

## WMCA Board

<b>Date</b>	25 June 2021
<b>Report title</b>	Financial Monitoring Report 2021/22
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<b>This report has been considered by</b>	WMCA Senior Leadership Team 2 June 2021

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

#### WMCA Board is recommended to:

- (1) Note the draft outturn position for the financial year ending 31 March 2021, which is subject to external audit review, Sections 2 and 3 refer.
- (2) Approve the final Revenue and Capital Budgets for 2021/22, Sections 8 and 10 refer.
- (3) Note the update on Covid Bus Services Support Grant and Light Rail Revenue Restart Grant, Section 9 refers.
- (4) Note the update on the Investment Programme including the successful completion of the HMT Gateway Review and the progression of schemes through the WMCA Assurance Framework to allocate the remaining headroom of £15.4m, Section 6 refers.
- (5) Note the initial Medium Term Financial Plan for 2022/23 to 2026/27 and the proposed next steps, Section 11 refers.
- (6) Note the use of £0.8m of Investment Programme Transport allocation to support Metro capital costs. Section 7 refers.
- (7) Note the Treasury Management Out-turn position for 2020/21, Section 12 refers,

## **1.0 Purpose**

- 1.1 To provide updates on the Combined Authority's finances as at the end of March 2021 (including the financial implications of Covid-19), which is now subject to external audit review.
- 1.2 To provide an update on the latest position for the current financial year
- 1.3 To provide an update on the ongoing refresh of the Combined Authority's Medium Term Financial Plan (MTFP).
- 1.4 To report the final 2022/21 position against all WMCA Treasury activity in line with CIPFA code best practice requirements.

## **2.0 Provisional Year End Position – Revenue Budget**

- 2.1 Appendix 1 contains the overall consolidated revenue position for the West Midlands Combined Authority as at 31 March 2021 and shows that WMCA finished the year £0.046m better than budget with no material variances to report. An overall saving of £0.199m at the Quarter 3 forecast was previously reported; this being a variance to forecast of only £0.153m indicating that despite the challenge of the previous 12 months, the out-turn was in line with estimates following close financial management and action during the year.
- 2.2 In order to balance the 2021/22 budget, WMCA was required to achieve savings of £3.9m in 2020/21. The position above is inclusive of those savings and the £3.9m has been carried forward for use in 2021/22 as intended.
- 2.3 It should be noted that the final outturn position set out in this report is subject to external audit which commenced in early June 2021 with the audit findings to be reported to Audit, Risk and Assurance Committee at the earliest opportunity when the Committee will also approve the final audited accounts.
- 2.4 Appendices 2 to 4 present the detailed summaries for Transport, the WMCA delivery budget and the Mayoral office respectively.

## **3.0 Provisional Year End Position - Capital Programme**

- 3.1 Appendix 5 sets out the position on the Capital Programme as at the end of March 2021. Actual costs totalled £236.0m, resulting in a favourable variance of £269.3m against a budget of £505.3m and £40.8m less than the previously reported annual forecast of £276.8m.
- 3.2 The most material variance against budget for the year is contained primarily within Transport (£128m), Grants to Local Authorities within the Investment Programme (£104.8m) and Commonwealth Games Programme (£50m).
- 3.3 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 March, actual costs totalled £92.5m, which was £54.4m below the budget of £146.9m. The main variances at the year-end were contained within the Metro Programme totalling £43.2m. A full explanation of all material variances is included in Appendix 5.

#### 4.0 Provisional Year End Position - Investment Programme

4.1 The provisional 2021/22 financial results for the Investment Programme are shown at Appendix 9 reporting the gross delivery totals for programmes delivered by both WMCA and other entities (being primarily local authorities). This details a provisional total spend of £320.8m which is £357.8m lower than budget for the year, mostly as a result of the disruption the pandemic's effects on the delivery of major infrastructure schemes. Scheme specific variance explanations are included on Appendix 9.

#### 5.0 Provisional Year End Position - WMCA Balance Sheet

5.1 Appendix 11 presents the West Midlands Combined Authority Balance Sheet which shows a healthy financial position as at 31 March 2021.

5.2 The increase in short-term deposits and cash and bank is largely due to the receipt of the DfT All-Electric Bus Town or City (AEBT) grant offset by the payments in respect of Adult Education Budget, Investment Programme and Metro extension schemes. Correspondingly, the AEBT grant contributed to the increase in grants receipts in advance whilst Adult Education Budget and Investment Programme payments contributed to the decrease in earmarked reserves.

5.3 Accelerated spending on Coventry UKC Plus and Coventry City Centre Regeneration as these projects gain momentum and claims received for the Brownfield Land & Property Development Fund (BLPDF) were the main contributors to the increase in short-term creditors/accruals.

#### 5.4 WMCA Earmarked Reserves as at 31 March 2021

£m	Investment Programme	Revenue Grants	General Earmarked Reserves	Budget Support 2021/22	Total
1 April 2020 Opening Balance	101,125	18,795	26,639	0	146,559
Transfer between reserves					0
Movement in the year	13,450	9,307	2,981	11,400	37,137
<b>31 March 2021 Closing Balance</b>	<b>114,575</b>	<b>28,102</b>	<b>29,619</b>	<b>11,400</b>	<b>183,696</b>

8.5 Expenditure plans exist for all the above funds.

8.6 The final General Fund Balance reflects the surplus in year as follows:

#### WMCA General Fund Balance as at 31 March 2021

£m	Total
1 April 2020 Opening Balance	2.30
Surplus in year	0.05
<b>31 March 2021 Closing Balance</b>	<b>2.35</b>

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

## **6.0 Investment Programme Commitments & Gateway Update**

- 6.1 Appendix 10 details approved funding from the WMCA Investment Programme, which totalled £834.9m as at 31st March 2021 (£795.3m as at 28th February 2021) and takes into account the commitments agreed in March by WMCA Board following the extension of the affordable limit to £871m. Whilst no further commitments have been made since this point, business cases for both the Wolverhampton CoW Tech (which has a WMCA funding requirement of £7.75m) and Co-invest proposals are progressing through the WMCA Assurance Framework. The CoW Tech proposal will be presented to Investment Board on 29 June 2021, with a Final Business Case due to be presented to WMCA Board on 23 July 2021. The co-invest proposal is undergoing initial assurance reviews and will be presented to WMCA Board in due course. It should be noted, there remains £15.5m of Investment Programme funding which is currently unallocated; this has been provisionally ringfenced for such regional recovery priorities.
- 6.2 The 2016 Investment Programme 30 year Gainshare Grant from Government is subject to a HM Treasury Gateway review every five years, with March 2021 marking the end of the first five year period. During 2020/21, SQW were commissioned by Government to review a selection of projects within the Investment Programme. The feedback from the review reflected well on the region's governance arrangements and progress to date and in May 2021, WMCA received the sixth instalment of the gainshare grant, indicating that WMCA have successfully passed the first gateway review period.
- 6.3 The passing of the first gateway period now guarantees £36.5m payment to WMCA for the five years until the next HM Treasury Gateway review in 2026. Securing this income for the Investment Programme reduces the exposure and risk to all Constituent Local Authorities who ultimately underwrite the Investment Programme. This is particularly important as the full 30 year gainshare has already been committed to projects which are key to whole WMCA region.

## **7.0 Use of Investment Programme Funds – Capital Pressures**

- 7.1 At its meeting on 19 March 2021, WMCA Board agreed to increase the Investment Programme affordable limit by £70m. Of this £70m, £5m was ring-fenced for Capital pressures emerging due to Covid-19 related construction risks. It was agreed that any use of this £5m would be subject to WMCA standard governance and approval processes.
- 7.2 For noting therefore, £0.8m of these funds have now required to be used to fund increased costs under public service agreement to reimburse Midland Metro Limited for the costs of bringing additional lines into use for both the Centenary Square and Wolverhampton extensions. The rephasing of work schedules due to Covid-19 has led to additional costs being incurred in order for the work to be completed in line with required delivery schedules. As such, use of Investment Programme funds is deemed the most appropriate route to mitigate the additional costs.

## **8.0 2021/22 Revenue Budget Finalisation**

- 8.1 The 2021/22 Revenue Budget was approved by WMCA Board on 12 February 2021. The final budget is set out below.

	Total	Transport	Delivery Portfolios	Investment Programme	Mayors Office
	£m	£m	£m	£m	£m
Transport Levy	114.7	114.7	-	-	-
Devolution Deal Grant (IP)	36.5	-	-	36.5	-
Devolution Deal Grants - Other	9.1	-	8.4	-	0.8
Adult Education Funding	142.7	-	142.7	-	-
Share of Business Rates	9.0	-	-	9.0	-
Grants from Constituent Members	4.6	-	4.6	-	-
Grants from Non Constituent Members	0.4	-	0.4	-	-
Investment Income	0.9	-	0.8	0.1	-
Third Party Income	0.2	-	0.2	-	-
Commonwealth Games	5.4	5.4	-	-	-
Use of Reserves	9.5	4.7	1.2	-	3.6
<b>Total Income</b>	<b>333.1</b>	<b>124.8</b>	<b>158.3</b>	<b>45.6</b>	<b>4.4</b>
Transport Delivery	119.4	119.4	-	-	-
Commonwealth Games	5.4	5.4	-	-	-
Delivery Programmes	158.3	-	158.3	-	-
Investment Programme	45.6	-	-	45.6	-
Mayoral Office	0.8	-	-	-	0.8
Mayoral Election	3.6	-	-	-	3.6
<b>Total Expenditure</b>	<b>333.1</b>	<b>124.8</b>	<b>158.3</b>	<b>45.6</b>	<b>4.4</b>
<b>Net Expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

8.2 It was noted at February board that the Adult Education Budget (AEB) which is devolved to WMCA had not yet been confirmed. The AEB grant sum was confirmed in April 2021 and the confirmation represents an uplift of £13m on the AEB budget reported to board in February 2021. The increase largely relates to the ring fenced funding of £9.2m received for the provision of Level 3 adult offer to support the Governments 'Lifetime skills guarantee' which help adults without an existing full Level 3 qualification or above by providing a free fully funded Level 3 qualification to learners aged 24 and over. The 2021/22 grant analysis is shown below:

£M	2021/22 Grant		Total Grant 2021/22
	Q1-Q2	Q3-Q4	
Devolved AEB Grant	49.007	82.373	131.379
Additional Devolved AEB (Plan for Jobs)	1.971	0	1.971
Uplift for 19-23 Year Olds	0.049	0.148	0.197
Level 3 Adult Offer Funding	2.268	6.884	9.195
<b>Total</b>	<b>53.294</b>	<b>89.404</b>	<b>142.698</b>

8.3 In addition to the AEB amendment above, use of reserves approved in the February budget for 2021/22 have now been confirmed as per the table below. Note there is an additional £4.4m compared to the value detailed in the February 2021 Budget Report to WMCA Board. This is required to fund the 2021/22 Mayoral Election given that there has been no new funding confirmed by government and also the TfWM Bike Share project. The application of bike share reserves is consistent with the financial provisions approved by WMCA Board for the Bike Share project in July 2020 and is offset by a corresponding increase in expenditure as the project is rolled out. The application of reserves for the Mayoral election is consistent with the proposal within the WMCA budget report of

February 2021 where it was stated that in the event Government do not provide the funding for the election, reserves created from WMCA's share of Business Rates would need to be applied. WMCA will continue to lobby Government as a collective with other Mayoral Combined Authorities to maximise opportunities to realise election funding.

