,780,567	445,191	4,006,325	1,485,885	5,492,210
Solihull	16.1%	1,454,114	1,454,114	363,569	3,271,797	978,861	4,250,658
Walsall	14.8%	1,340,173	1,340,173	335,080	3,015,426	1,291,483	4,306,909
Wolverhampton	13.8%	1,248,838	1,248,838	312,244	2,809,920	1,191,409	4,001,329
WM Combined Authority	-	-	-	-	-	4,505,250	4,505,250
TOTAL		9,043,000	9,043,000	2,261,000	20,347,000	17,754,000	38,101,000

* Excluded on the basis of PFI contract.

** Shared 25% WMCA / 75% LA (Population) after £89,000 Top Slice for Strategic Transport Officers use.

13.0 Investment Programme Affordable Limit Review

- 13.1 In November 2019, WMCA Board agreed to hold the value of commitments WMCA were able to make against the Investment Programme at £801m. This was in the context of the other three pillars of the Investment Programme income (Business Rates Growth, Business Rates Supplement and Mayoral Precept) not being realised as originally intended.
- 13.2 The Investment Programme financial model works on the principle of borrowing in the initial years of the thirty year programme, with the debt being fully paid down by year 30 using the incomes available; which to date is the Gainshare Grant and an element of Business Rates Growth proxy contributions from Local Authorities.
- 13.3 The affordability created by the Investment Programme is influenced by the timing of expenditure and interest. Since 2019, both of these metrics have moved in the favour of the Investment Programme affordability, with drawdowns being re-profiled into later years and the global economic conditions reducing borrowing levels to historically low levels.
- 13.4 With respect to debt interest in particular, the £801m ceiling was calculated using a blended interest rate of between 3.5% and 4.0% over the borrowing term which is significantly above the interest which would be charged on debt taken out in February 2021.
- 13.5 The WMCA Finance Director and WM Finance Director Group considered a number of scenarios to revise the interest assumptions in light of the changing economic environment and agreed to revise the blended rate to between 2.5% and 3.0%. This change, together with the over-lay of the current drawdown forecast means that the affordable limit can be increased to £871m.
- 13.6 WMCA have taken on board both long term, market implied debt forecasts and independent treasury advisor forecasts in arriving at the recommendation and consider the risk of a material deviation to be low. Unexpected volatility cannot be completely ruled out however and in increasing the affordable limit, WMCA will carry a greater exposure towards interest rates increasing and the subsequent cost of servicing the debt

underpinning the Investment Programme becoming unaffordable. In such instances, WMCA would look to the Constituent Local Authorities to support the deficits.

13.7 The process to allocate the Investment Programme has been discussed with WM Mayor and Leaders, resulting in the provisional recommendation within this report. Provisional allocations will be confirmed by the submission of individual proposals to WMCA Board or Investment Board and expenditure against those initiatives subject to progression through the appropriate WMCA governance, assurance and approval process.

13.8 The provisional allocations are largely influenced by the financial risks WMCA have an exposure to in 2021/22 as documented within the Final Budget Report on 12 February 2021 with additional provision for key WMCA priorities aligned to the regional recovery agenda. The proposed ring-fences documented below:

Area	Theme	Provisional Allocation £M	Notes	Final Approval Obtained
WMCA Budget Risks	WMCA Revenue Budget Risks	10.0	As per the WMCA 2021/22 Budget report, WMCA has a lack of financial resilience to absorb the potential risks in relation to the funding of Transport due to the pandemic, losses in Light Rail Revenue and associated instability within the bus market. Whilst the unmitigated assessment is c£30m-£50m, a risk assessed value of £10m is considered prudent to provide appropriate financial resilience in the short term while the ongoing uncertainty continues and risks continue to emerge.	Financial Monitoring Report to WMCA Board throughout 2021/22 as risks emerge with standard governance and oversight via the WMFD group
	WMCA Capital Pressures	5.0	Potential to cover emerging, additional construction risks around WMCA Capital Programme due to Covid-19 pressures.	
	Perry Barr Station & Bus Interchange	9.5	WMCA Board approved the Final Business Case for this scheme on 15 January 2021. Contracts require letting imminently to meet the CWG target. This funding can be returned to the Investment Programme for re-allocation if WMCA are able to successfully lobby Government to fund the £9.5m via the Intra-city Funding settlement.	January 2021 WMCA Board (Approval of Final Business Case).
	WMCA Capital - 5 New Rail Stations	20.0	WMCA Board approved the Final Business Case for these stations on 15 January 2021. The report showed that following the award of £59m DfT RNEP funding (subsequently announced in the March 2021 budget), a local contribution of £20m will need to be secured to allow the stations to be delivered. As such, this allocation will complete the funding package for the five stations. This funding can be returned to the Investment Programme for re-allocation if WMCA are able to successfully lobby Government to fund the £20m via the Intra-city Funding settlement.	No further governance approval required.
	WMCA Electric Bus Town	5.0	The Electric Bus Town proposal will be reported to WMCA Board on 19 March 2021. For a £5m local contribution, WMCA will realise £50m of Government funding plus £84m of private sector match, representing excellent value for money for the region.	Subject to separate reports at this Committee (19 March 2021)
Regional Recovery Priorities	WM2041	5.1	This funding will allow for the development of the Net Zero Neighbourhood, Smart Hub, Energy & Environment Capacity and Natural Capital Programme as per the report to WMCA Board 19 March 2021.	
Regional Recovery Priorities	Other Priorities	15.4	Provisional allocation for regional recovery priorities potentially including WM Co-invest as referenced in the Economic Update Report (19 March 2021 WMCA Board).	Subject to future WMCA approvals.
Funding Available		70.0		

