



West Midlands
Combined Authority

Informal WMCA Board - WMCA Chief Executive's Consultation/Guidance

Date	14 January 2022
Report title	Financial Monitoring Report 2021/22
Portfolio Lead	Finance - Councillor Bob Sleight
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This report has been considered by	West Midlands Finance Directors - 6 January 2022

Recommendations for action or decision:

The informal WMCA Board is recommended to propose that the WMCA's Chief Executive:

- (1) Notes the financial position as at 30 November 2021, as detailed in Sections 2-4.
- (2) Notes the latest 2021/22 forecast, as detailed in Section 5.
- (3) Notes the update on Local Authority Delivery Phase 3 (LAD3) funding, as detailed in Section 6.
- (4) Approves the supplementary appointment of Louise Cowen and Kate Taylor as Deputy Section 151 Officers with effect from 14 January 2022 as detailed in Section 10.

1.0 Purpose

- 1.1 To provide an update on the Combined Authority's finances as at the end of November 2021.

2.0 Background – Financial Monitoring

- 2.1 Appendix 1 shows the overall consolidated revenue position for the West Midlands Combined Authority.
- 2.2 The overall year to date position at the end of November shows a £2.524m favourable variance from budget. This consists of a favourable variance within the Transport budget of £2.877m and an adverse variance within the Delivery budget of £0.353m.
- 2.3 The favourable variance within the Transport budget is largely due to Concession savings during the pandemic as a result of reduced service provision by operators, lower patronage and no fare increases. 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 Sales Fees and Charges grant eligibility. Current savings on cleaning and maintenance, along with ongoing staffing variations have also contributed to the favourable variance.
- 2.4 Within the Delivery budget the adverse variance of £0.353m is simply due to the timing of planned use of reserves not being drawn yet, partly offset by savings relating to staffing variations alongside a re-profiling of activity particularly within the Environment & Energy, PSR & Social Economy and Productivity & Skills Portfolios.
- 2.5 Appendices 2 and 3 present the detailed summaries for Transport and Non-Transport functions respectively.

3.0 Mayoral Budget

- 3.1 Appendix 4 presents the Mayoral Office position as at the end of November 2021, which remains in line with budget at this stage of the year.

4.0 Capital Programme

- 4.1 Appendix 5 sets out the position on the Capital Programme as at the end of November 2021. Actual costs totalled £169m, resulting in a favourable variance of £66.8m against a budget of £236.1m.
- 4.2 The year to date expenditure to budget variance is primarily contained within Transport (£72.7m), Grants to Local Authorities within the Investment Programme (£15.5m) and Housing (£16.6m).
- 4.3 The Transport Programme has been categorised into five sub programmes. The largest of these is the Investment Programme with a budget of £218.3m, including all the Rail/Sprint & Metro extension schemes.
- 4.4 At the end of November, actual costs totalled £182.2m, which was £72.7m below the budget of £254.9m. The main variances at the end of November were contained within the Metro Programme totalling £34.4m, further detail is available in Appendix 5.

4.5 Whilst the programme does outline elements of slippage due to external factors being encountered within a difficult delivery environment, it is important to note that all capital schemes are continuing to be delivered in line or broadly in line with the original schedule.

5.0 2021/22 Expected Outturn Update

5.1 The latest full year forecast reflects the ongoing risks and expected cost pressures within the Transport network. Currently, an overall surplus of £0.699m is forecast for 2021/22, mainly due to residual savings against Concessions budgets and opportunities to fund posts from Capital grants in year.

5.2 The final Financial Monitoring Report of the year will be presented to WMCA Board in March 2022. It is expected that there will be further savings within the Concessions and Accessible Transport budgets however these will be prudently held at year end to protect and provide resilience against continuing transport network operational risks, particularly in relation to the bus market and costs of subsidised bus services.