	<b>Total</b>
	<b>£m</b>
Funding for the overall TfWM 2021/22 budget	3.9
Funding for the Mayoral Election 2021/22 budget	3.6
Funding for the Delivery Portfolio 2021/22 budgets	1.2
Funding for the TfWM Bike Share project	0.8
<b>Total</b>	<b>9.5</b>

- 8.4 WMCA have a modest amount of funding in reserve carried over from 2020/21 to meet emerging cost pressures in the delivery budgets. Allocation of this funding is currently being considered in the context of the WMCA priorities in the early stages of the new Mayoral term and the direction of the emerging Corporate Strategy. Full details are expected to be presented and approved at the WMCA Board meeting in July 2021.
- 8.5 At this early stage no changes in the 21/22 financial year outturn against budget are anticipated. July Board will receive the first verbal update on the emerging financial position.
- 8.6 The 2021/22 Revenue Budget was set acknowledging the Authority is carrying financial risk associated with the impact of the Covid pandemic on public transport in particular the bus network and ongoing losses in light rail revenue. An update is provided in Section 9 below and more details on the assessment of the risk will be provided in the July report to Board once HMG position becomes clearer.
- 9.0 Update Covid Bus Services Support Grant and Light Rail Revenue Restart Grant**
- 9.1 It was announced on 14<sup>th</sup> June 2021 that the final stage of lifting Government Covid restrictions would be delayed to no earlier than 19<sup>th</sup> July 2021. At the time of writing, no updates have been provided by DfT regarding any change in the support currently being provided to the public transport network across the UK. This update therefore reflects the best information available currently. It is however noted that any delay to lifting of restrictions continues to put transport providers under financial pressure. It is also noted that Birmingham is currently subject to additional Government guidance recommending against all but essential travel.
- 9.2 The Covid Bus Services Support Grant (CBSSG) was set up to support commercial bus operators in England in recognition of the impacts of Covid-19 on their revenue due to reduced patronage. Payments aim to ensure that operators can provide service levels of up to 100% of pre-Covid-19 levels without the operator making a profit or loss.
- 9.3 It was announced in August 2020 that CBSSG would be extended until Government guidelines on social distancing are fully relaxed. At the time of writing, that is believed to be 19<sup>th</sup> July 2021. CBSSG will continue for an eight week notice period following this date, and so WMCA would expect to be able to apply for funding up to and including week commencing 13<sup>th</sup> September 2021.
- 9.4 Whilst no specific funding for commercial bus operators has been confirmed once CBSSG is withdrawn, as part of their 'Bus Back Better' strategy document, DfT stated that they will continue to support the sector. However, any funding will be discretionary and part of the overall £3bn national funding envelope that has been defined. Having given notice to form

an Enhanced Partnership (as approved by WMCA Board on 28<sup>th</sup> June 2019), WMCA expect to be eligible for any funding announced as part of the 'Bus Back Better' strategy thus potentially mitigating the risk on the bus network and impact on provision of subsidised bus services.. A further update will be communicated at 23<sup>rd</sup> July 2021 WMCA Board Meeting.

- 9.5 The Light Rail Revenue Restart Grant (LRRRG) was set up to support Tram and Metro services across England due to the impact of Covid-19 on their revenue. The most recent tranche of funding was announced on 20<sup>th</sup> March 2021 and covered the first 11 weeks of the financial year and so is due to end 21<sup>st</sup> June 2021.
- 9.6 At the time of writing, no further funding past 21<sup>st</sup> June has been announced however this still under review by DfT, with a decision expected mid-June 2021. A verbal update will be provided at the WMCA Board Meeting on 25<sup>th</sup> June 2021 should any new information be available and certainly an update will be included within the July financial report to Board.

## 10.0 2021/22 Capital Budget Finalisation

- 10.1 In February 2021 the draft Capital Programme was reported to board. The nature of project accounting means that Annual project budgets are influenced by the value of spend in preceding years and as such, there is a requirement to finalise out-turn numbers before setting the Annual estimated Capital expenditure budget for the subsequent year. This report now establishes the annual budget base-line against which in year performance will be measured for the 21/22 financial year. All schemes and projects are however also governed, assured and monitored on whole life estimates.
- 10.2 The final West Midlands Combined Authority Capital Programme is summarised in the table below and set out in further detail within Appendices 6 to 8. The table below summarises the planned capital investment between 2021/22 and 2025/26.

WMCA CAPITAL PROGRAMME (£M)		Appendix	2021 / 2022	2022 / 2023	2023 / 2024	2024 / 2025	2025 / 2026	TOTAL
Expenditure	TfWM Expenditure	6	394.5	446.8	254.3	116.6	48.2	1,260.4
	Housing and Regeneration Expenditure	7	58.6	73.2	79.3	51.0	38.4	300.5
	Other Programmes		2.9	1.4	-	-	-	4.3
	Investment Programme Grants to Local Authorities	8	114.3	133.6	225.8	145.0	202.6	821.3
<b>TOTAL EXPENDITURE</b>			<b>570.3</b>	<b>655.0</b>	<b>559.4</b>	<b>312.6</b>	<b>289.2</b>	<b>2,386.5</b>
Funding	Investment Programme Debt		195.7	235.5	80.6	4.0	17.6	533.4
	TfWM Debt		14.3	9.0	165.1	20.8	3.3	212.5
	Grants		360.3	253.8	64.1	56.5	25.1	759.8
	Other		-	156.7	249.5	231.3	243.2	880.7
<b>TOTAL FUNDING</b>			<b>570.3</b>	<b>655.0</b>	<b>559.3</b>	<b>312.6</b>	<b>289.2</b>	<b>2,386.4</b>

- 10.3 The re-base has been formed around the programme agreed at the WMCA Board in February 2021 with adjustments made purely for the timing of expenditure based on the latest delivery profiles. The main movements from the position in February reflect the addition of new DfT funding (£55.0m) for the Coventry Electric Bus project along with new project pipeline funding from the National Competitive Brownfield Fund (NCF) of £24m.

## 11.0 Medium Term Financial Plan Update

- 11.1 As detailed in the 2021/22 Budget report presented to WMCA Board in February 2021, a balanced 2021/22 Revenue Budget could only be achieved using £5.9m of Reserves, including partial use of Business Rates Growth monies which would otherwise have supported WMCA's Investment Programme. Also reported is that supporting gaps between income and expenditure using one-off sources of funding is not a long-term sustainable route to funding WMCA's Revenue budget. As WMCA finished 2020/21 with



only £2.3m of General Reserve it is not practical to assume that the 2022/23 Budget could be balanced with the use of reserves.

- 11.2 In order to assess the scale of the financial challenge facing WMCA, a desktop exercise has been completed to refresh the Medium Term Financial Plan (MTFP) on a 'stand still' basis, i.e. establishing a new baseline which does not include any additional initiatives that may arise from the ongoing Corporate Strategic Planning workstream. On this 'stand still' basis, a deficit of £21.7m is expected in 2022/23, an increase of only £2.5m from where we expected to be in early January, rising to £52.0m in 2026/27. The following table demonstrates how the MTFP position has changed from the last review as presented to WMCA Board on 15 January 2021.

(£M)	22/23	23/24	24/25	25/26	26/27
<b>Deficit as at Jan 2021</b>	<b>(19.2)</b>	<b>(22.3)</b>	<b>(27.6)</b>	<b>(32.1)</b>	<b>N/A</b>
<b>Potential Adverse Variations (Total Over Plan Period)</b>					
Assumed continuation of grant funded activity beyond grant period	(4.5)	(5.1)	(5.2)	(5.3)	
Transport operational pressures	2.5	(3.5)	(3.6)	(3.3)	
Provision for 5G grant ending	(1.8)	(1.8)	(1.8)	(1.8)	
Funding for WM Growth Company	0.0	(1.8)	(1.8)	(1.8)	
Capital Financing	0.7	0.7	0.6	(4.8)	
Removal of Mayoral precept for years 1-3	(0.8)	(0.8)	(0.9)	0.0	
Reprofiled Mayoral election costs	(0.5)	(0.5)	(0.5)	(0.5)	
Subsidised Bus pressures (excl significant Covid impact)	(0.2)	(0.4)	(0.7)	(0.4)	
<b>Potential Favourable Variations (Total Over Plan Period)</b>					
Removal of growth previously assumed in MTFP	1.6	1.6	1.6	1.7	
Investment Income	0.5	0.5	0.0	(1.0)	
Enabling Services and Other Changes	(0.1)	(0.3)	0.5	(0.0)	
<b>Deficit as at June 2021</b>	<b>(21.7)</b>	<b>(33.7)</b>	<b>(39.2)</b>	<b>(49.3)</b>	<b>(52.0)</b>

- 11.3 At this stage this is simply for information only with much work to do over the summer on the Corporate Strategic Planning process already underway. The next step will be for WMCA to factor in the financial implications arising from the Strategic planning process with an updated position to be presented to WMCA Board in September 2021. It is likely that this process will increase the size of the financial gap and WMCA will work with the Mayor and Met Leaders throughout the Summer and into Autumn to establish core priorities to feed into the Authority's Comprehensive Spending Review submission and allow for a balanced 2022/23 Budget proposal to be presented to WMCA Board in January 2022.

## 12.0 Treasury Management

- 12.1 Appendix 12 contains the West Midlands Combined Authority Treasury Management Outturn 2020/21 as well as updates on Debt Forecasts to 2025/26.



## 13.0 Administered Funds

<b>Funding Stream</b>	<b>2020/21 Full Year Grant Award £'000</b>	<b>2020/21 Full Year Spend £'000</b>	<b>Purpose</b>
Midlands Connect	6,543	4,584	Work is continuing on delivering the Midlands Engine 'Vision for Growth'.
Getting Building Fund	33,000	29,016	Investment in local infrastructure projects to stimulate jobs and support economic recovery. The WMCA is the accountable body with funding allocated to the 7 Mets and 3 LEPs.
Housing First Pilot	9,600	9,600	WMCA are the accountable body for this grant award that has now been paid to Birmingham City Council to develop work streams to help rough sleepers off the streets
One Public Estate	926	926	It was agreed by WMCA Board that WMCA would assume accountable body status for this grant award, that is delivering various projects that secure more from public sector assets through collective action. Sandwell MBC are in the process of transferring the funds to WMCA.
Highways Maintenance Block	13,112	13,112	Distributed to the 7 Mets. excluding Birmingham City Council which has separate PFI arrangements, to deliver programmed highways maintenance works in line with the conditions of the grant award
Integrated Transport Block	17,618	17,618	Supporting delivery of the 7 Mets. Capital Programmes & WMCA's Minor Works Capital Programme
<b>Total</b>	<b>80,799</b>	<b>74,856</b>	

## 14.0 Financial Implications

14.1 The Financial Implications are set out in the report.

## 15.0 Legal implications

15.1 There are no legal implications.

## 16.0 Equalities implications

16.1 There are no equalities implications.

## **17.0 Inclusive Growth Implications**

17.1 There are no Inclusive Growth implications.

## **18.0 Geographical Area of Report's Implications**

18.1 The report encompasses the West Midlands region.

## **19.0 Other Implications**

19.1 There are no other implications

## **20.0 Appendices**

- Appendix 1 – WMCA Consolidated Summary – March 2021
- Appendix 2 – WMCA Transport Revenue Summary - March 2021
- Appendix 3 – WMCA Delivery Budget Summary – March 2021
- Appendix 4 – WMCA Mayor Revenue Summary – March 2021
- Appendix 5 – WMCA Capital Transport Delivery Programme – March 2021
- Appendix 6 – Transport Capital Programme
- Appendix 7 – Housing & Other Capital Programme
- Appendix 8 – Investment Programme Capital Grants to Local Authorities
- Appendix 9 – WMCA Investment Programme Summary – March 2021
- Appendix 10 – WMCA Investment Programme Commitments – March 2021
- Appendix 11 – WMCA Balance Sheet – March 2021
- Appendix 12 – Treasury Management Strategy – March 2021