14.0 Intra-city Transport Settlement

- 14.1 The Comprehensive Spending Review in 2019 provided some initial details about long term financial settlements for national Authorities in the form of 'Intra-city Transport Settlements'.
- 14.2 Nationally, the Intra-city Transport Settlements will provide £4.2bn of funding (over five years) for transport infrastructure and will succeed Transforming Cities Funding. To date, a national allocation of £50m (nationally) has been made available to allow for programmes to be sufficiently developed / prepared before the settlements are finalised; expected to be around summer 2021.
- 14.3 WMCA's share of the £50m development / preparatory funding was confirmed during the budget announcement on 3 March 2021 as £8.9m (19% of the total). WMCA's objective is to utilise the development funding in a way which maximises the impact of the Intra-city Transport Settlement for the WMCA area. This report requests delegation to the Director of Finance, Managing Director of Transport for West Midlands and the Portfolio Lead for Transport to determine how the £8.9m is distributed to achieve this objective.

15.0 Victoria Lane Steel Works

- 15.1 WMCA have negotiated the purchase of Victoria Lane steel works; a site which is critical to the delivery of the Wednesbury to Brierley Hill Metro extension scheme. The WMCA Finance Director has proposed to use £1.6m capital receipt funds to fund this purchase rather than the originally intended borrowing.

16.0 Withdrawal from Passenger Transport Forum

- 16.1 WMCA is currently part of a negotiation forum which was created to represent staff in Passenger Transport Executives and Transport Authorities. The Passenger Transport Forum has been utilised historically by WMCA, and its predecessor organisation Centro.
- 16.2 WMCA Statutory Officers have approved a proposal for WMCA to withdraw from the Passenger Transport Forum and join Local Government pay settlement negotiations.
- 16.3 WMCA Statutory Officers have sought assurances from Local Government that this transition will have no impact on the Pay Scales as included within the 2021/22 Budget report presented to WMCA Board on 12 February 2021, and that there will also be no impact on the Local Government Pension Scheme that WMCA are currently governed by.
- 16.4 WMCA Board is asked to note this course of action.

17.0 Financial Implications

- 17.1 The Financial Implications are set out in the report.

18.0 Legal implications

- 18.1 There are no legal implications.

19.0 Equalities implications

19.1 There are no equalities implications.

20.0 Inclusive Growth Implications

20.1 There are no Inclusive Growth implications.

21.0 Geographical Area of Report's Implications

21.1 The report encompasses the West Midlands region.

22.0 Other Implications

22.1 There are no other implications

23.0 Appendices

- Appendix 1 – WMCA Consolidated Summary – January 2021
- Appendix 2 – WMCA Transport Revenue Summary - January 2021
- Appendix 3 – WMCA Operational Revenue Summary – January 2021
- Appendix 4 – WMCA Mayor Revenue Summary – January 2021
- Appendix 5 – WMCA Capital Transport Delivery Programme – January 2021
- Appendix 6 – WMCA Investment Programme Summary – December 2020
- Appendix 7 – WMCA Investment Programme Commitments – January 2021
- Appendix 8 – WMCA Balance Sheet – January 2021

Appendix 1

WMCA Consolidated Summary – January 2021

£000's	Year to Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Transport Levy	95,600	95,600	0	114,720	114,720	0
Commonwealth Games	999	1,678	(679)	1,492	2,157	(665)
Devolution Deal Grants	9,967	9,986	(19)	12,278	12,268	10
Adult Education Funding	107,500	113,106	(5,606)	123,990	128,534	(4,544)
Share of Business Rates	6,263	5,515	748	7,500	7,500	0
Constituent Membership	3,870	3,870	0	4,644	4,644	0
Non Constituent Members	354	354	0	425	425	0
Investment Programme	268	2,140	(1,872)	36,848	36,500	348
Investment Income	743	1,609	(866)	591	1,921	(1,330)
3rd Party / Other Grant Income	2,195	807	1,388	3,433	830	2,603
Use of Reserves	0	0	0	4,053	4,053	0
Total Funding	227,759	234,665	(6,906)	309,974	313,552	(3,578)
Transport for West Midlands	92,301	95,732	3,431	114,207	118,353	4,146
Commonwealth Games	999	1,684	685	1,492	2,157	665
Economy & Innovation	2,527	1,927	(600)	3,297	2,312	(985)
Environment, Energy & HS2	847	287	(560)	1,174	345	(829)
Housing and Land	1,311	2,101	790	1,430	2,521	1,091
Wellbeing	935	785	(150)	1,201	941	(260)
PSR & Social Economy	1,050	575	(475)	1,291	689	(602)
Culture and Digital	87	175	88	208	210	2
Productivity & Skills	115,003	120,550	5,547	134,097	137,715	3,618
Inclusive Communities	67	102	35	90	118	28
Business Support	2,889	2,679	(210)	2,624	3,229	605
Investment Programme	6,488	7,793	1,305	43,959	44,155	196
Mayoral Office	666	673	7	807	807	0
Total Expenditure	225,170	235,063	9,893	305,877	313,552	7,675
Net Expenditure	2,589	(398)	(2,987)	4,097	0	(4,097)
Transport	3,299	(138)	3,437	4,146	0	4,146
Delivery	(710)	(260)	(450)	(49)	0	(49)
Mayoral Office	0	0	0	0	0	0
Total Surplus / (Deficit)	2,589	(398)	2,987	4,097	0	4,097

The year to date position at the end of January shows a £2.987m favourable variance from budget.