6.0 Local Authority Delivery Phase 3 (LAD3) Funding Update

6.1 WMCA is part of the Midlands Energy Hub (MEH) consortium that put a successful £83 million Expression of Interest bid into Department of Business, Energy, and Industrial Strategy's Sustainable Warmth Competition. WMCA's bid sees nearly £3 million being made available to retrofit privately owned homes occupied by low income households. The consortium has also included other WMCA constituent members, which WMCA has assisted through the application process; their bids are worth £16.2m.

6.2 This EOI is subject to submission of a detailed development plan to MEH and alignment with the Single Assurance Framework. These will determine whether WMCA takes up its allocation and signs the Memo of Understanding with MEH by end February 2022. If it does, the Board will be updated in the March 2022 meeting.

7.0 Investment Programme

7.1 The financial results for the West Midlands Regional Investment Programme run one month behind the regular management accounts, due to the requirement to consolidate outputs across the metropolitan area.

7.2 The October expenditure is shown at Appendix 7, which reports the gross delivery totals for programmes delivered by both WMCA and other entities (being primarily constituent member local authorities).

7.3 Appendix 8 summarises grant funding commitments approved by WMCA for projects within the Investment Programme, which total £858.5m as at 30th November 2021 (£858.5m as at 31st October 2021).

7.4 WMCA Investment Programme funding drawn / incurred by projects against these funding commitments as at 30th November 2021 totals £373.6m.

7.5 Since the previous board meeting on the 19th November 2021:

- Aspirations for All (Change Request) – A time extension of 15 months was granted to change the SOC stage project completion date from June 2021 to September 2022. There is no change to the quantum of WMCA Investment Programme grant funding awarded for the project.
- Accelerated Housing Delivery – Utilising Solihull Assets (Change Request) – The submission advised WMCA of elements within the project which were no longer expected to proceed as originally expected, and new, replacement schemes were identified.
- Solihull Town Centre - Development & Investment (Change Request) – The submission advised WMCA of the current status of schemes within the project, as well as of specific schemes descoped or re-allocated to other projects.
- HS2 Jobs & Skills (Change Request) – A time extension of 5 months was granted to change the SOC stage project completion date from October 2022 to March 2023. There is no change to the quantum of WMCA Investment Programme grant funding awarded for the project; and
- Smart Resilient Assets (Outline Business Case) – Progression to Full Business Case approved. There is no financial ask requested of the WMCA, funding for the next stage will come from the August 2018 approved Local Strategic Network SOC.

7.6 The 'affordable limit' for funding provided by WMCA for the regional Investment Programme remains at £871m.

7.7 The commitment values above exclude the provisional 'ear-marked' allocations agreed by WMCA Board in March 2021, but which remain subject to formal approval by future submission of individual proposals to be considered in accordance with WMCA assurance arrangements.

8.0 Balance Sheet

8.1 Appendix 9 presents the West Midlands Combined Authority Balance Sheet which shows a healthy financial position as at 30 November 2021.

8.2 The increase in property, plant and equipment is mainly due to spend on the Metro BEE (£12m) and the WBHE (£6.3m) extension. The increase in short-term deposits is largely due to a PWLB loan receipt offset by payments in respect of Adult Education Budget, Investment Programme and Metro extension schemes.

8.3 The decrease in grants receipts in advance was largely due to capital spend, namely the Metro schemes mentioned above which is partly funded from DfT grants. Payments for the Adult Education Budget led to the decrease in earmarked reserves.

9.0 Administered Funds

10.1 Administered Funds as at 30 November 2021 totalled £76.6m. A breakdown of this amount is included within Appendix 6. These funds do not form part of the Authority's own revenue and capital budgets but are effectively funds where WMCA is the Accountable body and passports out to partner Authority's to deliver.

10.0 Appointment of Deputy s151 Officers

- 10.1 WMCA is required to have a deputy s151 officer to carry out the responsibilities of the s151 Officer role in their absence. This role is currently fulfilled by Carl Pearson, Head of Financial Planning. Following a review of role and responsibilities within the Finance team and to provide additional resilience, it is proposed to appoint the other two Heads of Service to this role also; Louise Cowen (WMCA Financial Controller), and Kate Taylor, (WMCA Head of Finance Business Partnering). This is consistent with many other Local Authorities where pace, breadth and range of funding is diverse. Clear accountability remains and controls are in place to ensure clarity of responsibility.
- 10.2 There are no financial implications as the posts are not remunerated, in themselves, over and above the existing salary paid for the individual's substantive post within the WMCA.

