



Transport Delivery Committee

Date	15 November 2021
Report title	Financial Monitoring Report
Accountable Director	Linda Horne, Finance Director, West Midlands Combined Authority email: Linda.Horne@wmca.org.uk tel: (0121) 214 7508
Accountable employee(s)	Kate Taylor, Head of Finance Business Partnering, West Midlands Combined Authority email: Kate.Taylor@wmca.org.uk
Report to be/has been considered by	Councillor Pervez Akhtar

Recommendation(s) for action or decision:

The Transport Delivery Committee is recommended to:

- (1) Note the year to date position as at the end of September 2021 against the TfWM Revenue Budget shows an overall favourable variance of £1.911m, as detailed in Section A.
- (2) Note the TfWM Capital Programme expenditure as at the end of September 2021 totals £121.9m, which is £47.6m below budget, as detailed in Section B.

1. Purpose

- 1.1 This report sets out the financial position as at 30 September 2021. The content relates to the financial position of the Combined Authority's Transport Delivery Revenue and Capital Budgets and consists of the following Sections:

SECTION A

2.0 Section A - Summary Revenue Position

- 2.1 The year to date position on the Transport revenue budget as at the end of September 2021 shows an overall favourable variance of £1.911m against budget.

	September 21 Year to Date			Full Year		
	Actual £'000	Budget £'000	Variance £'000	Forecast £'000	Budget £'000	Variance £'000
Net TfWM Surplus / (Deficit) before reserves	1,017	(2,651)	3,668	(3,649)	(4,695)	1,046
Budgeted Use of Reserves	561	2,318	(1,757)	4,637	4,695	(58)
Net TfWM Surplus / (Deficit) after reserves	1,578	(333)	1,911	988	0	988

- 2.2 This favourable variance is primarily driven by Concession savings during the pandemic due to reduced service provision by operators, lower patronage and no fare increases.
- 2.3 Further savings have been achieved due to the revision of the Accessible Transport contract, including bringing the Customer Service team in-house, and a reflection of the latest guidance regarding SFC grant. Current savings on cleaning and maintenance, along with ongoing staffing variations have also contributed to the favourable variance.
- 2.4 These savings have been partly offset by lower than budgeted drawdown of reserves to support the overall budget as they have not yet been required.
- 2.5 Over the full year it is expected that the YTD savings within Concessions and Accessible Transport will be required to offset the budgeted support to operators to deal with the impact of Covid-19.
- 2.5 Further details of net spending are set out in Appendix 1.

SECTION B

3.0 Summary Position TfWM Capital Budget

3.1 Overall, TfWM Capital Programme expenditure totalled £121.9m which was £47.6m below the September year to date budget of £169.5m, with the variance primarily contained within the Investment Programme portfolio (£31.5m) and the Commonwealth Games Programme (£7m).

TRANSPORT PROGRAMME	YEAR TO DATE - SEPT 21			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Investment Programme	50,924	82,378	31,454	188,874	218,330	29,456
CWG Programme	57,974	64,975	7,001	148,358	148,630	272
Other Major Programmes	6,609	11,368	4,759	27,932	32,337	4,405
Minor Work Programme	5,099	6,858	1,759	11,149	11,397	248
Grants to Local Authorities	1,245	3,918	2,673	9,091	9,366	275
TOTAL	121,851	169,497	47,646	385,403	420,060	34,657

3.2 The TfWM delivered Investment Programme portfolio comprises the largest of the five Programmes within the Transport Programme, containing the schemes which feature in the WMCA Devolution Deal Investment Programme to be delivered by TfWM. These schemes are all, to some extent, funded from the West Midlands Combined Authority Devolution Deal funding arrangements.

3.3 The Transport Programme has been categorised into five sub programmes. The largest of these is the Investment Programme with a Budget to September of £82.4m, including all the Rail, Sprint & Metro Extension Schemes. At the end of September 2021, actual costs totalled £50.9m, which was £31.5m below the budget. The main variances at the end of September were contained within the Metro Programme totalling £23.4m.

3.4 Appendix 2 documents the financial performance of the TfWM Investment Programme schemes which has a total budget of £218.3m for 2021/22. At the end of September actual costs totalled £50.9m, which was £31.5m below the budget. The largest year to date variance against budget is the Metro Wednesbury to Brierley Hill scheme of £8.9m which is primarily driven by the rescheduling of utilities work due to the coordination required of enabling works and traffic management.