This is made up of £3.437m within Transport as a result of lower patronage across ENCTS and Child concessions, additional government grants to fund subsidised bus, Metro, and the wider Transport system, 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 first lockdown.

This is offset by an adverse variance of £0.450m 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 programmes have had to be reassessed in light of the ongoing pandemic.

Appendix 2

Transport for West Midlands year to date revenue position – January 2021

Headlines
As at the end of January 2021 there is a £3.437m 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, and the drawdown of the Sales, Fees, and Charges (SFC) Grant to offset losses from the pandemic. As a result of the pandemic the Accessible Transport service provided by National Express has reduced, thus providing further savings. This has been partly 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

	JANUARY 2021 YEAR TO DATE			FULL YEAR 2020/21			VARIANCE EXPLANATION(S)
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000	
Specific resources:							
Transport Levy	95,600	95,600	0 0%	114,720	114,720	(0) 0%	●
Commonwealth Games	999	1,678	(680) 41%	1,492	2,157	(665) 31%	●
Use of Reserves			0 0%	3,633	3,633	0 0%	●
TOTAL INCOME	96,599	97,279	(680) 1%	119,845	120,510	(665) 1%	
Concessions							
National Bus Concession	40,218	41,364	1,147 3%	48,041	51,006	2,964 6%	●
Metro / Rail	3,687	3,699	13 0%	4,558	4,575	17 0%	●
Child Concession	5,003	6,081	1,078 18%	6,528	7,837	1,308 17%	●
Bus Services	48,907	51,145	2,238	59,128	63,417	4,289	
Bus Stations / Infrastructure	5,330	3,733	(1,598) 43%	6,429	4,542	(1,888) 42%	●
Subsidised Network	8,750	8,674	(76) 1%	10,325	10,409	84 1%	●
Accessible Transport	5,221	5,514	293 5%	6,090	6,617	527 8%	●
Rail and Metro Services	19,301	17,921	(1,380)	22,844	21,567	(1,277)	
Metro Services	1,518	1,493	(25) 2%	4,026	2,642	(1,384) 52%	●
Rail Services	2,232	2,304	72 3%	2,692	2,805	113 4%	●
Integration	3,750	3,797	47	6,718	5,447	(1,271)	
Safety and Security	737	1,026	289 28%	1,112	1,274	163 13%	●
Passenger Information	3,946	4,741	795 17%	4,996	5,729	732 13%	●
Sustainable Travel	395	468	73 16%	508	567	60 10%	●
Network Resilience	5,079	6,235	1,156	6,616	7,570	954	
Commonwealth Games	1,366	2,565	1,199	1,922	3,100	1,178	●
Business and Democratic Support	999	1,684	686	1,492	2,157	665	●
Strategic Development	2,937	3,018	81	3,670	3,764	94	●
Transport Governance	2,613	2,697	84	2,968	3,141	174	●
Capital Finance Charges	105	110	5	127	132	5	●
TOTAL EXPENDITURE	93,300	97,416	4,116	115,699	120,510	4,811	●
NET	3,299	(138)	3,437	4,146	(0)	4,146	

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. Partly offset by the drawdown of the SFC Grant. 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 at least 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 the forecasted increase in lifecycle costs, partly offset by the realignment of insurance payments following updates from the insurance broker.

Favourable variance driven by a reduction in maintenance costs, offsetting the reduction in park & ride income during the pandemic.

Driven by increased CCTV income alongside reduced maintenance costs.

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. Drawdown of the SFC Grant is contributing further to the favourable variance.

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.

As a result of staffing variations and reduced monitoring costs during the pandemic.