11.0 Financial Implications

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

12.0 Other Implications

- 12.1 There are no Legal, Equalities, Inclusive Growth, Geographical or Other implications arising from this report.

13.0 Appendices

- Appendix 1 – WMCA Consolidated Summary – November 2021
- Appendix 2 – WMCA Transport Revenue Summary - November 2021
- Appendix 3 – WMCA Delivery Budget Summary – November 2021
- Appendix 4 – WMCA Mayor Revenue Summary –November 2021
- Appendix 5 – WMCA Capital Transport Delivery Programme – November 2021
- Appendix 6 – WMCA Administered Funds – November 2021
- Appendix 7 – Total Regional Investment Programme Expenditure – October 2021
- Appendix 8 – WMCA Investment Programme Commitments – November 2021
- Appendix 9 – WMCA Balance Sheet – November 2021

Appendix 1

WMCA Consolidated Revenue Budget Summary – Year Ending 30 November 2021

£000's	Year to Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Transport Levy	76,480	76,480	0	114,720	114,720	0
Commonwealth Games	2,460	3,071	(611)	7,104	5,423	1,681
Revenue Grants & Other Income	8,061	7,068	993	14,176	9,348	4,828
Adult Education Funding	92,512	104,218	(11,706)	142,698	142,698	0
Share of Business Rates	0	6,000	(6,000)	9,000	9,000	0
Constituent Membership	3,096	3,096	0	4,644	4,644	0
Non Constituent Members	284	283	1	425	425	0
Investment Programme	4,822	2,388	2,434	36,500	36,500	0
Investment Income	599	599	0	898	898	0
Use of Reserves	4,582	7,486	(2,904)	9,565	9,495	70
Total Funding	192,896	210,689	(17,793)	339,730	333,151	6,579
Transport for West Midlands	75,439	80,128	4,686	118,539	119,415	876
Commonwealth Games	2,460	3,071	611	7,104	5,423	(1,681)
Economy & Innovation	3,271	2,255	(1,016)	5,447	3,381	(2,066)
Environment, Energy & HS2	573	461	(112)	1,247	598	(649)
Housing and Land	812	934	122	1,473	1,400	(73)
Wellbeing	753	1,024	271	1,307	1,502	195
PSR & Social Economy	692	1,150	458	1,656	1,563	(93)
Culture and Digital	186	105	(81)	259	174	(85)
Productivity & Skills	96,320	108,278	11,958	149,572	147,598	(1,974)
Inclusive Communities	26	34	8	88	68	(20)
Business Support	1,286	843	(443)	2,666	2,064	(602)
Investment Programme	4,891	8,458	3,567	45,605	45,605	0
Mayoral Office	514	510	(4)	760	760	0
Mayoral Election	3,308	3,600	292	3,308	3,600	292
Total Expenditure	190,531	210,851	20,317	339,031	333,151	(5,880)
Net Expenditure	2,365	(162)	2,524	699	0	699
Transport	2,315	(562)	2,877	1,238	0	1,238
Delivery	50	403	(353)	(539)	0	(539)
Mayoral Office	0	0	0	0	0	0
Total Surplus / (Deficit)	2,365	(159)	2,524	699	0	699

The year to date position at the end of November shows a £2.524m favourable variance from budget.

This is made up of £2.877m within Transport as a result of Concessions savings during Covid-19 driven by lower patronage and no fare increases. Revision of the Accessible Transport contract, including bringing the Customer Service team in-house, has delivered further savings, alongside staffing variations. However, over the full year it is expected that these savings will be required to offset the ongoing risks and expected cost pressures within the Transport network.