3.5 The Birmingham Eastside extension year to date budget variance of £9.0m relates to rescheduling of the project programme and the utilities diversion payment profile. The remainder of the variance to September is primarily driven by the Walsall to Wolverhampton Local Enhancements rail project, where the land acquisition is being finalised.

3.6 Appendix 3 documents the financial performance against the Commonwealth Games Programme with a budget of £148.6m. This includes all the schemes (SPRINT, Perry Barr

& University Rail Stations, and Games) scheduled to be delivered in advance of the Games in July and August 2022. At the end of September, actual costs totalled £58m, which was £7m under budget. The main drivers of this variance are the Sprint projects, A45 Birmingham to Solihull £9m and A34 Walsall to Birmingham £5.7m. The Sprint projects are now seeing increased construction activity across the Walsall, Sandwell and Birmingham regions. The delayed construction activity is not expected to affect the project completion dates. Underspends in this programme are offset by the accelerated construction and drawdown of WMCA funding for the Alexander Stadium Redevelopment (-£11.7m).

- 3.7 Appendix 4 documents the financial performance against the Other Major schemes annual budget of £32.3m. This programme includes trials of new transport innovation encompassed within Future Transport Zones (focused on discovering new ways to help people and goods move around), in addition to Connected and Autonomous Vehicles trialling new technology, and Key Route Networks, to manage congestion and keep the West Midlands moving. At the end of September, actual costs totalled £6.6m, which was £4.8m below the budget. The main variance relates to the Cross City Bus – City Centre Package where a Traffic Regulation Order is being sought so that construction works and related activity can commence.
- 3.8 Appendix 5 documents the financial performance against the Minor Works Programme with a budget of £11.4m. This programme includes a broad range of relatively small schemes. At the end of September, actual costs totalled £5.1m, which was £1.8m below the budget. This is primarily driven by supply chain delays to upgrading doors and lighting at bus stations and park and rides across the region.
- 3.9 Appendix 6 documents the financial performance against the Grants to Local Authorities Budget of £9.4m which relates primarily to the schemes funded within the Transforming Cities Fund which are in the early stages of development. At the end of September, actual expenditure was £1.2m, which was £2.7m below budget. This variance relates to the B4106 Spon End works, where the acquisition of 5 properties has been rephased into Q2 and Q3.

Appendix 1: Transport for West Midlands Revenue Budget Position 30 September 2021

Headlines
 As at the end of September 2021 there is a £1.911m favourable year to date variance against budget.
 This is primarily driven by ENCTs and Child Concession savings during the pandemic due to reduced services and patronage alongside no fare increases. Revision of the Accessible Transport contract, including bringing the Customer Service team in-house, has delivered further savings. Current savings on cleaning and maintenance, along with ongoing staffing variations have also contributed to the favourable variance. The latest assumptions and Government guidance regarding SFC Grant have also been reflected, thus driving further favourable movement.
 These variances are partly offset by the timing of payments to Subsidised Bus operators and by lower than budgeted drawdown of reserves to support the overall budget as they have not yet been required.
 Over the full year it is expected that the YTD savings within Concessions and Accessible Transport will be required to offset the budgeted support to operators driven by the impact of Covid-19.

Key:

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

	SEPTEMBER 2021 YEAR TO DATE						FULL YEAR 2021/22			VARIANCE EXPLANATION(S)		
	ACTUAL £000			BUDGET £000			YTD VARIANCE FAVOURABLE / (ADVERSE) £000	FORECAST £000	BUDGET £000		FULL YEAR VARIANCE FAVOURABLE / (ADVERSE) £000	
	INCOME	EXPENDITURE	NET	INCOME	EXPENDITURE	NET		NET	NET		NET	
Specific resources:												
Transport Levy	57,360	0	57,360	57,360	0	57,360	0	114,720	114,720	(0)	●	Budgeted reserves to support the delivery of the cycle hire scheme have begun to be drawn down. However, reserves to support the overall budget have not yet been required.
Use of Reserves	561	0	561	2,318	0	2,318	(1,757)	4,637	4,695	(57)	●	
TOTAL FUNDING	57,921	0	57,921	59,678	0	59,678	(1,757)	119,358	119,415	(57)	●	
Concessions												
National Bus Concession	84	25,303	(25,219)	49	26,148	(26,099)	880	(49,912)	(50,472)	560	●	Driven by reduced services and patronage during the pandemic, with no fare increases further contributing to the variance. Over the full year the impact of Covid-19 will likely lead to an increase in the support provided to operators.
Metro / Rail	0	2,293	(2,293)	0	2,278	(2,278)	(14)	(4,568)	(4,572)	4	●	
Child Concession	0	3,148	(3,148)	0	3,444	(3,444)	296	(6,797)	(7,029)	232	●	
Bus Services												
Bus Stations / Infrastructure	4,246	6,535	(2,290)	3,645	6,261	(2,616)	327	(4,909)	(5,152)	243	●	Favourable variance due to savings on cleaning and shelter repairs. A revised digital advertising contract is also driving favourable monthly movements to budget. Partly offset by a reduction in departure charge income as a result of Covid-19 that is expected to continue over the full year.
Subsidised Network	1,664	7,302	(5,637)	1,022	6,599	(5,577)	(60)	(11,495)	(11,478)	(17)	●	
Accessible Transport	(366)	2,487	(2,853)	0	3,319	(3,319)	466	(6,614)	(6,637)	24	●	YTD adverse variance driven by the profiling of CBSSG drawdown and payments to operators. Over the full year the support provided to operators will likely need to increase.
Rail and Metro Services												
Metro Services	130	1,197	(1,068)	96	1,252	(1,156)	89	(2,621)	(2,579)	(42)	●	The Accessible Transport contract with National Express has been revised, thus driving savings. This also includes bringing the NEAT customer service team in-house. Reduced services during the pandemic have also contributed to the savings.
Rail Services	731	1,939	(1,207)	691	2,153	(1,462)	255	(2,997)	(2,904)	(93)	●	
Integration												
Safety and Security	402	763	(360)	334	982	(647)	287	(1,165)	(1,274)	109	●	Lower insurance premiums and reduced engineering support for utility works is driving the YTD savings.
Passenger Information	7,263	9,859	(2,596)	444	3,506	(3,062)	466	(5,986)	(6,007)	21	●	
Sustainable Travel	401	1,199	(799)	643	1,315	(672)	(127)	(1,305)	(1,401)	97	●	
Network Resilience												
Network Resilience	8,066	11,821	(3,755)	1,422	5,803	(4,381)	626	(8,456)	(8,682)	226	●	Reduced cleaning and maintenance costs at park and ride locations, alongside staffing variations. Changes in the Longbridge usage assumptions, as a result of Covid-19 are causing a full year adverse variance.
Commonwealth Games	544	1,676	(1,131)	2	1,577	(1,576)	444	(3,145)	(3,181)	35	●	
Business and Democratic Support												
Business and Democratic Support	1,737	1,737	0	2,112	2,112	0	0	0	(0)	0	●	Additional CCTV income from WMP is driving the favourable variance alongside the profiling of CCTV equipment expenditure.
Strategic Development	0	1,745	(1,745)	0	1,836	(1,836)	91	(3,799)	(3,809)	9	●	
Transport Governance	698	2,368	(1,670)	791	2,727	(1,936)	266	(4,054)	(3,915)	(139)	●	
Capital Finance Charges												
Capital Finance Charges	0	63	(63)	0	66	(66)	3	(130)	(131)	1	●	Additional ticketing commission received as a result of increased sales, along with staffing variations. Reflection of the latest SFC assumptions is further contributing to the favourable variance. Primarily driven by lower cycle hire income between July-September.
TOTAL EXPENDITURE	17,535	73,878	(56,343)	9,829	69,840	(60,011)	3,668	(118,370)	(119,415)	1,045	●	
NET	75,456	73,878	1,578	69,507	69,840	(333)	1,911	988	0	988		Favourable variance driven by staffing variations as well as increased work on FMZ capital projects allowing costs to be recharged, however these are expected to reduce as the projects come to an end. Further savings as a result of lower monitoring and research costs during the pandemic.