## Appendix 1

### WMCA Consolidated Revenue Budget Summary – Year Ending 31 March 2021

£000's	Full Year			Full Year		
	Actual	Budget	Variance	Actual	Forecast	Variance
Transport Levy	114,720	114,720	0	114,720	114,720	0
Commonwealth Games	1,503	2,157	(654)	1,503	1,492	11
Adult Education Funding	120,440	128,534	(8,094)	120,440	123,990	(3,550)
Share of Business Rates	7,500	7,500	0	7,500	7,500	0
Constituent Membership	4,644	4,644	0	4,644	4,644	0
Non Constituent Members	425	425	0	425	425	0
Investment Programme	36,500	36,500	0	36,500	36,848	(348)
Investment Income	1,001	1,921	(920)	1,001	1,086	(85)
Revenue Grants & Other Income	16,162	13,098	3,064	16,162	15,711	451
Use of Reserves	4,053	4,053	0	4,053	4,053	0
<b>Total Funding</b>	<b>306,948</b>	<b>313,552</b>	<b>(6,604)</b>	<b>306,948</b>	<b>310,469</b>	<b>(3,521)</b>
Transport for West Midlands	114,264	118,353	4,089	114,264	114,206	(58)
Commonwealth Games	1,503	2,157	654	1,503	1,492	(11)
Economy & Innovation	3,134	2,312	(822)	3,134	3,297	163
Environment, Energy & HS2	1,147	345	(802)	1,147	1,174	27
Housing and Land	1,386	2,521	1,135	1,386	1,430	44
Wellbeing	1,179	941	(238)	1,179	1,201	22
PSR & Social Economy	1,258	689	(569)	1,258	1,291	33
Culture and Digital	1,693	210	(1,483)	1,693	208	(1,485)
Productivity & Skills	129,727	137,715	7,988	129,727	134,097	4,370
Inclusive Communities	84	118	34	84	90	6
Business Support	2,714	3,229	515	2,714	2,623	(91)
Investment Programme	44,106	44,155	49	44,106	44,454	348
Mayoral Office	807	807	0	807	807	0
<b>Total Expenditure</b>	<b>303,002</b>	<b>313,552</b>	<b>10,550</b>	<b>303,002</b>	<b>306,370</b>	<b>3,368</b>
<b>Net Expenditure</b>	<b>3,946</b>	<b>0</b>	<b>3,946</b>	<b>3,946</b>	<b>4,099</b>	<b>(153)</b>
Transfer to 2021/22 Budget Reserve	3,900	0	(3,900)	3,900	3,900	0
<b>Net Total (after reserves)</b>	<b>46</b>	<b>0</b>	<b>46</b>	<b>46</b>	<b>199</b>	<b>(153)</b>
Transport	4,089	0	4,089	4,089	4,147	(58)
Delivery	(143)	0	(143)	(143)	(48)	(95)
Mayoral Office	0	0	0	0	0	0
<b>Total Surplus / (Deficit) before reserves</b>	<b>3,946</b>	<b>0</b>	<b>3,946</b>	<b>3,946</b>	<b>4,099</b>	<b>(153)</b>
Transfer to 2021/22 Budget Reserve	3,900	0	(3,900)	3,900	3,900	0
<b>Total Surplus / (Deficit) after reserves</b>	<b>46</b>	<b>0</b>	<b>46</b>	<b>46</b>	<b>199</b>	<b>(153)</b>

The full year position at the end of March shows a £3.946m favourable variance from budget. This is made up of £4.089m within Transport as a result of lower patronage and no fare increases across ENCTS and Child concessions, efficiency savings within the RTCC, Accessible Transport rebate due to reduced service, and lower operational costs during Covid-19. This position is partially offset by significantly reduced advertising revenue and a departure charge holiday designed to support bus operators during the first lockdown, as well as the creation of a reserve to cover potential risk related to Metro and Rail programmes in future years. This is offset by an adverse variance of £0.143m 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 as well as debt interest savings as no new borrowing has been required. There is no material change in outturn to the previously reported forecast.

## Appendix 2

### Transport for West Midlands full year revenue position – March 2021

**Headlines**  
 As at the end of March 2021 there is a £4.089m favourable year to date variance to budget prior to transfers to reserves.  
 This is primarily driven by lower bus patronage and no fare increases leading to savings across Concessions budgets, along with efficient RTCC purchasing decisions, staffing variations, and an accumulation of operational savings during the pandemic. As a result of the pandemic the Accessible Transport service provided by National Express has also 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

	MARCH 2021 YEAR TO DATE			FULL YEAR 2020/21			VARIANCE EXPLANATION(S)
	ACTUAL £000	BUDGET £000	VARIANCE £000	ACTUAL £000	FORECAST £000	VARIANCE £000	
Specific resources:							
Transport Levy	114,720	114,720	0 0%	114,720	114,720	0 0%	●
Commonwealth Games	1,503	2,157	(654) 30%	1,503	1,492	11 1%	●
Use of Reserves	3,633	3,633	0 0%	3,633	3,633	0 0%	●
<b>TOTAL INCOME</b>	<b>119,856</b>	<b>120,510</b>	<b>(654) 1%</b>	<b>119,856</b>	<b>119,845</b>	<b>11 0%</b>	
<b>Concessions</b>							
National Bus Concession	47,450	51,006	3,556 7%	47,450	48,041	591 1%	●
Metro / Rail	4,558	4,575	16 0%	4,558	4,558	(0) 0%	●
Child Concession	6,053	7,837	1,784 23%	6,053	6,528	475 7%	●
<b>Bus Services</b>	<b>58,062</b>	<b>63,417</b>	<b>5,356</b>	<b>58,062</b>	<b>59,127</b>	<b>1,066</b>	
Bus Stations / Infrastructure	6,486	4,542	(1,944) 43%	6,486	6,429	(57) 1%	●
Subsidised Network	9,815	10,409	594 6%	9,815	10,325	510 5%	●
Accessible Transport	5,892	6,617	725 11%	5,892	6,090	198 3%	●
<b>Rail and Metro Services</b>	<b>22,193</b>	<b>21,567</b>	<b>(625)</b>	<b>22,193</b>	<b>22,844</b>	<b>651</b>	
Metro Services	4,923	2,642	(2,281) 86%	4,923	4,026	(898) 22%	●
Rail Services	2,603	2,805	202 7%	2,603	2,692	90 3%	●
<b>Integration</b>	<b>7,526</b>	<b>5,447</b>	<b>(2,079)</b>	<b>7,526</b>	<b>6,718</b>	<b>(808)</b>	
Safety and Security	555	1,274	719 56%	555	1,112	556 50%	●
Passenger Information	4,632	5,729	1,097 19%	4,632	4,996	364 7%	●
Sustainable Travel	502	567	65 12%	502	508	6 1%	●
<b>Network Resilience</b>	<b>5,689</b>	<b>7,570</b>	<b>1,881</b>	<b>5,689</b>	<b>6,616</b>	<b>927</b>	
Network Resilience	1,754	3,100	1,346 43%	1,754	1,922	168 9%	●
<b>Commonwealth Games</b>	<b>1,503</b>	<b>2,157</b>	<b>654</b>	<b>1,503</b>	<b>1,492</b>	<b>(11)</b>	
Commonwealth Games	1,503	2,157	654 30%	1,503	1,492	(11) 1%	●
<b>Business and Democratic Support</b>	<b>3,581</b>	<b>3,764</b>	<b>183</b>	<b>3,581</b>	<b>3,670</b>	<b>89</b>	
Business and Democratic Support	3,581	3,764	183 5%	3,581	3,670	89 2%	●
<b>Strategic Development</b>	<b>3,174</b>	<b>3,141</b>	<b>(32)</b>	<b>3,174</b>	<b>2,968</b>	<b>(206)</b>	
Strategic Development	3,174	3,141	(32) 1%	3,174	2,968	(206) 7%	●
<b>Transport Governance</b>	<b>127</b>	<b>132</b>	<b>6</b>	<b>127</b>	<b>127</b>	<b>0</b>	
Transport Governance	127	132	6 4%	127	127	0 0%	●
<b>Capital Finance Charges</b>	<b>12,160</b>	<b>10,214</b>	<b>(1,946)</b>	<b>12,160</b>	<b>10,214</b>	<b>(1,946)</b>	
Capital Finance Charges	12,160	10,214	(1,946) 19%	12,160	10,214	(1,946) 19%	●
<b>TOTAL EXPENDITURE</b>	<b>115,767</b>	<b>120,510</b>	<b>4,743</b>	<b>115,767</b>	<b>115,698</b>	<b>(69)</b>	
<b>NET (before transfers to reserves)</b>	<b>4,089</b>	<b>(0)</b>	<b>4,089</b>	<b>4,089</b>	<b>4,147</b>	<b>(58)</b>	
<b>Transfer to 2021/22 Budget Reserve</b>	<b>3,900</b>	<b>0</b>	<b>(3,900)</b>	<b>3,900</b>	<b>3,900</b>	<b>0</b>	
<b>NET (after transfers to reserves)</b>	<b>189</b>	<b>(0)</b>	<b>189</b>	<b>189</b>	<b>247</b>	<b>(58)</b>	

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

ENCTs and Child Concessions savings as a result of reduced patronage and no fare increases during the pandemic with operators continuing to be paid on profile.

Loss of bus infrastructure income (bus stations, shelter advertising, IBSS) as a result of Covid-19. Partly offset by the drawdown of the Subsidised bus is currently being supported by the Bus Services Support Grant to help mitigate against the impact of Covid-19. Driven by a reduction in payments to National Express Accessible Transport due to reduced service during the pandemic.

The DfT Light Rail Restart grant provides cover for losses up to budget while patronage is impacted by Covid-19. As such the variance to budget is primarily driven by a re-prioritisation of lifecycle costs, partly offset by works claims coming in lower than forecast.

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.

Adverse variance driven by additional costs arising from the CAV testbed project along with wrap-up payments for delivered work. Partly offset by staffing variations and reduced monitoring costs during the pandemic as well as the drawdown of the SFC grant.