Appendix 3
West Midlands Combined Authority Delivery Budget – January 2021

FINANCIAL SUMMARY AS AT JANUARY 2021	JANUARY 2021 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	160	(160)	193	193	0	
Investment Interest Income (1)	787	1,472	(685)	980	1,766	(786)	(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	3,870	3,870	0	4,644	4,644	0	
Contribution - Non constituent members	354	354	0	425	425	0	
Use of Reserves	0	0	0	420	420	0	(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. Alignment of debt interest to the latest assumptions has also allowed savings to be released in the forecast.
Total Income	5,011	5,856	(845)	6,662	7,448	(786)	
Enabling Services Recharges to Portfolios (2)	(2,889)	(2,679)	(210)	(2,624)	(3,229)	605	
Total Expenditure	(2,889)	(2,679)	(210)	(2,624)	(3,229)	605	
Operational Income Net Total	2,122	3,177	(1,055)	4,038	4,219	(181)	
Economy & Innovation							
Other Industrial Strategy Income (1)	372	0	372	551	0	551	
Office of Data Analytics	107	214	(107)	145	257	(112)	(1) Additional income and offsetting expenditure as a result of a funding contribution from the Investment Programme to fund the West Midlands Innovation Programme.
DDCMS - Creative Scale Up	590	542	48	657	650	7	
MHCLG - Brexit Support Preparations (2)	144	0	144	224	0	224	(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.
Policy and Programme Development	0	0	0	35	0	35	
Create Central Projects (3)	172	0	172	226	0	226	(3) Grant secured from BFI to support, develop, and promote the region's film industry.
Total Income	1,385	756	629	1,838	907	931	
Funding For Growth	(583)	(583)	0	(700)	(700)	0	
Industrial Strategy (1)	(512)	(172)	(340)	(733)	(206)	(527)	
Office of Data Analytics	(107)	(214)	107	(145)	(257)	112	
DDCMS - Creative Scale Up	(590)	(542)	(48)	(657)	(650)	(7)	
Economic Intelligence	(165)	(200)	35	(240)	(240)	0	
MHCLG - Brexit Support Preparations (2)	(144)	0	(144)	(224)	0	(224)	
Policy and Programme Development	(254)	(216)	(38)	(372)	(259)	(113)	
Create Central Projects (3)	(172)	0	(172)	(226)	0	(226)	
Total Expenditure	(2,527)	(1,927)	(600)	(3,297)	(2,312)	(985)	
Economy & Innovation Net Total	(1,142)	(1,171)	29	(1,459)	(1,405)	(54)	
Environment & Energy, HS2							
Energy Capital	587	0	587	675	0	675	
Total Income	587	0	587	675	0	675	(1) Having initially been disrupted by Covid-19, work on the WM2041 project has entered the planning stage with activity expected to increase significantly in the latter part of the year.
Environment (1)	(260)	(287)	27	(499)	(345)	(154)	
Energy Capital	(587)	0	(587)	(675)	0	(675)	
Total Expenditure	(847)	(287)	(560)	(1,174)	(345)	(829)	
Environment & Energy, HS2 Net Total	(260)	(287)	27	(499)	(345)	(154)	
Housing and Land							
Director of Housing & Regeneration (1)	1,311	2,101	(790)	1,430	2,521	(1,091)	(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	1,311	2,101	(790)	1,430	2,521	(1,091)	
Director of Housing & Regeneration (1)	(1,311)	(2,101)	790	(1,430)	(2,521)	1,091	
Total Expenditure	(1,311)	(2,101)	790	(1,430)	(2,521)	1,091	
Housing and Land Net Total	0	0	0	0	0	0	
Wellbeing							
Other Mental Health Income	3	0	3	16	0	16	(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.
Well Being	81	26	55	111	31	80	
IPS Programme (1)	269	69	200	306	83	223	
Fiscal Incentive Programme (2)	201	88	113	218	105	113	(2) Increased drawdown of the grant as the project concludes, offset by the associated increase in expenditure.
Total Income	554	183	371	651	219	432	
Mental Health Commission (3)	(276)	(470)	194	(410)	(563)	153	(3) Driven by a number of planned workstreams and activities, such as the mental health awards and this is me campaign, not now going ahead due to Covid-19, along with staffing variations.
Well Being	(190)	(158)	(32)	(268)	(190)	(78)	
IPS Programme (1)	(269)	(69)	(200)	(306)	(83)	(223)	
Fiscal Incentive Programme (2)	(200)	(88)	(112)	(217)	(105)	(112)	
Total Expenditure	(935)	(785)	(150)	(1,201)	(941)	(260)	
Wellbeing Net Total	(381)	(602)	221	(550)	(722)	172	