APPENDIX 2: TfWM Delivered Investment Programme Schemes

INVESTMENT PROGRAMME	YEAR TO DATE - SEPT 21			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Rail						
Rail - Camp Hill Line Local Enhancements - Package 2	1,495	2,828	1,333	8,396	8,878	482
Rail - Walsall to Wolverhampton Local Enhancements - Package 1	1,231	5,099	3,868	13,121	15,390	2,269
Rail - Sutton Coldfield Gateway	26	57	31	59	57	(2)
Metro						
Metro Birmingham Eastside Extension	14,068	23,038	8,970	59,946	66,735	6,789
Metro Wolverhampton City Centre Extension	2,309	4,265	1,956	3,013	3,030	17
Metro Wednesbury to Brierley Hill Extension	20,692	29,638	8,946	76,182	95,519	19,337
Metro Centenary Square/Edgbaston Extension	6,681	6,535	(146)	5,352	5,352	0
Bilston Road Track Replacement Phase 2	1	6	5	874	874	0
Metro Network Enhancements - Traction Power & OLE Upgrades	918	1,286	368	3,344	3,344	0
WIP Station and Car Park works	(54)	(54)	0	(54)	(54)	0
Metro Network Enhancements - Wednesbury Depot Upgrades	1,440	2,691	1,251	3,117	3,117	0
Metro Network Enhancements – Comms and Control	451	1,366	915	2,006	2,101	95
Buy Before Boarding	15	74	59	1,385	1,400	15
Wolverhampton WIP Public Realm	0	0	0	1,196	1,196	0
Wolverhampton WIP Contingency	0	0	0	2,093	2,093	0
Project Support	7	0	(7)	0	0	0
MMA Innovation	60	0	(60)	0	0	0
MML Life Cycle Projects	1,384	2,550	1,166	4,183	4,623	440
Metro Programme Management	0	(6)	(6)	0	13	13
Sprint						
Sprint - Hagley Road Phase 1	171	2,771	2,600	4,205	4,206	1
Sprint - Longbridge to Birmingham	26	102	76	204	204	0
Sprint - Hagley Road Phase 2	2	123	121	245	245	0
Sprint - Sutton Coldfield to Birmingham - via Langley	0	7	7	7	7	0
TOTAL	50,923	82,376	31,453	188,874	218,330	29,456

APPENDIX 3: Commonwealth Games Programme

COMMONWEALTH GAMES PROGRAMME	YEAR TO DATE - SEPT 21			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
University Station Improvement Project	15,613	15,929	316	35,926	36,122	196
Perry Barr Rail Station	5,728	7,501	1,773	15,125	16,832	1,707
Sprint - A45 Birmingham to Airport and Solihull	9,406	18,544	9,138	38,153	38,148	(5)
Sprint - A34 Walsall to Birmingham	5,822	11,509	5,687	24,033	24,033	0
A34 Sprint Park and Ride	(1)	81	82	81	81	0
Regional Transport Coordination Centre - RTCC - development	(39)	0	39	(39)	0	39
RTCC-Design and Layout/Commercialisation	699	934	235	1,852	1,852	0
RTCC-Data - Tactical and Operational Intelligence	533	247	(286)	764	764	0
RTCC – ICT Equipment	17	34	17	58	58	0
RTCC-Operations	75	192	117	298	348	50
RTCC-Customer Information	0	38	38	76	76	0
RTCC-Highway Interventions	488	1,519	1,031	5,799	5,799	0
RTCC NWM Customer Interface Tool - Journey planner/Website	187	674	487	1,019	1,304	285
Perry Barr Mitigation Package	47	106	59	213	213	0
Commonwealth Games 2022 - Alexander Stadium Redevelopment	19,400	7,667	(11,733)	25,000	23,000	(2,000)
TOTAL	57,975	64,975	7,000	148,358	148,630	272