Final Capital financing costs for the year

### Appendix 3

#### West Midlands Combined Authority Delivery Budget – March 2021

FINANCIAL SUMMARY AS AT MARCH 2021	MARCH 2021 YEAR TO DATE			FULL YEAR 2020/21			
	ACTUAL £000	BUDGET £000	VARIANCE £000	ACTUAL £000	FORECAST £000	VARIANCE £000	
<b>Operational Income</b>							
Mayoral Capacity Funding	193	193	0	193	193	0	
Investment Interest Income (1)	895	1,766	(871)	895	980	(85)	(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	4,644	4,644	0	4,644	4,644	0	
Contribution - Non constituent members	425	425	0	425	425	0	(2) Alignment of debt interest to the latest assumptions has delivered savings against the budget and have been passed through to Delivery to offset investment income. This has been partly offset by the release of unallocated efficiency savings which were budgeted centrally, but which have been achieved across the WMCA with the savings reflected in the relevant areas.
Use of Reserves	420	420	0	420	420	0	
<b>Total Income</b>	<b>6,577</b>	<b>7,448</b>	<b>(871)</b>	<b>6,577</b>	<b>6,662</b>	<b>(85)</b>	
Enabling Services (2)	(2,714)	(3,229)	515	(2,714)	(2,623)	(91)	
<b>Total Expenditure</b>	<b>(2,714)</b>	<b>(3,229)</b>	<b>515</b>	<b>(2,714)</b>	<b>(2,623)</b>	<b>(91)</b>	
<b>Operational Income Net Total</b>	<b>3,863</b>	<b>4,219</b>	<b>(356)</b>	<b>3,863</b>	<b>4,039</b>	<b>(176)</b>	
<b>Economy &amp; Innovation</b>							
Other Industrial Strategy Income (1)	320	0	320	320	551	(231)	(1) Additional income and offsetting expenditure as a result of a funding contribution from the Investment Programme to fund the West Midlands Innovation Programme. This has been partly rescheduled as contracts and MoU's are finalised.
Office of Data Analytics (2)	129	257	(128)	129	145	(16)	
DDCMS - Creative Scale Up	720	650	70	720	657	63	
MHCLG - Brexit Support Preparations (3)	224	0	224	224	224	0	(2) Expenditure rescheduled into 21/22 and as such less grant has been drawn down.
Policy and Programme Development	23	0	23	23	35	(12)	
Create Central Projects (4)	256	0	256	256	226	30	
<b>Total Income</b>	<b>1,672</b>	<b>907</b>	<b>765</b>	<b>1,672</b>	<b>1,838</b>	<b>(166)</b>	
Funding For Growth	(700)	(700)	0	(700)	(700)	0	
Industrial Strategy (1)	(505)	(207)	(298)	(505)	(732)	227	(3) 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.
Office of Data Analytics (2)	(129)	(257)	128	(129)	(145)	16	
DDCMS - Creative Scale Up	(720)	(650)	(70)	(720)	(657)	(63)	
Economic Intelligence	(240)	(240)	0	(240)	(240)	0	
MHCLG - Brexit Support Preparations (3)	(224)	0	(224)	(224)	(224)	0	(4) Grant secured from BFI to support, develop, and promote the region's film industry.
Policy and Programme Development	(360)	(258)	(102)	(360)	(373)	13	
Create Central Projects (4)	(256)	0	(256)	(256)	(226)	(30)	
<b>Total Expenditure</b>	<b>(3,134)</b>	<b>(2,312)</b>	<b>(822)</b>	<b>(3,134)</b>	<b>(3,297)</b>	<b>163</b>	
<b>Economy &amp; Innovation Net Total</b>	<b>(1,462)</b>	<b>(1,405)</b>	<b>(57)</b>	<b>(1,462)</b>	<b>(1,459)</b>	<b>(3)</b>	
<b>Environment &amp; Energy, HS2</b>							
Environment	3	0	3	3	0	3	(1) Investment Programme and additional grant funding to deliver energy programmes. Offset by associated expenditure.
Energy Capital (1)	646	0	646	646	675	(29)	
<b>Total Income</b>	<b>649</b>	<b>0</b>	<b>649</b>	<b>649</b>	<b>675</b>	<b>(26)</b>	
Environment (2)	(488)	(345)	(143)	(488)	(499)	11	(2) Adverse variance driven by additional expenditure to deliver the WM2041 programme which ramped up considerably in the latter part of the year.
Energy Capital (1)	(659)	0	(659)	(659)	(675)	16	
<b>Total Expenditure</b>	<b>(1,147)</b>	<b>(345)</b>	<b>(802)</b>	<b>(1,147)</b>	<b>(1,174)</b>	<b>27</b>	
<b>Environment &amp; Energy, HS2 Net Total</b>	<b>(498)</b>	<b>(345)</b>	<b>(153)</b>	<b>(498)</b>	<b>(499)</b>	<b>1</b>	
<b>Housing and Land</b>							
Director of Housing & Regeneration (1)	1,386	2,521	(1,135)	1,386	1,430	(44)	(1) Increased capitalisation of staff costs and agreed savings on external advice have driven the lower expenditure and in turn the lower grant drawdown. The lower spend has been reflected in the forecast and will allow the grant to be utilised further into future years.
<b>Total Income</b>	<b>1,386</b>	<b>2,521</b>	<b>(1,135)</b>	<b>1,386</b>	<b>1,430</b>	<b>(44)</b>	
Director of Housing & Regeneration (1)	(1,386)	(2,521)	1,135	(1,386)	(1,430)	44	
<b>Total Expenditure</b>	<b>(1,386)</b>	<b>(2,521)</b>	<b>1,135</b>	<b>(1,386)</b>	<b>(1,430)</b>	<b>44</b>	
<b>Housing and Land Net Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Wellbeing</b>							
Other Mental Health Income	16	0	16	16	16	0	(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	101	31	70	81	111	(30)	
IPS Programme (1)	298	83	215	298	306	(8)	
Fiscal Incentive Programme (2)	214	105	109	214	218	(4)	(2) Additional grant from Midlands Engine secured, offset by increase in associated expenditure.
<b>Total Income</b>	<b>629</b>	<b>219</b>	<b>410</b>	<b>609</b>	<b>651</b>	<b>(42)</b>	
Mental Health (3)	(404)	(563)	159	(404)	(410)	6	
Well Being	(264)	(190)	(74)	(264)	(267)	3	(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.
IPS Programme (1)	(298)	(83)	(215)	(298)	(306)	8	
Fiscal Incentive Programme (2)	(213)	(105)	(108)	(213)	(218)	5	
<b>Total Expenditure</b>	<b>(1,179)</b>	<b>(941)</b>	<b>(238)</b>	<b>(1,179)</b>	<b>(1,201)</b>	<b>22</b>	
<b>Wellbeing Net Total</b>	<b>(550)</b>	<b>(722)</b>	<b>172</b>	<b>(570)</b>	<b>(550)</b>	<b>(20)</b>	

FINANCIAL SUMMARY AS AT MARCH 2021	MARCH 2021 YEAR TO DATE			FULL YEAR 2020/21			
	ACTUAL £000	BUDGET £000	VARIANCE £000	ACTUAL £000	FORECAST £000	VARIANCE £000	
<b>Public Service Reform &amp; Social Economy</b>							
Other PSR Income	35	40	(5)	35	32	3	
Homelessness (1)	593	39	554	593	628	(35)	(1) Additional grant has been awarded to support Rough Sleepers Initiative and is offset by an associated increase in expenditure to providers.
<b>Total Income</b>	<b>628</b>	<b>79</b>	<b>549</b>	<b>628</b>	<b>660</b>	<b>(32)</b>	
Inclusive Growth and Public Sector Reform	(636)	(591)	(45)	(636)	(628)	(8)	
Inclusive Growth	(29)	(59)	30	(29)	(35)	6	
Homelessness (1)	(593)	(39)	(554)	(593)	(628)	35	
<b>Total Expenditure</b>	<b>(1,258)</b>	<b>(689)</b>	<b>(569)</b>	<b>(1,258)</b>	<b>(1,291)</b>	<b>33</b>	
<b>Public Service Reform &amp; Social Economy Net Total</b>	<b>(630)</b>	<b>(610)</b>	<b>(20)</b>	<b>(630)</b>	<b>(631)</b>	<b>1</b>	
<b>Skills and Productivity</b>							
Productivity and Skills (1)	176	0	176	176	164	12	(1) Additional funding secured for delivery of a Skills Advisory Panel.
Employment Support (2)	1,489	2,070	(581)	1,489	1,603	(114)	(2) Delivery plan revised in light of Covid-19. Proposal with DfE to extend delivery.
Technical Education	59	98	(39)	59	90	(31)	
Construction Skills (3)	1,400	1,576	(176)	1,400	1,786	(386)	
Adult Education (4)	120,440	128,534	(8,094)	120,440	123,990	(3,550)	(3) Work paused while CiTB conduct an audit, thus requiring lower grant drawdown, and offsetting over delivery in the early part of the year.
Careers	48	61	(13)	48	48	0	
Digital Skills (5)	5,190	4,157	1,033	5,190	5,418	(228)	(4) Reduced delivery by training providers as a result of Covid-19 resulting in lower grant drawdown.
Investment Programme (Skills) (6)	305	410	(105)	305	348	(43)	(5) Additional grant received for Adult Education Technology and Digital Bootcamp, offset by an associated increase in expenditure.
<b>Total Income</b>	<b>129,107</b>	<b>136,906</b>	<b>(7,799)</b>	<b>129,107</b>	<b>133,447</b>	<b>(4,340)</b>	(6) Driven by staffing variations, thus requiring lower funding drawdown.
Productivity and Skills	(796)	(809)	13	(796)	(814)	18	
Employment Support (2)	(1,489)	(2,070)	581	(1,489)	(1,603)	114	
Technical Education	(59)	(98)	39	(59)	(90)	31	
Construction Skills (3)	(1,400)	(1,576)	176	(1,400)	(1,786)	386	
Adult Education (4)	(120,440)	(128,534)	8,094	(120,440)	(123,990)	3,550	
Careers	(48)	(61)	13	(48)	(48)	0	
Digital Skills (5)	(5,190)	(4,157)	(1,033)	(5,190)	(5,418)	228	
Investment Programme (Skills) (6)	(305)	(410)	105	(305)	(348)	43	
<b>Total Expenditure</b>	<b>(129,727)</b>	<b>(137,715)</b>	<b>7,988</b>	<b>(129,727)</b>	<b>(134,097)</b>	<b>4,370</b>	
<b>Skills and Productivity Net Total</b>	<b>(620)</b>	<b>(809)</b>	<b>189</b>	<b>(620)</b>	<b>(650)</b>	<b>30</b>	
<b>Culture and Digital</b>							
Culture	23	0	23	23	0	23	
Tourism, Trade and Investment Programme (1)	1,508	0	1,508	1,508	0	1,508	(1) Additional funding secured to support the region in capitalising on the 2022 Commonwealth Games. Offset by equivalent increase in associated expenditure to WMGC.
<b>Total Income</b>	<b>1,531</b>	<b>0</b>	<b>1,531</b>	<b>1,531</b>	<b>0</b>	<b>1,531</b>	
Culture	(154)	(110)	(44)	(154)	(129)	(25)	
Digital	(31)	(100)	69	(31)	(79)	48	
Tourism, Trade and Investment Programme (1)	(1,508)	0	(1,508)	(1,508)	0	(1,508)	
<b>Total Expenditure</b>	<b>(1,693)</b>	<b>(210)</b>	<b>(1,483)</b>	<b>(1,693)</b>	<b>(208)</b>	<b>(1,485)</b>	
<b>Culture and Digital Net Total</b>	<b>(162)</b>	<b>(210)</b>	<b>48</b>	<b>(162)</b>	<b>(208)</b>	<b>46</b>	
<b>Inclusive Communities</b>							
<b>Total Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Youth Combined Authority (1)	(84)	(118)	34	(84)	(90)	6	(1) Additional planned work within portfolio won't now happen as a result of Covid-19.
<b>Total Expenditure</b>	<b>(84)</b>	<b>(118)</b>	<b>34</b>	<b>(84)</b>	<b>(90)</b>	<b>6</b>	
<b>Inclusive Communities Net Total</b>	<b>(84)</b>	<b>(118)</b>	<b>34</b>	<b>(84)</b>	<b>(90)</b>	<b>6</b>	
<b>Operational Income Net Total</b>	<b>(143)</b>	<b>0</b>	<b>(143)</b>	<b>(163)</b>	<b>(48)</b>	<b>(115)</b>	

**Appendix 4**

West Midlands Combined Authority Mayoral Budget – March 2021

	FULL YEAR 2020/21			FULL YEAR 2020/21			
	ACTUAL £000	BUDGET £000	VARIANCE £000	ACTUAL £000	FORECAST £000	VARIANCE £000	
<b>MAYORAL OFFICE</b>							
Other Grants	807	807	0 0%	807	807	0 0%	Mayoral Office expenditure within Budget for the year with no material variations to report.
<b>TOTAL INCOME</b>	<b>807</b>	<b>807</b>	<b>0 0%</b>	<b>807</b>	<b>807</b>	<b>0 0%</b>	
Staff Costs	(755)	(753)	(2) 0%	(755)	(769)	14 2%	
IT	(9)	(10)	1 10%	(9)	(11)	2 18%	
External Advice	(30)	0	(30) 0%	(30)	(30)	0 0%	
Travel & Subsistence	(3)	(42)	39 93%	(3)	(12)	9 75%	
Other	(10)	(2)	(8) 400%	(10)	15	(25) 167%	
<b>TOTAL EXPENDITURE</b>	<b>(807)</b>	<b>(807)</b>	<b>0 0%</b>	<b>(807)</b>	<b>(807)</b>	<b>0 0%</b>	



## Appendix 5

### West Midlands Combined Authority Transport Delivery Capital Programme – March 2021

	ACTUAL VS BUDGET (FULL YEAR)			ACTUAL VS FORECAST (FULL YEAR)		
	ACTUAL £000	BUDGET £000	VARIANCE £000	ACTUAL £000	FORECAST £000	VARIANCE £000
Metro	85,885	129,230	43,187	85,885	89,055	3,012
Rail	5,298	13,338	8,040	5,298	8,061	2,763
Sprint	1,167	4,322	3,155	1,167	1,832	665
<b>TRANSPORT - INVESTMENT PROGRAMME</b>	<b>92,350</b>	<b>146,890</b>	<b>54,382</b>	<b>92,350</b>	<b>98,948</b>	<b>6,440</b>

#### ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of March 2021, actual expenditure was £54.382m 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 £15.385m* 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. The acquisition of Victoria Steels is now expected to take place in early 2021/22.

*Metro Birmingham Eastside £12.481m* Utilities works relating to HS2 diversions have not commenced as forecast due to the final sign-off on the development agreement with HS2 being rescheduled, this has now been completed. The HS2 spend profile has been re-phased as a result as has the subcontractor milestone payment schedule.

*Rail Package 1 Walsall to Wolverhampton Local Enhancements £4.031m* Darlaston and Willenhall Land Costs £2.5m rescheduled to April 2021, Network Rail Industry and Risk fees of £0.7m have now been pushed back and £1m early contract involvement is underspent due to rephasing in project delivery. These are offset by £0.3m overspend on Design Works.