This is partly offset by an adverse variance of £0.353m within the Delivery budget due to a reduced reserve drawdown partly offset by savings from a re-profiling of activities to later in the year.

Appendix 2

Transport for West Midlands full year revenue position – November 2021

	NOVEMBER 2021 YEAR TO DATE						FULL YEAR 2021/22			
	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	
Transport Levy	76,480	0	76,480	76,480	0	76,480	0	114,720	114,720	(0)
Use of Reserves	1,274	0	1,274	3,086	0	3,086	(1,812)	5,057	4,695	362
TOTAL FUNDING	77,754	0	77,754	79,566	0	79,566	(1,812)	119,777	119,415	362
Concessions										
National Bus Concession	109	33,526	(33,417)	68	34,701	(34,632)	1,215	(50,103)	(50,472)	369
Metro / Rail	0	3,049	(3,049)	0	3,038	(3,038)	(11)	(4,566)	(4,572)	6
Child Concession	0	4,214	(4,214)	0	4,618	(4,618)	403	(6,659)	(7,029)	370
Bus Services										
Bus Stations / Infrastructure	109	40,789	(40,680)	68	42,356	(42,288)	1,608	(61,328)	(62,073)	745
Subsidised Network	5,582	8,493	(2,911)	4,880	8,331	(3,451)	540	(5,144)	(5,152)	8
Accessible Transport	2,586	9,937	(7,351)	1,363	9,019	(7,656)	306	(11,557)	(11,478)	(79)
	(315)	3,262	(3,576)	0	4,425	(4,425)	849	(6,471)	(6,637)	167
Rail and Metro Services										
Metro Services	7,854	21,692	(13,838)	6,243	21,775	(15,532)	1,694	(23,171)	(23,267)	96
Rail Services	163	1,446	(1,283)	128	1,745	(1,617)	334	(2,583)	(2,579)	(5)
	934	2,613	(1,679)	923	2,892	(1,969)	290	(2,931)	(2,904)	(27)
Integration										
Safety and Security	1,097	4,060	(2,962)	1,051	4,637	(3,586)	624	(5,514)	(5,483)	(31)
Passenger Information	513	1,098	(585)	446	1,300	(854)	269	(1,030)	(1,274)	243
Sustainable Travel	9,186	12,915	(3,729)	646	4,692	(4,046)	317	(5,924)	(6,007)	82
	620	2,187	(1,566)	858	1,753	(895)	(671)	(1,705)	(1,401)	(304)
Network Resilience										
Commonwealth Games	10,320	16,200	(5,879)	1,950	7,745	(5,795)	(84)	(8,660)	(8,682)	22
Business and Democratic Support	555	2,065	(1,510)	2	2,104	(2,102)	592	(3,123)	(3,181)	58
Strategic Development	2,460	2,460	0	3,071	3,071	0	0	1	(0)	1
Transport Governance	0	2,332	(2,332)	0	2,453	(2,453)	122	(3,768)	(3,809)	41
Capital Finance Charges	837	3,290	(2,452)	1,055	3,637	(2,583)	130	(3,971)	(3,915)	(56)
	0	84	(84)	0	88	(88)	3	(130)	(131)	1
	0	5,701	(5,701)	0	5,701	(5,701)	0	(8,874)	(8,874)	0
TOTAL EXPENDITURE	23,233	98,672	(75,439)	13,439	93,567	(80,128)	4,689	(118,539)	(119,415)	876
NET	100,987	98,672	2,315	93,005	93,567	(562)	2,877	1,238	0	1,238

At the end of November 2021 there is a £2.877m favourable year to date variance against budget.

Concessions

There are savings within the **ENCTs and Child Concession** budgets due to reduced services and patronage during the pandemic along with there being no fare increases.

Bus Services

The revision of the **Accessible Transport** contract, including bringing the Customer Service team in-house, has delivered significant savings to date.