FINANCIAL SUMMARY AS AT JANUARY 2021	JANUARY 2021 YEAR TO DATE			FULL YEAR 2020/21			
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000	
Public Service Reform & Social Economy							
Other PSR Income	24	33	(9)	32	40	(8)	
Homelessness (1)	539	33	506	628	39	589	(1) Additional grant has been awarded and is offset by an associated increase in expenditure.
Total Income	563	66	497	660	79	581	
Public Sector Reform	(477)	(493)	16	(628)	(591)	(37)	
Inclusive Growth	(34)	(49)	15	(35)	(59)	24	
Homelessness (1)	(539)	(33)	(506)	(628)	(39)	(589)	
Total Expenditure	(1,050)	(575)	(475)	(1,291)	(689)	(602)	
Public Service Reform & Social Economy Net Total	(487)	(509)	22	(631)	(610)	(21)	
Skills and Productivity							
Productivity and Skills (1)	79	0	79	164	0	164	(1) Additional funding secured for delivery of a Skills Advisory Panel.
Employment Support (2)	1,210	1,686	(476)	1,603	2,070	(467)	(2) Delivery plan revised in light of Covid-19, and reflected in forecast.
Technical Education	52	86	(34)	90	98	(8)	
Construction Skills (3)	1,241	994	247	1,786	1,576	210	(3) Construction Industry Training Board delivery increased in Q1 of this year, thus requiring additional grant drawdown.
Adult Education (4)	107,499	113,106	(5,607)	123,990	128,534	(4,544)	(4) Reduced delivery as a result of Covid-19 alongside delays in the commencement of new contracts with training providers.
Careers	39	76	(37)	48	61	(13)	
Digital Skills (5)	4,200	3,699	501	5,418	4,157	1,261	(5) Delivery plan revised in light of Covid-19, and reflected in the forecast.
Investment Programme (Skills)	275	312	(37)	348	410	(62)	
Total Income	114,595	119,959	(5,364)	133,447	136,906	(3,459)	
Productivity and Skills (1)	(487)	(591)	104	(814)	(809)	(5)	
Employment Support (2)	(1,210)	(1,686)	476	(1,603)	(2,070)	467	
Technical Education	(52)	(86)	34	(90)	(98)	8	
Construction Skills (3)	(1,241)	(994)	(247)	(1,786)	(1,576)	(210)	
Adult Education (4)	(107,499)	(113,106)	5,607	(123,990)	(128,534)	4,544	
Careers	(39)	(76)	37	(48)	(61)	13	
Digital Skills (5)	(4,200)	(3,699)	(501)	(5,418)	(4,157)	(1,261)	
Investment Programme (Skills)	(275)	(312)	37	(348)	(410)	62	
Total Expenditure	(115,003)	(120,550)	5,547	(134,097)	(137,715)	3,618	
Skills and Productivity Net Total	(408)	(591)	183	(650)	(809)	159	
Culture and Digital							
Total Income	0	0	0	0	0	0	
Culture & Tourism Commission	(87)	(92)	5	(129)	(110)	(19)	(1) Planned activities have been heavily impacted by Covid-19.
Digital (1)	0	(83)	83	(79)	(100)	21	
Total Expenditure	(87)	(175)	88	(208)	(210)	2	
Culture and Digital Net Total	(87)	(175)	88	(208)	(210)	2	
Inclusive Communities							
Total Income	0	0	0	0	0	0	
Youth Combined Authority (1)	(67)	(102)	35	(90)	(118)	28	(1) Additional planned work within portfolio won't now happen.
Total Expenditure	(67)	(102)	35	(90)	(118)	28	
Inclusive Communities Net Total	(67)	(102)	35	(90)	(118)	28	
Delivery Net Income / Expenditure Total	(710)	(260)	(450)	(49)	0	(49)	

Appendix 4

West Midlands Combined Authority Mayoral Budget – January 2021

	JANUARY 2021 YEAR TO DATE				FULL YEAR 2020/21			
	ACTUAL £000	BUDGET £000	VARIANCE £000		FORECAST £000	BUDGET £000	VARIANCE £000	
MAYORAL OFFICE								
Other Grants	666	673	(7)	1%	807	807	0	0%
TOTAL INCOME	666	673	(7)	1%	807	807	0	0%
Staff Costs	(631)	(627)	(4)	1%	(769)	(753)	(16)	2%
IT	(9)	(9)	0	0%	(11)	(10)	(1)	10%
External Advice	(20)	0	(20)	0%	(30)	0	(30)	0%
Travel & Subsistence	(1)	(35)	34	97%	(12)	(42)	30	71%
Other	(5)	(2)	(3)	150%	15	(2)	17	850%
TOTAL EXPENDITURE	(666)	(673)	7	1%	(807)	(807)	0	0%

Appendix 5

West Midlands Combined Authority Transport Delivery Capital Programme – January 2021

	YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Metro	67,798	105,230	37,432	89,465	129,230	39,765
Rail	4,844	10,457	5,613	8,061	13,338	5,277
Sprint	1,194	4,322	3,128	1,832	4,322	2,490
TRANSPORT - INVESTMENT PROGRAMME	73,836	120,009	46,173	99,358	146,890	47,532

ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of January 2021, actual expenditure was £46.173m 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 £16.573m 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 £9.503m Utilities works relating to HS2 diversions have not commenced as forecast due to the final sign-off on the development agreement with HS being rescheduled, this has now been completed. The HS2 spend profile has been re-phased as a result and billing is expected to catch up in the next few months as work commences.

SPRINT - Hagley Road £3.055m 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 at Budget.

Rail Package 1 Walsall to Wolverhampton Local Enhancements £2.805m Darlaston and Willenhall Land Costs £2.25m re-phased to April 2021 and Network Rail Industry and Risk fees of £0.85m have now been forecast in March 2021. These are offset by £0.3m spend on Design Works.

Rail Package 2 Camp Hill Line Local Enhancements £2.654m Hazelwell land costs of £0.7m initially expected in August 2020 are now expected in March 2021 and Moseley land costs of £0.6m initially expected in November 2020 are now expected in December 2021. Network Rail Industry and Risk Fees of £0.85m were projected for Oct 2020 have now been retimed to next financial year - estimate Aug 2021.

Metro Network - Comms & Control £2.27m 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 £15.166m 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.

Metro Birmingham Eastside £12.254m The variance is predominately due to the rephase of HS2 utilities works due to delays in signing the Development Agreement, which has now been completed. This rescheduling will not impact on the overall project budget or schedule. In addition, the cost associated with the Tram procurement has been reallocated between BEE and WBHE.

Rail Package 2 Camp Hill Line Local Enhancements £3.083m JV costs accounting for £2.31m of the underspend have been re-forecasted later in the year.

Sprint - Hagley Road £2.452m Due to ongoing review of design with Birmingham City Council TC2 has been retimed.

Metro Wolverhampton City Centre Extension £2.448m It is anticipated that phase 4 work will now commence in March 2021 due to the ongoing negotiations with the land owners and delays with Wolverhampton Train Station.