*Rail Package 2 Camp Hill Line Local Enhancements £3.782m* Hazelwell land costs of £0.7m initially expected in August 2020 are now expected in April 2021 and Moseley land costs of £0.6m initially expected in November 2020, then December 2021, is further rescheduled due to seller preference. 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. £0.8m underspend on legal advice/design works/ECI due to rephasing of the project timetable.

*SPRINT - Hagley Road £3.114m* Ongoing review of design with Birmingham City Council and agreement for Highway Improvements (S278) requires a revised Target Cost so Midland Metro Alliance works have not progressed as anticipated.

*Metro Network Enhancements – Traction Power and OLE Upgrades £2.562m* construction works related to two substations upgrades have been rephased into next financial year. Midland Metro Alliance have now awarded the Target Cost price and will lead on delivering this project on a revised schedule of works.

#### ACTUAL V FORECAST VARIANCE COMMENTARY

*Rail Package 1 Walsall to Wolverhampton Local Enhancements £2.032m* This variance is made up of several costs which are now expected in Q1 2021/22 which is when the construction works are expected to commence. These include £0.9 Network Rail Asset Protection Agreement Fees, £0.4m Public Liability Insurance costs and £0.2m Darlaston and Willenhall land purchase.

*Metro Centenary Square/Edgbaston Extension £1.04m* this is due to the inability of the subcontractor to mobilise on site because of positive Covid test results in P11.

	ACTUAL VS BUDGET (FULL YEAR)			ACTUAL VS FORECAST (FULL YEAR)		
	ACTUAL £000	BUDGET £000	VARIANCE £000	ACTUAL £000	FORECAST £000	VARIANCE £000
Highway	3,181	12,973	9,792	3,181	4,036	855
Other	50	53	3	50	53	3
Rail	16,015	22,001	5,986	16,015	20,009	3,994
Sprint	16,106	50,302	34,196	16,106	20,922	4,816
<b>TRANSPORT - COMMONWEALTH GAMES</b>	<b>35,352</b>	<b>85,329</b>	<b>49,977</b>	<b>35,352</b>	<b>45,020</b>	<b>9,668</b>

#### ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of March 2021, actual expenditure was £49.977m lower than budget. The main variances are as follows:

*SPRINT-A45 Birmingham to Airport & Solihull £20.682m* 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. 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 accelerate between January and March 2021 and continue into 21/22.

*SPRINT-A34 Walsall to Birmingham £13.433m* 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. Tendering of the physical construction contract is in progress with contracts and work due to commence into 2021/22.

*RTCC-Highway Interventions £7.215m* As a result of slippages in funding agreements, activity has been moved into 2021/22.

*University Station Improvement Project £4.288m* Phasing of physical construction was lower than anticipated resulting in an underspend of £3.7m and National Rail APA fees of £0.8m which have been rephased to next year. These are offset by an overspend on legal fees and project support costs due to additional legal advice required related to access for power cables.

*Perry Barr Rail Station £1.697m* Land acquisition budgeted for October 2020 has been reprofiled which makes up for £1.5m of the underspend.

#### ACTUAL V FORECAST VARIANCE COMMENTARY

*SPRINT-A45 Birmingham to Airport & Solihull £3.278m* Construction work has not been able to accelerate as expected, it is now expected to continue onwards to June 22. Although utility and construction works have begun they have been slowed due to Covid-19 restrictions. It is expected these costs will catch up in Q1 2021/22.

*University Station Improvement Project £2.062m* Construction costs of £1.2m underspent due to Covid restrictions impacting site access and £0.8m relates to the underspend on Network Rail Asset Protection Agreement Fees which have been apportioned across the construction phase (to August 2022).

*Perry Barr Rail Station £1.931m* This variance is made up of the following underspends, £1m construction costs due to the prolonged demolition works, £0.5 NR APA Fees not yet spent as the construction has taken longer than expected, £0.3m land acquisition now expected in the next FY.

	ACTUAL VS BUDGET (FULL YEAR)			ACTUAL VS FORECAST (FULL YEAR)		
	ACTUAL £000	BUDGET £000	VARIANCE £000	ACTUAL £000	FORECAST £000	VARIANCE £000
Bus	1,734	3,777	2,043	1,734	1,973	239
Highway	1,150	5,654	4,504	1,150	849	(301)
Other	10,976	14,794	3,818	10,976	11,997	1,021
Rail	609	962	353	609	662	53
<b>TRANSPORT - OTHER MAJOR PROGRAMMES</b>	<b>14,469</b>	<b>25,187</b>	<b>10,718</b>	<b>14,469</b>	<b>15,481</b>	<b>1,012</b>

#### ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of March 2021, actual expenditure was £10.718m below the budget. The main variances are as follows:

*A435 Alcester Road Bus priority revitalisation £2.605m* The final business case was originally due to be approved in May 2020 but was rescheduled due to Covid-19. Now, the Birmingham Cabinet Member has requested a review of the project.

*Key Route Network Safety £1.096m* Covid-19 has caused the signing off of funding agreements to be rescheduled which has therefore had a similar effect on programme delivery.

*Future Mobility Zone – Innovation Showcases £1.049m* Expected project support costs have not materialised due to the Covid-19 lockdown which are causing delays to the programme delivery. Costs are expected to increase in the first quarter of the next year when the app is launched.

*5G £1.012m* Costs have not been incurred due to the impact of Covid-19. The schedule of works is being reviewed..

#### ACTUAL V FORECAST VARIANCE COMMENTARY

*Future Mobility Zone – Innovation Showcases £0.253m* Project support costs have not materialised due to current lockdown restrictions causing delays to programme delivery but expect costs to hit in Q1 2021/22 as the app is launched.

*Autonomous Highway, Rural & Parking Test Facilities (Meridian 3) £0.234m* construction of the phase 3 works is slightly behind schedule but project completion is progressing to completion by August 21.

	ACTUAL VS BUDGET (FULL YEAR)			ACTUAL VS FORECAST (FULL YEAR)		
	ACTUAL £000	BUDGET £000	VARIANCE £000	ACTUAL £000	FORECAST £000	VARIANCE £000
Minor Work Programme	6,323	11,717	5,394	6,323	7,541	1,218
<b>TRANSPORT - MINOR WORKS</b>	<b>6,323</b>	<b>11,717</b>	<b>5,394</b>	<b>6,323</b>	<b>7,541</b>	<b>1,218</b>

#### ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of March 2021, actual expenditure was £5.394m below budget.

*Real Time Information Upgrades £1.405m* Tender for this project has not yet been awarded but is imminent.

*ADEPT Live Lab £1.053m* Minor programme delays due to recruitment phasing and Quantative Assessments, but spend has been reprofiled in 21/22.

*Asset Management Programme £0.793m* the project delivery team for the automatic door works at bus stations have been unable to test the market and get quotes due to Covid-19 restrictions. The procurement strategy is being completed and the contract is planned to be awarded early 2021/22.

*Better Streets Community Fund £0.623m* The variance here is due to initial setbacks 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 set back has led to the schedule of this project being altered.

#### ACTUAL V FORECAST VARIANCE COMMENTARY

*ADEPT Live Lab £0.517m* some costs including £0.19m for CCTV and £0.326m for quantitative assessments/audit have not materialised as expected within the month.

*Asset Management Programme £0.291m* variance is due to LED lighting upgrades at a number of bus stations has slipped into 21/22 due to covid-19 restrictions.

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

	ACTUAL VS BUDGET (FULL YEAR)			ACTUAL VS FORECAST (FULL YEAR)		
	ACTUAL £000	BUDGET £000	VARIANCE £000	ACTUAL £000	FORECAST £000	VARIANCE £000
Grants to Local Authorities	586	8,209	7,623	586	2,397	1,811
<b>Total Grants to Local Authorities</b>	<b>586</b>	<b>8,209</b>	<b>7,623</b>	<b>586</b>	<b>2,397</b>	<b>1,811</b>

#### ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of March 2021, actual expenditure was £7.623m below budget, the variances to budget are as follows:

*B4106 Spon End (Coventry CC) £4.348m* There was an initial delay in acquiring final signatures on the legal agreements from Coventry Council which have now been received. Project spend has now been reprofiled into the next financial year, but the scheme is on track to complete the TCF element by March 2023.

*New St/High St/Victoria Sq./Public Realm (Birmingham CC) £3.275m* There has been a rephasing of work ahead of completion of the full business case.

#### ACTUAL V FORECAST VARIANCE COMMENTARY

*New St/High St/Victoria Sq./Public Realm (Birmingham CC) £1.688m* Birmingham City Council are yet to submit their Q4 claim.

*B4106 Spon End (Coventry CC) £0.123m* the Q4 claim from Coventry CC was lower than forecasted.

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

	ACTUAL VS BUDGET (FULL YEAR)			ACTUAL VS FORECAST (FULL YEAR)		
	ACTUAL £000	BUDGET £000	VARIANCE £000	ACTUAL £000	FORECAST £000	VARIANCE £000
Investment Programme (Grants to Local Authorities)	68,015	172,840	104,825	68,015	83,417	15,402
<b>Total Investment Programme Grants to Local Authorities</b>	<b>68,015</b>	<b>172,840</b>	<b>104,825</b>	<b>68,015</b>	<b>83,417</b>	<b>15,402</b>

#### ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of March 2021, actual expenditure was £104.825m below budget. The main variances are as follows:

*Solihull HS2 Interchange £64.932m* 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. During the year UGC has submitted business cases to draw down on WMCA funding for three projects, at the time the budget for the year was set, funding draw down was expected for a further three which has yet not materialised.

*Coventry City of Culture £9.591m* This project is made up of 17 work streams, the large variances are as follows: Retail Quarter £2.6m, Greyfriar Lane extension £1.7m, Public Realm Refresh £0.4m and Pool Meadow/White Street £1.1m. Covid-19 social distancing and other restrictions have meant that although construction work has resumed, the volume is much reduced.

*Coventry Station Masterplan £9.372m* The Coventry station plan is funded by several sources. The reduced construction and ancillary work due to Covid-19 has meant that the WMCA funding has not yet been drawn down as expected.

*Very Light Rail £6.693m* Spending in the first quarter was 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. There has also been difficulty getting the supply of materials required for the prototype vehicle due to Covid-19 and Brexit.

#### ACTUAL V FORECAST VARIANCE COMMENTARY

*Solihull HS2 Interchange £11.363m* There has been a revision to the draw down profile associated with the Birmingham International Station project which has reduced the WMCA IP funding required. Spend related to the electricity network reinforcement has been deferred to future years and the WMCA IP funding has not yet been drawn down due to the reprofiling of the wider programme.

*Coventry City of Culture £3.01m* Latest forecasts from Coventry CC show that there is slippage in respect of the Retail Quarter and the wider public realm works throughout the city centre into Q1 2021/22.

**West Midlands Combined Authority Housing Capital Programme – March 2021**

	ACTUAL VS BUDGET (FULL YEAR)			ACTUAL VS FORECAST (FULL YEAR)		
	ACTUAL £000	BUDGET £000	VARIANCE £000	ACTUAL £000	FORECAST £000	VARIANCE £000
Housing	18,757	55,096	36,339	18,757	24,016	5,259
<b>Total Housing</b>	<b>18,757</b>	<b>55,096</b>	<b>36,339</b>	<b>18,757</b>	<b>24,016</b>	<b>5,259</b>

**ACTUAL V BUDGET VARIANCE COMMENTARY**

At the end of March 2021, actual expenditure was £36.339m below budget. The main variances are as follows:

*Black Country Land and Property Investment Fund LPIF £29.598m* 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.

*Land Fund – The Marches £4.49m* Costs not incurred due to the special funding agreement with Wolverhampton City Council was not signed off before the end of the financial year. Completion of this LLP is expected in April 21.

**ACTUAL V FORECAST VARIANCE COMMENTARY**

*Land Fund – The Marches £4.49m* As above.