APPENDIX 4: Other Major Works Programme

OTHER MAJOR WORKS PROGRAMME	YEAR TO DATE - SEPT 21			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Snow Hill Public Realm	33	144	111	144	144	0
Electric Vehicle - EV - Charging	144	197	53	197	197	0
Clean Bus Technology Fund 2017-2019	447	520	73	786	786	0
Cross City Bus - City Centre Package	68	1,934	1,866	2,246	3,764	1,518
Cross City Bus - Dudley – Druids Heath Package	215	276	61	1,154	967	(187)
Coventry Electric Bus City	96	79	(17)	4,937	4,917	(20)
Longbridge Connectivity Package	119	106	(13)	106	106	0
Connected and Autonomous Vehicles TestBed - CAV	0	1	1	1	1	0
NPIF 2 Birmingham Growth Point	125	190	65	190	190	0
Key Route Network Safety	474	330	(144)	1,096	1,096	0
Dudley Interchange	287	260	(27)	3,346	5,782	2,436
Autonomous Highway Rural and Parking Test Facilities - Meridian 3	284	687	403	592	592	0
Future Mobility Zone - Human Centered Data	14	74	60	102	124	22
Future Mobility Zone - Enabling Data Exploitation	115	144	29	1,136	1,106	(30)
Future Mobility Zone - Innovation Showcases	426	510	84	1,164	1,404	240
Future Mobility Zone - Programme Mgmt and Monitoring Evaluation	133	240	107	450	510	60
5G	1,907	1,837	(70)	2,891	2,891	0
ConVEx-Connected Vehicle data Exchange	154	159	5	159	159	0
Major Route Network - Programme	0	12	12	0	24	24
A435 Alcester Rd Bus Priority Revitalisation	9	435	426	1,047	1,047	0
Future Mobility Zone - Enhanced Ticket Platform	272	568	296	1,355	1,355	0
Major Road Network-A4123 Corridor -A4150 to A456	4	300	296	425	425	0
Major Road Network- A454 Wolverhampton to Neachells	29	170	141	344	344	0
Major Road Network-A449 Stafford Rd M54 J2 to A4150 Ring Road	0	230	230	540	540	0
Major Road Network- A46 Link Road Ph2 Coventry	195	150	(45)	250	250	0
Major Road Network- A46 Link Road Ph3 Coventry	0	0	0	250	250	0
Major Road Network- A38 Kingsbury Road Birmingham	23	52	29	90	90	0
Future Mobility Zone - Transport Network Data	303	899	596	1,559	1,901	342
WM5G Grants for Transport Use	734	867	133	1,302	1,302	0
Major Road Network- A41 Moxley	0	0	0	73	73	0
TOTAL	6,610	11,371	4,761	27,932	32,337	4,405

APPENDIX 5: Minor Works Programme

MINOR WORKS PROGRAMME	YEAR TO DATE - SEPT 21			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Bus						
Shelter Appeals	0	2	2	8	8	0
DfT Tackling Nitrogen Dioxide - Dudley MBC	0	0	0	5	5	0
DfT Tackling Nitrogen Dioxide - Wolverhampton MBC	0	0	0	296	296	0
Air Quality Grant	238	238	0	238	238	0
Rail						
Dudley Port Integrated Transport Hub	3	28	25	30	30	0
Aldridge Rail Station Study	17	9	(8)	18	18	0
Cycling						
Network Wide Cycling Programme - NWCP	3	2	(1)	2	2	0
West Midlands Cycle Hire	2,999	2,916	(83)	3,531	3,531	0
Better Streets Community Fund	112	554	442	1,386	1,459	73
Priority One Development Workstream	228	402	174	811	960	149
Active Travel Fund-Tranche 2	116	125	9	363	363	0
LSTF - Cycle Counters	93	150	57	150	150	0
Highway						
ADEPT Live Lab	424	764	340	1,053	1,053	0
Asset Replacement						
IDOX - Asset Management System	1	6	5	14	14	0
Asset Management Programme	582	1,116	534	1,841	1,841	0
Real Time Information Upgrades	218	337	119	743	743	0
Other						
Bradley Lane Park and Ride	0	26	26	0	26	26
Asset Management- RTI Upgrades	3	81	78	450	450	0
Top Slice	0	0	0	50	50	0
Transport Data Unification - traffic data	1	0	(1)	0	0	0
AutopleX	48	57	9	71	71	0
HS2 Modelling Framework	11	44	33	89	89	0
TOTAL	5,097	6,857	1,760	11,149	11,397	248

APPENDIX 6: Grants to Local Authorities

GRANTS TO LOCAL AUTHORITIES	YEAR TO DATE - SEPT 21			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Cycling Programme	0	0	0	1,500	1,500	0
B4106 Spon End - Coventry CC	112	2,730	2,618	3,800	3,800	0
New St/High St/Victoria Sq Public Realm - Birmingham CC	1,133	1,188	55	3,790	4,066	276
TOTAL	1,245	3,918	2,673	9,090	9,366	276