Metro Network Enhancements – Wednesbury Depot Upgrades £2.307m This is mostly due to rephasing caused by Covid-19 restrictions. However, Stage 4 of the programme has been approved.

	YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Highway	2,714	7,519	4,805	4,036	12,895	8,859
Other	25	53	28	53	53	0
Rail	11,372	15,805	4,433	20,009	22,001	1,992
Sprint	12,633	35,796	23,163	20,922	50,302	29,380
TRANSPORT - COMMONWEALTH GAMES	26,744	59,173	32,429	45,020	85,251	40,231

ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of January 2021, actual expenditure was £32.429m lower than budget. The main variances are as follows:

SPRINT-A45 Birmingham to Airport & Solihull £13.529m 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. A cost programme was submitted in October 2020, which was formally approved by the Sprint team with works due to accelerate between January and March 2021 and continue into 21/22.

SPRINT-A34 Walsall to Birmingham £9.564m The largest variance YTD is against the Utilities budget line due to retimed utility diversion costs as a result of Covid-19. The Construction budget line including ECI is also underspent compared to Budget, however ECI works are now continuing on a 'rolling programme' basis. Tendering of the physical construction contract is in progress with contracts and work due to commence into 2021/22.

RTCC-Highway Interventions £2.619m As a result of retimed funding agreements, activity has been moved into 2021/22.

University Station Improvement Project £2.535m Network Rail Industry and Risk Fees of £0.925m were projected for June 2020 however these costs will now be incurred in the final quarter of this financial year and YTD physical construction estimates are lower than anticipated.

Perry Barr Rail Station £1.725m 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 retimed.

FORECAST V BUDGET VARIANCE COMMENTARY

SPRINT-A45 Birmingham to Airport & Solihull £17.404m Utilities works were due for completion in September 2020 but have been retimed due to Covid-19 and are now anticipated to be completed by the end of March 2021. A contractor has now been formally approved with construction due to commence on conclusion of the utility work.

SPRINT-A34 Walsall to Birmingham £11.975m As above, utility work was retimed due to the ongoing impact of the Covid-19 pandemic, and is now due for completion by March 2021. Physical construction will now commence in 21/22.

RTCC - Highways Interventions £6.653m The initial speed of work has not been possible due to Covid-19 restrictions and legal agreement sign offs.

	YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Bus	1,345	2,904	1,559	1,963	3,768	1,805
Highway	387	5,288	4,901	849	5,654	4,805
Other	8,903	12,073	3,170	11,997	14,794	2,797
Rail	575	962	387	662	962	300
TRANSPORT - OTHER MAJOR PROGRAMMES	11,210	21,227	10,017	15,471	25,178	9,707

ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of January 2021, actual expenditure was £10.017m below the budget . The main variances are as follows:

A435 Alcester Road Bus priority revitalisation £2.495m The final business case was originally due to be approved in May 2020 but was retimed due to Covid-19, and is now subject to review by Birmingham City Council.

Key Route Network Safety £1.157m Covid-19 has caused a retimed signing off of funding agreements and thus programme delivery.

Future Mobility Zone – Innovation Showcases £0.766m Expected project support costs have not materialised due to the Covid-19 lockdown which are causing rephasing of the programme delivery.

Clean Bus Technology Fund £0.697m Covid-19 has slowed down the delivery of this programme due to social distancing requirements, however the scheme is still on track to be delivered on time.

5G £0.644m As many other projects, this programme has not incurred expected costs due to rephasing caused by the Covid-19 pandemic. The works schedule is currently being reviewed.

NPIF 2 Birmingham Growth Point £0.634m QE works due to complete in January 2021 are now due to complete early in the next financial year due to the Covid-19 restrictions.

FORECAST V BUDGET VARIANCE COMMENTARY

A35 Alcester Road Bus Priority Revitalisation £2.579m Revised plans were submitted to Birmingham City Council in October 2020, therefore the utility works earmarked for Q2 will now commence in Q4, with the majority of the follow on construction retimed into 21/22.

Key Route Network Safety £0.932m Retimed sign off of the legal agreement with Wolverhampton City Council has caused works to be retimed into 2021/22.

	YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Minor Work Programme	4,744	8,672	3,928	7,439	11,629	4,190
TRANSPORT - MINOR WORKS	4,744	8,672	3,928	7,439	11,629	4,190

ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of January 2021, actual expenditure was £3.928m below budget.

Real Time Information Upgrades £1.092m Tender for this project has not yet been awarded due to ongoing discussion of cost classifications and therefore monies budgeted have not yet been spent.

ADEPT Live Lab £0.641m Due to the impact of Covid-19, anticipated costs have not materialised, and timing of work has now been rephased.

Better Streets Community Fund £0.625m Timing of signing off legal agreements retimed due to Covid-19, which has led to work being rephased during the year.

Asset Management Programme £0.554m Covid-19 restrictions led to rephasing of work during the year, work will commence in the final quarter of this financial year.

FORECAST V BUDGET VARIANCE COMMENTARY

Real Time Information Upgrades £1.21m This is due to the retiming of work as detailed above however works are expected to commence during March 2021.

Better Street Community Fund £0.65m This reflects the revised spend profiles received from Constituent Authorities.