**Appendix 6 - Transport Capital Programme**

TRANSPORT CAPITAL PROGRAMME (£M)		2021 / 2022	2022 / 2023	2023 / 2024	2024 / 2025	2025 / 2026	TOTAL
Investment Programme - Metro	Metro Wednesbury to Brierley Hill Extension	94.9	143.3	121.0	12.9	-	372.1
	Metro Birmingham Eastside Extension	66.7	55.5	46.7	19.8	3.0	191.7
	Metro Network Enhancements	5.2	2.6	0.3	0.3	0.3	8.7
	Metro Edgbaston Extension	4.5	-	-	-	-	4.5
	Wolverhampton Metro Extension	5.1	1.9	-	-	-	7.1
	Metro Enabling and Other Works	12.0	2.2	0.4	-	0.3	14.9
Investment Programme - Rail	Rail - Camp Hill Line Local Enhancements (Package 2)	8.9	27.8	18.7	-	-	55.4
	Rail - Walsall to Wolverhampton Local Enhancements (Package 1)	15.4	31.9	1.8	-	-	49.0
	Rail - Sutton Coldfield Gateway	0.1	21.3	-	-	-	21.3
	Rail - Snow Hill Lines	-	-	-	-	-	-
	Coventry South Package - Tile Hill Station Improvements	-	7.8	-	-	-	7.8
Investment Programme - Sprint	Sprint - Hagley Road Phase 1	4.2	-	-	-	-	4.2
	Sprint - Longbridge to Birmingham	0.2	17.2	11.0	13.4	0.7	42.5
	Sprint - Hall Green to Interchange via Solihull	-	0.2	7.3	5.7	8.9	22.1
	Sprint - Hagley Road Phase 2	0.2	12.8	10.7	27.6	28.5	79.8
	Sprint - Sutton Coldfield to Birmingham	0.0	25.9	-	-	-	25.9
<b>INVESTMENT PROGRAMME TOTAL</b>		<b>217.5</b>	<b>350.4</b>	<b>217.7</b>	<b>79.6</b>	<b>41.7</b>	<b>907.0</b>
CWG Programme	Sprint - A45 Birmingham to Airport and Solihull	38.1	1.1	11.8	11.7	-	62.7
	Sprint - A34 Walsall to Birmingham	24.1	0.4	15.2	11.6	-	51.3
	University Station Improvement Project	36.1	5.8	-	-	-	41.9
	Perry Barr Rail Station	16.8	4.3	-	-	-	21.1
	Regional Traffic Control Centre	10.2	2.8	-	-	-	13.0
<b>CWG PROGRAMME TOTAL</b>		<b>125.4</b>	<b>14.4</b>	<b>27.0</b>	<b>23.3</b>	<b>-</b>	<b>190.1</b>
Other Major Programmes	Dudley Interchange	5.8	13.9	-	-	-	19.7
	Cross City Bus - City Centre & Druids Heath	4.7	17.7	-	-	-	22.4
	Coventry City Electric Bus	4.9	20.6	9.3	13.6	6.5	55.0
	Future Mobility Zone	6.4	4.3	-	-	-	10.7
	A435 Alcester Rd Bus Priority Revitalisation	1.0	0.2	-	-	-	1.3
	West Midlands Cycle Hire Scheme	3.5	-	-	-	-	3.5
	Key Route Network Safety	1.1	-	-	-	-	1.1
	Connected and Autonomous Vehicles Testbed and Test Facilities	0.8	-	-	-	-	0.8
	Other Works	2.8	-	-	-	-	2.8
<b>OTHER MAJOR SCHEMES PROGRAMME TOTAL</b>		<b>31.1</b>	<b>56.6</b>	<b>9.3</b>	<b>13.6</b>	<b>6.5</b>	<b>117.2</b>
Minor Work Programme	Asset Management Programme	1.9	-	-	-	-	1.9
	Real Time Information Upgrades	1.1	0.3	-	-	-	1.4
	Better Streets Community Fund	1.5	-	-	-	-	1.5
	DfT Tackling Nitrogen Dioxide and Air Quality	0.5	0.1	0.0	0.0	-	0.7
	Strategic Transport Officer Group Top Slice	0.1	0.1	0.2	-	-	0.3
	ADEPT Live Lab / Autoplex	1.1	-	-	-	-	1.1
	Other Cycling Programmes	0.5	-	-	-	-	0.5
	Other Works	0.5	-	-	-	-	0.5
	<b>MINOR WORKS PROGRAMME TOTAL</b>		<b>7.2</b>	<b>0.5</b>	<b>0.2</b>	<b>0.0</b>	<b>-</b>
Grants to Local Authorities	Cycling Programme	3.5	12.2	-	-	-	15.6
	Major Road Network- Programme	2.0	9.0	-	-	-	11.0
	Birchley Island (Sandwell MBC)	-	1.0	-	-	-	1.0
	B4106 Spon End (Coventry CC)	3.8	1.7	-	-	-	5.5
	New St/High St/Victoria Sq Public Realm	4.1	0.9	-	-	-	5.0
<b>GRANTS TO LOCAL AUTHORITIES PROGRAMME TOTAL</b>		<b>13.3</b>	<b>24.8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38.1</b>
<b>TRANSPORT TOTAL</b>		<b>394.5</b>	<b>446.8</b>	<b>254.3</b>	<b>116.6</b>	<b>48.2</b>	<b>1,260.3</b>

**Appendix 7 - Housing and Land / Other Capital Programme**

<b>HOUSING AND LAND CAPITAL PROGRAMME (£M)</b>		<b>2021 / 2022</b>	<b>2022 / 2023</b>	<b>2023 / 2024</b>	<b>2024 / 2025</b>	<b>2025 / 2026</b>	<b>TOTAL</b>
IP Land Remediation	Brownfield Land & Property Development Fund (BLPDF)	13.1	5.3	0.1	0.1	0.0	18.5
	LPIF (Black Country Consortium)	7.8	17.1	33.3	20.1	20.1	98.5
Land Fund	Land Fund - Friar Park Sewage Disposal Works	1.5	1.7	3.1	-	-	6.2
	Land Fund - Caparo	0.9	0.8	0.4	0.6	-	2.6
	Land Fund - Icknield Port Loop Phase 2a & 2b	1.5	1.2	0.0	-	-	2.7
	Land Fund - Former Cookley Works, Brierley Hill	0.3	0.6	0.1	-	-	1.0
	Land Fund - Lioncourt Homes (Dev1) Ltd	0.2	0.4	0.1	-	-	0.6
	Land Fund - Dobbs Street, Wolverhampton	0.6	-	-	-	-	0.6
	Land Fund Acquisition - Abberley Street	0.6	0.0	-	-	-	0.6
	Land Fund - Aga Site	0.1	0.3	0.3	0.3	0.5	1.4
	Land Fund - Steelhouse Lane, Wolverhampton	0.4	0.0	-	-	-	0.4
	Land Fund - Portersfield	2.4	3.5	0.1	0.0	0.0	6.1
	Land Fund - Fountain Lane	2.2	0.8	0.9	0.1	-	3.9
	Land Fund - The Marches	4.6	0.0	0.0	0.0	0.0	4.7
	Land Fund - Harvestime	0.1	-	-	-	-	0.1
	Land Fund Acquisition - Cranford Way	0.2	-	-	-	-	0.2
	Land Fund Viability Programmes	4.9	3.4	2.3	0.3	0.3	11.2
	NCF - West Longbridge	4.2	2.3	0.0	0.0	0.0	6.5
	Land Fund - Pipeline	4.2	12.7	11.7	3.2	1.8	33.6
	National Competitive Fund - Pipeline	1.3	4.8	6.0	5.4	-	17.5
	Brownfield Land - Pipeline	7.8	18.4	21.0	21.0	15.8	83.9
<b>HOUSING AND REGENERATION PROGRAMME TOTAL</b>		<b>58.6</b>	<b>73.2</b>	<b>79.3</b>	<b>51.0</b>	<b>38.4</b>	<b>300.6</b>

<b>OTHER CAPITAL PROGRAMME (£M)</b>		<b>2021 / 2022</b>	<b>2022 / 2023</b>	<b>2023 / 2024</b>	<b>2024 / 2025</b>	<b>2025 / 2026</b>	<b>TOTAL</b>
5G		2.9	1.4	-	-	-	4.3
<b>OTHER TOTAL</b>		<b>2.9</b>	<b>1.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.3</b>

## Appendix 8 - Investment Programme Grants to Local Authorities

INVESTMENT PROGRAMME GRANTS TO LOCAL AUTHORITIES CAPITAL PROGRAMME (£M)		2021 / 2022	2022 / 2023	2023 / 2024	2024 / 2025	2025 / 2026	TOTAL
Investment Programme	Coventry City Centre South Regeneration - City Centre	2.8	21.1	44.4	-	17.4	85.7
	Coventry City Centre South Regeneration - Friargate	21.5	14.6	4.7	1.5	-	42.4
	Coventry UKC Plus - Coventry Station Masterplan (CSMP)	17.4	2.0	-	-	-	19.4
	Coventry UKC Plus - UK City of Culture 2021 Regeneration	9.6	-	-	-	-	9.6
	Coventry UKC Plus - Coventry South Package	6.9	0.9	5.4	7.1	47.6	67.8
	Coventry UKC Plus - Coventry North Package	-	2.0	2.0	11.3	6.2	21.4
	Coventry UKC Plus - Very Light Rail: Transforming Connectivity	2.3	3.0	15.0	15.0	10.0	45.3
	UK Central Infrastructure Package - Programme Total	11.5	23.3	58.9	59.3	46.1	199.0
	Commonwealth Games	23.0	2.0	-	-	-	25.0
	UK Central HS2 Interchange - Programme Total	19.3	64.6	95.4	50.9	75.5	305.7
<b>IP GRANTS TO LOCAL AUTHORITIES</b>		<b>114.3</b>	<b>133.6</b>	<b>225.8</b>	<b>145.0</b>	<b>202.6</b>	<b>821.3</b>



**Appendix 9**

WMCA Investment Programme Financial Summary year ending 31 March 2021

**WMCA Investment Programme Financial Summary**

Period Ending 31st March 2021

PROGRAMME
COVENTRY UKC PLUS
SPRINT PROGRAMME
RAIL PROGRAMME
METRO PROGRAMME
UK CENTRAL INFRASTRUCTURE PACKAGE
UK CENTRAL HS2 INTERCHANGE
CURZON STREET STATION MASTERPLAN
NATIONAL COLLEGE FOR HIGH SPEED RAIL
HIGH SPEED SUPPLY CHAIN & BUSINESS SUPPORT
<b>HS2 GROWTH STRATEGY TOTAL</b>

2020 / 2021 FULL YEAR		
BUDGET	FORECAST	VARIANCE
£000	£000	£000
113,191	67,382	45,810
54,302	17,154	37,148
13,238	11,908	1,330
123,634	83,581	40,053
117,784	36,524	81,260
74,870	10,498	64,372
5,169	4,899	270
-	-	-
-	-	-
<b>502,188</b>	<b>231,945</b>	<b>270,243</b>

COVENTRY CITY CENTRE SOUTH REGENERATION
INNOVATION PROGRAMME
LAND RECLAMATION AND REMEDIATION
COMMONWEALTH GAMES 2022
EMPLOYMENT, EDUCATION & SKILLS
TOURISM, TRADE AND INVESTMENT PROGRAMME
COLLECTIVE INVESTMENT FUND
DEVOLVED TRANSPORT INVESTMENT
EZ EXPANSION EXCLUDING CURZON STREET
<b>OTHER INVESTMENT PROGRAMME SCHEMES</b>

19,864	11,237	8,627
14,601	12,259	2,341
49,727	9,313	40,414
37,442	37,442	-
444	305	139
-	1,573	(1,573)
54,307	16,679	37,628
-	-	-
-	-	-
<b>176,384</b>	<b>88,808</b>	<b>87,576</b>

<b>GRAND TOTAL</b>
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<b>678,573</b>	<b>320,753</b>	<b>357,819</b>
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PRIOR PERIOD SPEND	2020/21 FORECAST	COST TO COMPLETION		TOTAL EXPECTED BUDGET	VARIANCE
		FUTURE YEARS FORECAST	TOTAL FORECAST OUTTURN		
£000	£000	£000	£000	£000	£000
61,277	67,382	582,629	711,288	704,851	(6,437)
12,287	17,154	304,814	334,254	334,515	260
11,280	11,908	188,311	211,499	213,015	1,516
275,815	83,581	1,304,595	1,663,990	1,664,639	649
44,299	36,524	1,300,951	1,381,774	1,386,688	4,913
17,396	10,498	502,230	530,123	529,563	(561)
7,059	4,899	541,890	553,848	553,848	-
25,553	-	-	25,553	25,553	-
11,270	-	338,730	350,000	350,000	-
<b>466,236</b>	<b>231,945</b>	<b>5,064,149</b>	<b>5,762,330</b>	<b>5,762,671</b>	<b>341</b>

27,854	11,237	290,723	329,814	342,938	13,124
11,703	12,259	171,037	195,000	195,000	-
36,708	9,313	153,979	200,000	200,000	-
-	37,442	35,092	72,534	72,534	-
342	305	19,352	20,000	20,000	-
-	1,573	22,375	23,948	-	(23,948)
43,949	16,679	939,372	1,000,000	1,000,000	-
-	-	1,299,000	1,299,000	1,299,000	-
-	-	20,000	20,000	20,000	-
<b>120,556</b>	<b>88,808</b>	<b>2,950,931</b>	<b>3,160,295</b>	<b>3,149,472</b>	<b>(10,824)</b>

<b>586,792</b>	<b>320,753</b>	<b>8,015,080</b>	<b>8,922,625</b>	<b>8,912,143</b>	<b>(10,482)</b>
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## Appendix 9 (Continued)

WMCA Investment Programme Financial Commentary for the year ending 31 March 2021

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 19th March 2021, the WMCA Board agreed to revise the WMCA Investment Programme affordable limit from £801 million to £871m. Programmes that are funded from the Investment Programme beyond the current affordable limit are amber status.