West Midlands Combined Authority Transport Capital Programme Grants to Local Authorities – January 2021

	YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Grants to Local Authorities	398	7,609	7,211	2,397	8,209	5,812
Total Grants to Local Authorities	398	7,609	7,211	2,397	8,209	5,812

ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of January 2021, actual expenditure was £7.211m below budget, the variances to budget are as follows:

B4106 Spon End (Coventry CC) £3.936m Retimed legal agreements with Coventry Council have now been completed. Coventry Council's claim to the end of September 2020 has also been received and payment is due imminently.

New St/High St/Victoria Sq./Public Realm (Birmingham CC) £3.275m There has been a retiming of work whilst assigning a design consultant to the project to complete the full business case.

FORECAST V BUDGET VARIANCE COMMENTARY

B4106 Spon End (Coventry CC) £4.225m Retiming in signing off of legal agreements and providing monitoring information has resulted in work rolling over into 2021/22.

New St/High St/Victoria Sq. /Public Realm (Birmingham CC) £1.587m Work to procure a contractor and complete detailed design is due to complete in May 2021 with physical work to commence around June 2021.

West Midlands Combined Authority Capital Programme Investment Programme Grants to Local Authorities – January 2021

	YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Investment Programme (Grants to Local Authorities)	51,867	97,947	46,080	83,417	172,840	89,423
Total Investment Programme Grants to Local Authorities	51,867	97,947	46,080	83,417	172,840	89,423

ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of January 2021, actual expenditure was £46.08m below budget. The main variances are as follows:

UK Central HS2 Interchange £14.259m 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.

Coventry Station Masterplan £8.455m The Coventry station plan is funded by several sources. The retiming of construction and ancillary work due to Covid-19 has meant that the WMCA funding has not yet been drawn down as expected.

Coventry City of Culture £8.335m This project is made up of 17 work streams, the largest variance of £1.7m is on the Greyfriar Lane extension. Covid-19 social distancing and other restrictions have meant that although construction work has resumed, the volume is much reduced compared to Budget.

Very Light Rail £5.18m 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 been prepared for the remainder of the year.

FORECAST V BUDGET VARIANCE COMMENTARY

UK Central HS2 Interchange £53.569m Retiming of business case submission by the Urban Growth Committee has resulted in work and hence WMCA drawdown of funding to be reprofiled into 2021/22. During 2020/21, UGC have applied for funding for the following projects: Automated People Mover Route Realignment, Hub Movement and Connectivity and Arden Cross Multi-Storey Car Park.

Coventry Station Masterplan £11.15m The Covid-19 lockdown restrictions caused reprofiling of work and hence expected drawdown of WMCA funding. Costs incurred up to August 2020 were funded from the LA Growth Deal and Prudential Borrowing rather than WMCA IP funding.

Coventry City of Culture £6.581m Covid-19 restrictions led to construction being rephased. The largest individual variances relate to the Greyfriar Lane extension (£1.7m), Public Realm Refresh (£1m) and Pool Meadow/White Street (£0.7m).

Very Light Rail £5.933m Rephasing of construction work due to Covid-19 will result in reduced costs for the full year.

West Midlands Combined Authority Housing Capital Programme – January 2021

	YEAR TO DATE			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Housing	9,413	41,165	31,752	24,016	55,096	31,080
Total Housing	9,413	41,165	31,752	24,016	55,096	31,080

ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of January 2021, actual expenditure was £31.752m below budget. The main variances are as follows:

Black Country Land and Property Investment Fund LPIF £22.766m The final agreements and planning application for the Phoenix 10 project were initially expected in Apr-20, however this was retimed due to Covid-19. Work is now scheduled to commence in April 2021.

Brownfield Land and Property fund BLPDF £5.466m The main projects include Commonwealth Games (£3.6m), Redsun (£0.5m) and Hawks Green (£0.3m).

FORECAST V BUDGET VARIANCE COMMENTARY

Black Country Land and Property Investment Fund (LPIF) £28.761m 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. 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.

Brownfield Land and Property Development Fund (BLPDF) £3.41m As above, the driving factor of this variance is the Commonwealth Games project, hence discussions with Birmingham City Council are ongoing.

Appendix 6
 WMCA Investment Programme Financial Summary period ending 31st December 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	42,737	82,746	40,010	113,191	81,187	32,005	61,277	81,187	568,827	711,290	704,851	(6,439)
SPRINT PROGRAMME	12,002	35,170	23,168	54,302	28,523	25,779	12,287	28,523	293,444	334,254	334,515	260
RAIL PROGRAMME	4,209	9,708	5,499	13,238	6,956	6,282	8,050	6,956	245,013	260,019	213,015	(47,004)
METRO PROGRAMME	59,421	89,094	29,673	123,634	94,577	29,057	275,784	94,577	1,293,929	1,664,290	1,664,639	349
UK CENTRAL INFRASTRUCTURE PACKAGE	7,521	88,338	80,817	117,784	23,262	94,522	18,299	23,262	1,360,972	1,402,534	1,386,688	(15,846)
UK CENTRAL HS2 INTERCHANGE	8,106	45,440	37,334	74,870	21,961	52,909	17,396	21,961	490,666	530,023	529,563	(461)
CURZON STREET STATION MASTERPLAN	3,674	3,877	203	5,169	4,899	270	7,059	4,899	541,890	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	137,670	354,372	216,703	502,188	261,365	240,824	436,975	261,365	5,133,472	5,831,812	5,762,671	(69,141)
COVENTRY CITY CENTRE SOUTH REGENERATION	4,093	13,268	9,174	19,864	12,759	7,104	27,854	12,759	288,312	328,925	342,938	14,013
INNOVATION PROGRAMME	7,651	10,970	3,319	14,601	12,424	2,177	11,703	12,424	170,873	195,000	195,000	-
LAND RECLAMATION AND REMEDIATION	3,270	34,924	31,654	49,727	5,883	43,844	36,708	5,883	157,409	200,000	200,000	-
COMMONWEALTH GAMES 2022	14,772	28,082	13,310	37,442	38,442	(1,000)	-	38,442	34,092	72,534	72,534	-
EMPLOYMENT, EDUCATION & SKILLS	262	333	71	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	13,560	32,388	18,828	54,307	23,625	30,682	43,949	23,625	932,426	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	43,609	119,965	76,356	176,384	94,532	81,853	120,496	94,532	2,944,331	3,159,359	3,149,472	(9,887)
GRAND TOTAL	181,279	474,337	293,058	678,573	355,896	322,676	557,472	355,896	8,077,803	8,991,171	8,912,143	(79,028)