Prior period spends and current year forecasts for the UK Central Infrastructure programme have been revised based upon updates provided by Highways England in respect of the M42 Junction 6 Improvements project. This project is being delivered and funded as part of the National Highways England Programme.

The forecast spend for 2020/21 takes into account the re-profiling of expenditure in response to COVID-19, which is not considered to have an impact on the overall delivery of the projects.

Commentary concerning specific programme level variances is provided below:

### Coventry UKC Plus (£45.8m)

- Coventry Station Masterplan accounts for £15.5m of the variance. The variance represents project slippage in respect of onsite construction affected by COVID-19 restrictions (particularly within Q1 20-21). Spend was also briefly slowed as a Change Request was approved by WMCA Investment Board on 11 January 2021 in respect of funding for the Bay platform component of the scheme. Construction work is now continuing at pace and the outputs from the project are not expected to be materially affected.
- Very Light Rail comprises approximately £7.0m of the observed variance, primarily caused by a contractor closure during the first UK national lockdown in Q1 20-21 and material supply issues for the prototype vehicle. A compressed build schedule has been implemented and project outputs are not expected to be materially affected by the variance.
- Coventry City of Culture Regeneration - £9.6m. Variance primarily due to a closure of Coventry City Centre construction sites (Retail Quarter, Greyfriar Lane, and Pool Meadow/White Street) during the first national lockdown and work volume as a result of social distancing measures. The project completion date has been slightly deferred but all other outputs remain unchanged.

### Metro Programme (£40.1m)

- Birmingham Eastside Extension (10.6m) - Variance due to deferred utility works whilst Development Agreement is finalised. These costs will now be incurred in 21/22.
- Wednesbury to Brierley Hill Extension (£18.3m) - Variance predominantly caused by COVID-19 disruption, as utility works did not commence as scheduled due to some utility undertakers responding only to emergency works in Q1 20-21. Construction work was also affected by the acquisition of the Railway Corridor, which was agreed on 10th July 2020.

### UK Central Infrastructure Package (£81.2m)

- Gross spend variance has resulted from amendment to the prior period spend and current year forecasts based upon updates provided by Highways England in respect of the M42 Junction 6 Improvements project. This project is being delivered and funded as part of the National Highways England Programme.

### UK Central HS2 Interchange (£64.4m)

- The UGC (100% subsidiary of SMBC) has undertaken a programme-wide rescope and review of the UKC HS2 Interchange programme.

During the year 2020/21, UGC has submitted business cases applying for WMCA IP funding for the following projects to date:

- Automated People Mover (APM) Route Realignment;
- Hub Movement and Connectivity; and
- Arden Cross Multi-Storey Car Park.

HS2 Ltd is the main contractor for delivery of some of the projects within the programme. Spend on the UKC HS2 Interchange programme is somewhat dependent upon the progress of base case projects, which in some instances are pre-requisites to work on the UK Central HS2 Interchange programme being able to commence.

### Land Reclamation and Remediation (£40.4m)

- Land and Property Investment Fund (£20.6m) - The project life forecast has been adjusted based on a Change Request submission approved by WMCA Investment Board on Monday 14th December 2020, which allowed the project costs and timeline to be re-profiled up to March 2025.

There is no change to the gross nominal value of Investment Programme grant funding for the project, (£53.04m approved to date of an expected £150.00m).

The Phoenix 10 manufacturing site scheme is the most significant scheme within the project to be deferred from 20/21. Additional match funding has been secured for Phoenix 10. Therefore, the WMCA LPIF contribution will be reduced for Phoenix 10 and applied to other schemes. This will result in slippage into 2021-22.

Match funding has been secured and drawn within 20/21 against the i54 Western Extension and Dudley Brownfields schemes.

The accountable body does not expect this variance to affect the end output of the project.

## Appendix 10

### WMCA Investment Programme Commitment Profile as at 31st March 2021

£m	Total Expected Approvals	Approved Commitments	Actual Spend
UK Central HS2 Interchange	398.0	65.4	25.4
UK Central Infrastructure Package	288.0	34.2	16.4
Sprint Programme	217.4	47.0	11.9
Rail Programme	119.6	62.5	12.8
Metro Programme	119.8	119.8	94.3
Coventry Electric Bus City	5.0	5.0	0.0
Coventry Station Masterplan (CSMP)	39.4	39.4	14.7
Coventry City of Culture Trust (2021)	4.0	4.0	2.7
Coventry UKC Plus - Very Light Rail: 'Transforming Connectivity'	55.0	12.2	9.3
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	18.8
<b>SUB TOTAL HS2 GROWTH STRATEGY</b>	<b>1,538.9</b>	<b>531.8</b>	<b>206.9</b>
Coventry City Centre South Regeneration	150.0	150.0	19.7
Innovation Programme	50.0	16.1	8.1
Land Reclamation and Remediation	200.0	103.0	41.2
Commonwealth Games 2022	25.0	25.0	0.0
Employment, Education & Skills	20.0	1.3	0.6
Tourism, Trade and Investment Programme	2.6	2.6	0.0
Regional Recovery & Risks	35.5	5.1	0.0
<b>OTHER INVESTMENT PROGRAMME</b>	<b>483.1</b>	<b>303.1</b>	<b>69.7</b>
<b>TOTAL</b>	<b>2,022.0</b>	<b>834.9</b>	<b>276.6</b>

The above approved commitments exclude the following provisional 'ear-marked' commitments agreed by WMCA Board in March 2021. These commitments will be crystallised following the approval of further report/s to WMCA Board detailing the precise requirement for the expenditure to be incurred:

WMCA Revenue Budget Risks (21/22) **£10m**

WMCA Capital Budget Risks **£5m**

**£15.4m** remains uncommitted. Against this sum, there are two proposals proceeding through the WMCA Assurance Framework. The Wolverhampton CoW Tech proposal will be presented to Investment Board on 29 June 2021, with a Final Business Case due to be presented to WMCA Board on 23 July 2021. Also, the 'Co-invest' business support

proposal is undergoing initial assurance reviews and will be presented to WMCA Board in due course.

## Appendix 11

<b>WMCA Balance Sheet as at 31 March 2021</b>			
	<b>31 March 2021 £'000</b>	<b>28 February 2021 £'000</b>	<b>Movement £'000</b>
Property, plant and equipment	496,874	481,201	15,673
Intangible assets	1,594	-	1,594
Investments	19,039	19,047	(8)
Loan Receivables	15,951	18,000	(2,049)
<b>Long-term assets</b>	<b>533,458</b>	<b>518,248</b>	<b>15,210</b>
Debtors	56,381	51,540	4,841
Short-term deposits	248,300	200,800	47,500
Cash and bank	1,813	313	1,500
<b>Current assets</b>	<b>306,494</b>	<b>252,653</b>	<b>53,841</b>
Loans - interest due	(1,637)	(1,750)	113
Short-term creditors/accruals	(111,860)	(101,449)	(10,411)
<b>Current liabilities</b>	<b>(113,497)</b>	<b>(103,199)</b>	<b>(10,298)</b>
<b>Net current assets</b>	<b>192,997</b>	<b>149,455</b>	<b>43,542</b>
Provisions	(4,305)	(2,699)	(1,606)
PWLB	(108,431)	(108,431)	-
Other loans - Barclays	(10,000)	(10,000)	-
Dudley MBC	(5,595)	(6,427)	832
Grants receipts in advance	(350,116)	(283,615)	(66,501)
<b>Long-term liabilities</b>	<b>(478,447)</b>	<b>(411,172)</b>	<b>(67,275)</b>
<b>Net assets</b>	<b>248,008</b>	<b>256,531</b>	<b>(8,523)</b>
General fund balance	2,348	6,173	(3,825)
Earmarked reserves	183,696	201,005	(17,309)
Capital grants unapplied reserve	1,841	1,841	-
<b>Usable reserves</b>	<b>187,885</b>	<b>209,019</b>	<b>(21,134)</b>
Revaluation reserve	6,319	6,514	(195)
Deferred capital grants account	507,027	489,566	17,461
Capital financing account	(449,805)	(448,072)	(1,733)
Financial Instruments Adjustment Account	(2,388)	-	(2,388)
Accumulated absences account	(1,030)	(496)	(534)
<b>Unusable reserves</b>	<b>60,123</b>	<b>47,512</b>	<b>12,611</b>
<b>Total reserves</b>	<b>248,008</b>	<b>256,531</b>	<b>(8,523)</b>

The WMCA Balance Sheet reflects a healthy financial position. Main changes since February reflect TfWM capital spend and work-in-progress funded mainly by grants in advance, resulting in an increase of £17.3m net of depreciation in property, plant and equipment and intangible assets.

The increase in short-term deposits and cash and bank is largely due to the receipt of the DfT All-Electric Bus Town or City (AEBT) grant offset by the payments in respect of Adult Education Budget, Investment Programme and Metro extension schemes. Correspondingly, the AEBT grant contributed to the increase in grants receipts in advance whilst Adult Education Budget and Investment Programme 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 and claims received for the Brownfield Land & Property Development Fund (BLPDF).

## Appendix 12 Treasury Management Strategy – March 2021

### 1.0 Introduction

1.1 The report provides an update on the West Midlands Combined Authority Treasury Management Outturn 2020/21 and is being submitted as a requirement under the CIPFA Treasury Management Code.

### 2.0 Treasury Management Outturn 2020/21

2.1 Table 1 shows WMCA borrowing and investments held at 1 April 2020 and 31 March 2021. It shows that net *borrowing* decreased by £176.02m to leave a net *investment* position of £124.27m. This was mostly as a result of PWLB debt maturity of £5.00m in December 2020 and an increase in investment balances following the receipt of Government Grants during the year, notably Land Fund and All-Electric Bus City.

**Table 1: Borrowing and Investments**

£M	As at 1 April 2020	Movement in Year	As at 31 March 2021	Notes
Gross Borrowing	(130.20)	6.17	(124.03)	PWLB Loan Maturity Dec 2020 (£5m)
Gross Investments	78.45	169.85	248.30	Receipt of Government Grants in advance (Land Fund / All-Electric Bus City)
Net (Borrowing) / Investments	(51.75)	176.02	124.27	

### 3.0 Borrowing Activity

3.1 Effective cash flow management and the use of grants received in advance have minimised borrowing. As a result, no new borrowing was undertaken in 2020/21 to meet financing requirements. Current forecasts suggest the WMCA will be required to borrow in 2021/22 as Investment Programme delivery intensifies.

### 4.0 Historic Borrowing

4.1 WMCA's historic borrowing is from three sources: HM Treasury's Lending Facility -Public Works Loan Board (PWLB), Barclays Bank and inherited West Midlands County Council Debt which is administered on behalf of the Constituent Local Authorities by Dudley MBC.



- 4.2 The majority of loans are maturity loans, where the principal is repayable at the maturity date, apart from two PWLB loans and the inherited debt which both incur payments against the principal annually.
- 4.3 During 2020/21 one PWLB loan matured in December 2020 at a cost of £5m and there were some modest repayments of principal against the two PWLB annuity loans. There was also a principal repayment of £0.833m against the West Midlands County Council debt, which has five more annual instalments to pay before being repaid in full.
- 4.4 It should be noted that the Finance Director continues to review the opportunities to reschedule debt but throughout 2020/21, the premium applied to early repayment of PWLB loans have been too onerous to be beneficial.
- 4.5 Table 2 shows borrowing held at 1 April 2020 and 31 March 2021. It shows that borrowing has decreased by £6m due principal repayments as previously detailed.

**Table 2 Outstanding debt as at 31 March 2021**

£m	As at 1 April 2020	In Year		As at 31 March 2021	Notes
		<b>Repaid</b>	<b>Raised</b>		
PWLB	113.77	(5.33)	0.00	108.44	£5m loan maturity Dec 2020
Barclays	10.00	0.00	0.00	10.00	No change
WM County Council (Inherited Debt)	6.43	(0.83)	0.00	5.59	Annual repayment of principal
<b>Total Long Term Borrowing</b>	<b>130.20</b>	<b>(6.16)</b>	<b>0.00</b>	<b>124.03</b>	

- 4.6 The cost of servicing WMCA debt was £6.43m as detailed in Table 3. This equates to an average annual interest rate of circa 5.00% when set against the average loan balance during the year of £128m.

**Table 3 Cost of Borrowing**

£m	Interest Paid 2020/21
PWLB	5.594
Barclays	0.403
WM County Council (Inherited Debt)	0.431
<b>Total Interest 2020/21</b>	<b>6.428</b>

## 5.0 Future borrowing / capital programme

- 5.1 Table 4 details the future capital expenditure forecasts as included within the 2021/22 Treasury Management Strategy and agreed by WMCA Board in February 2021.

- 5.2 This shows it is expected there will be a need to fund projects from borrowing up to £200m in 2021/22 with that value increasing subject to WMCA being able to unlock additional income to support the Investment Programme.
- 5.3 Actual debt taken out will be wholly subject to the capital programme being delivered in line with the schedules used to inform the numbers below and the degree to which WMCA is in receipt of available cash resources, which are used in advance of borrowing in order to avoid unnecessary interest costs.

**Table 4 Capital Expenditure and Debt Forecasts**

WMCA Capital Programme Funding (£M)		2021/22	2022/23	2023/24	2024/25	2025/26	Total
Funded by	Investment Programme	187.3	194.4	13.2	0.4	17.4	412.7
	Debt						
	TfWM Debt	12.7	18.4	146.0	34.9	-2.0	210.0
	Grants	379.0	184.4	3.1	1.5	14.3	582.3
	Other*	26.1	366.1	218.6	272.2	208.3	1,091.3
<b>TOTAL FUNDING</b>		<b>605.2</b>	<b>763.3</b>	<b>380.9</b>	<b>308.9</b>	<b>238.0</b>	<b>2,296.4</b>

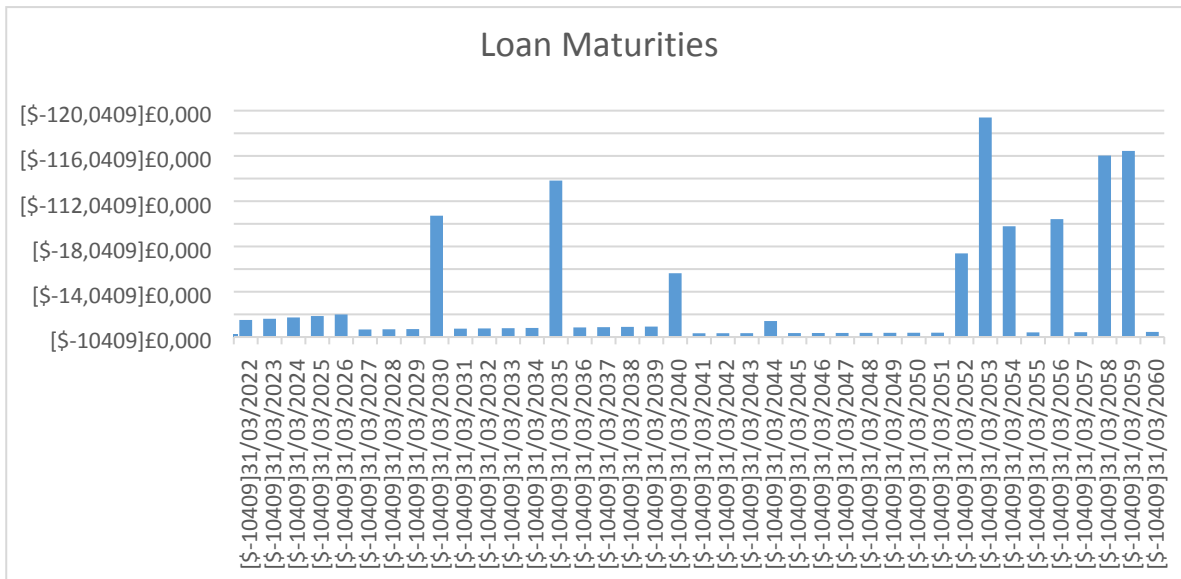
\* Provisional expenditure estimates for Investment Programme and other projects which are subject to WMCA raising additional income or yet to have the funding package fully secured.

## 6.0 Long Term Debt Profile

- 6.1 Table 5 details the maturity profile of WMCA's existing debt. These are the dates upon which loans are due to be repaid and the most common, best practice approach within Local Authorities is to ensure a relatively even spread of maturities across the horizon to ensure the Authority is not exposed to the risk of refinancing a large amount of debt in any one particular financial year.
- 6.2 The table shows that following the £5m repaid in 2020/21, no significant debt maturities are due until 2030/31 (£10m) and then 2035/36 (£14m). Of the £124m outstanding, £78m falls due in the eight years commencing 2052. New borrowings taken out by WMCA will therefore be likely to avoid this period when selecting a maturity point.

**Table 5 Debt Maturity Profile**

Maturity	Value £m
Less than 1 year	1.27
1 to 2 years	1.38
2 to 5 years	4.86
5 to 10 years	12.33
Over 10 years	104.19
<b>Total</b>	<b>124.03</b>



## 7.0 Investment Activity

- 7.1 For the 12-month ending 31 March, all short term investments (excluding loans made under the Commercial and Residential Investment Portfolios) made a return of £0.43m at an average rate of approximately 0.20%.
- 7.2 All treasury management activities undertaken during 2020/21 complied fully with the CIPFA Code of Practice and the Authority's approved Treasury Management Strategy. Investments are placed directly with financial institutions, or using various brokers: ITS, Tradition, Prebon, Martin Brokers, BGC and King & Shaxson. Investments held as at the 31st March 2021 were as set in Table 7 below:

**Table 7 Short Term Investments as at 31 March 2021**

Counterparty	Investment Type	Value (£m)	Interest Rate	Maturity Date
Blackburn with Darwen Borough Council	Fixed	7.00	0.35	10/08/21
West Dunbartonshire Council	Fixed	5.00	0.27	15/12/21
Cornwall Council	Fixed	10.00	0.05	06/04/21
Birmingham City Council	Fixed	10.00	0.18	01/06/21
Conwy County Borough Council	Fixed	2.00	0.04	23/04/21
Aberdeen City Council	Fixed	5.00	0.12	06/10/21
East Dunbartonshire Council	Fixed	5.00	0.11	22/11/21
Aberdeenshire Council	Fixed	5.00	0.17	13/12/21
Slough Borough Council	Fixed	5.00	0.10	27/09/21
Conwy County Borough Council	Fixed	5.00	0.07	19/08/21
Windsor and Maidenhead Royal Borough Council	Fixed	5.00	0.07	26/05/21
Trafford Metropolitan Borough Council	Fixed	6.70	0.07	30/11/21
Middlesbrough Council	Fixed	5.00	0.05	30/07/21
Armagh City Banbridge and Craigavon Borough Council	Fixed	4.00	0.08	02/06/21
Coventry City Council	Fixed	15.00	0.05	06/04/21

South Somerset District Council	Fixed	6.00	0.06	25/05/21
West Dunbartonshire Council	Fixed	5.00	0.06	29/10/21
LB Southwark	Fixed	10.00	0.05	30/09/21
Brentwood Borough Council	Fixed	10.00	0.10	07/01/22
Liverpool City Council	Fixed	10.00	0.07	31/12/21
HSBC Money Market Fund	Variable	20.00	0.00	N/A
CCLA Money Market Fund	Variable	20.00	0.04	N/A
Federated Hermes Money Market Fund	Variable	20.00	0.01	N/A
HSBC UK (Overnight)	Variable	12.60	0.01	N/A
Lloyds Banking Group	Variable	20.00	0.01	N/A
Santander UK	Variable	20.00	0.08	N/A
<b>Total Short-Term Investments</b>		<b>248.30</b>		

## 8.0 Performance Measurement and Prudential Indicators

8.1 The WMCA treasury management function participates in a local benchmarking group which compares WMCA's treasury management performance with other local authorities, to ensure that relative to other local authorities the Authority is achieving a fair investment return without any undue risk. Performance is also regularly reviewed at the monthly Treasury Management Group.

8.2 One of the key requirements in the CIPFA Code of Practice on Treasury Management is the formal introduction of performance measurement relating to investments, debt and capital financing activities. The key indicators are set out below:

8.3 Security: WMCA has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk

	Actual	Target	Complied?
Portfolio Average Credit	A+	A-	Yes

8.4 **Liquidity:** WMCA has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing

Liquidity Risk Indicator	Actual	Target	Complied?
Total Cash Available within 3 months	£113m	£50m	Yes

8.5 **Maturity Structure of Borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	31.3.21 Actual	Upper Limit	Lower Limit	Complied?

Under 12 months	1%	15%	0%	Yes
12 months and within 24 months	1%	20%	0%	Yes
24 months and within 5 years	4%	20%	0%	Yes
5 years and within 10 years	10%	20%	0%	Yes
10 years and above	84%	25%	25%	No <sup>1</sup>

<sup>1</sup> As noted in 6.2, of WMCA's £124m outstanding borrowing, £78m falls due in the eight years commencing 2052. New borrowings taken out by WMCA will therefore be likely to avoid this period when selecting a maturity point.

8.6 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Of the £124m outstanding, £78m falls due in the eight years commencing 2052. New borrowings taken out by WMCA will therefore be likely to avoid this period when selecting a maturity point.

8.7 **Principal Sums Invested for Periods Longer than a Year** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum

	2020/21	2021/22	2022/23
Actual principal invested beyond year end	-	-	-
Limit on principal invested beyond year end	£10m	£10m	£10m
Complied?	Yes	Yes	Yes

## 9.0 Non Treasury Investments

9.1 The definition of investments in CIPFA's revised Treasury Management Code covers all the financial assets of WMCA as well as other non-financial assets which an Authority may hold primarily for financial return. This is replicated in the Investment Guidance issued by Ministry of Housing, Communities and Local Government's (MHCLG), in which the definition of investments is further broadened to also include all such assets held partially for financial return.

9.2 Whilst WMCA does make loans to developers under the Commercial and Residential Investment Funds, the core objective of such investments is not financial return, but economic regeneration.

9.3 As at 31 March 2020 WMCA had £19.6m on loan to developers. During the 2020/21 financial year and after accounting the for the costs of provisions under IFRS accounting standards, the investments were cost neutral to the overall income and expenditure statement of WMCA.

## 10.0 Compliance

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

## **11.0 Treasury Management Strategy**

11.1 The Treasury Management Strategy for 2021/22 has been underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management. Treasury Management is defined as: "The management of local authority's investment and cash flows, its banking, money market and capital transactions; effective control of risk associated with those activities; and the pursuit of optimum performance consistent with those risks."

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