Appendix 6 (Continued)

WMCA Investment Programme Financial Commentary for the period ending 31st December 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 £293.1 million compared with the 2020/21 programme baseline primarily comprises:

*Coventry UKC Plus variance of £40.0 million, including Coventry Station Masterplan (£9.4 million) and Coventry City of Culture Regeneration (£10.3 million);

*UK Central Infrastructure Package variance of £80.8 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);

*UK Central HS2 Interchange programme variance of £37.3 million; and

*Land reclamation and remediation variance of £31.65 million, for which expenditure has been reprofiled.

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 January 2021

£m	Total Expected Approvals	Approved Commitments	Actual Spend
UK Central HS2 Interchange	398.0	65.4	24.6
UK Central Infrastructure Package	288.0	34.2	15.4
Sprint Programme	217.4	47.0	11.3
Rail Programme	160.1	33.0	12.1
Metro Programme	119.8	119.8	90.6
Coventry Station Masterplan (CSMP)	39.4	39.4	9.3
Coventry City of Culture Trust (2021)	4.0	4.0	2.5
Coventry UKC Plus - Very Light Rail: 'Transforming Connectivity'	55.0	12.2	8.5
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	14.9
SUB TOTAL HS2 GROWTH STRATEGY	1,574.4	497.3	189.7
Coventry City Centre South Regeneration	150.0	150.0	15.6
Innovation Programme	50.0	16.1	6.6
Land Reclamation and Remediation	200.0	103.0	40.0
Commonwealth Games 2022	25.0	25.0	0.0
Employment, Education & Skills	20.0	1.3	0.5
Tourism, Trade and Investment Programme	2.6	2.6	0.0
OTHER INVESTMENT PROGRAMME	447.6	298.0	62.8
TOTAL	2,022.0	795.3	252.5

Appendix 8

WMCA Balance Sheet as at 31 January 2021

	31 January 2021 £'000	31 December 2020 £'000	Movement £'000
Property, plant and equipment	475,077	470,070	5,007
Investments	19,525	19,832	(307)
Loan Receivables	18,000	18,000	-
Long-term assets	512,602	507,902	4,700
Debtors	55,697	56,918	(1,221)
Short-term deposits	218,040	200,200	17,840
Cash and bank	562	612	(50)
Current assets	274,299	257,730	16,569
Loans - interest due	(1,281)	(956)	(325)
Short-term creditors/accruals	(94,402)	(85,005)	(9,397)
Current liabilities	(95,683)	(85,961)	(9,722)
Net current assets	178,617	171,770	6,847
Provisions	(2,741)	(2,741)	-
PWLB	(108,431)	(108,583)	152
Other loans - Barclays	(10,000)	(10,000)	-
Dudley MBC	(6,427)	(6,427)	-
Grants receipts in advance	(295,357)	(269,577)	(25,780)
Long-term liabilities	(422,956)	(397,328)	(25,628)
Net assets	268,263	282,344	(14,081)
General fund balance	4,890	4,347	543
Earmarked reserves	209,268	218,632	(9,364)
Capital grants unapplied reserve	1,841	1,841	0
Usable reserves	215,999	224,820	(8,821)
Revaluation reserve	6,515	6,517	(2)
Deferred capital grants account	483,440	478,433	5,007
Capital financing account	(437,195)	(426,930)	(10,265)
Accumulated absences account	(496)	(496)	-
Unusable reserves	52,264	57,524	(5,260)
Total reserves	268,263	282,344	(14,081)

The WMCA Balance Sheet reflects a healthy financial position. Main changes since December reflect TfWM capital spend and work-in-progress funded mainly by grants in advance, resulting in an increase of £5.0m net of depreciation in property, plant and equipment.

The increase in short-term deposits and cash and bank is largely due to the receipt of the Land Fund grant offset by the payments in respect of Adult Education Budget, Investment Programme and Metro extension schemes. Correspondingly, the Land Fund grant contributed to the increase in grants receipts in advance whilst Adult Education Budget payments contributed to the decrease in earmarked reserves.

Short-term creditors/accruals have increased mainly due to accelerated spending on Coventry UKC Plus and Coventry City Centre regeneration as physical construction on these capital projects gain momentum.