Within **Bus Stations and Infrastructure budgets** there is increased advertising revenue alongside savings on cleaning and maintenance and staffing variations which have contributed to the current favourable variance. A prudent view has been taken regarding the full year position. Increased support for **Subsidised Bus** operators is expected towards the end of the year, hence current savings have not been reflected in the full year position.

Rail & Metro

Within **Metro** lower insurance premiums and reduced engineering support for utility works are reflected in the savings to date.

The **Rail** position to date reflects reduced cleaning and maintenance costs at park and ride locations, alongside staffing variations. In the full year these savings are expected to be negated by lower car park receipts at Longbridge Park and Ride.

Integration

Within the **Safety and Security** budget additional CCTV income from West Midlands Police and the re-profiling of CCTV equipment expenditure is reflected in the savings to date.

Within the **Passenger Information** budget there are savings against monitoring, marketing and market research.

The adverse variance within **Sustainable Travel** is largely due to lower cycle hire income between July and November.

Network Resilience

The year to date position is primarily driven by staffing variations as recruitment takes place, alongside the profiling of external advice spend which is still expected to be required over the full year.

Strategic Development

The favourable variance is due to increased work on capital projects allowing higher capital recharges, however these are expected to reduce as the projects come to an end. There are also savings as a result of lower monitoring and research costs during the pandemic.

Reserves earmarked to support the delivery of the West Midlands Cycle Hire scheme have been drawn down to offset the lower than budgeted income year to date, and it is expected that an above Budget use of reserves will be required in the full year. Reserves ear marked to support the 2021/22 Transport Budget have not been drawdown to date but are still expected to be required in year.

Appendix 3

West Midlands Combined Authority Delivery Budget – November 2021

FINANCIAL SUMMARY AS AT NOVEMBER 2021	NOVEMBER 2021 YEAR TO DATE			FULL YEAR 2021/22			
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000	
Operational Income							
Mayoral Capacity Funding	156	156	0	234	234	0	(1) Use of reserves to support the 21/22 budget. (2) Efficiency target held centrally as part of the budgeting process.
Investment Interest Income	200	200	0	300	300	0	
Notional Interest Receivable	329	329	0	494	494	0	
Contribution - 7 Met Councils	3,096	3,096	0	4,644	4,644	0	
Contribution - Non constituent members	283	283	0	425	425	0	
Use of Reserves (1)	0	800	(800)	1,200	1,200	0	
Total Income	4,064	4,864	(800)	7,297	7,297	0	
Efficiency Savings Target (2)	0	443	(443)	238	665	(427)	
Enabling Services	(1,286)	(1,286)	0	(2,904)	(2,729)	(175)	
Total Expenditure	(1,286)	(843)	(443)	(2,666)	(2,064)	(601)	
Operational Income Net Total	2,778	4,021	(1,243)	4,631	5,233	(601)	
Economy & Innovation							
Other Industrial Strategy Income (1)	1,329	435	894	2,648	692	1,956	(1) Funding received from DBEIS to deliver the Made Smarter project and from the Investment Programme to support the West Midlands Innovation Programme. Offset by associated increases in expenditure. (2) Additional grant for Brexit support offset by associated an increase in expenditure.
DDCMS - Creative Scale Up	169	144	25	254	217	37	
MHCLG - Brexit Support Preparations (2)	105	0	105	105	0	105	
Policy and Programme Development	37	0	37	99	0	99	
IAWM	55	0	55	95	0	95	
Office of Data Analytics	114	167	(53)	139	252	(113)	
Create Central Projects	324	289	35	468	432	36	
Total Income	2,133	1,035	1,098	3,808	1,593	2,215	
Industrial Strategy	(1,556)	(701)	(855)	(2,970)	(1,099)	(1,871)	
DDCMS - Creative Scale Up	(169)	(144)	(25)	(254)	(217)	(37)	
MHCLG - Brexit Support Preparations	(105)	0	(105)	(105)	0	(105)	
Policy and Programme Development	(220)	(247)	27	(404)	(370)	(34)	
IAWM	(55)	0	(55)	(95)	0	(95)	
Office of Data Analytics	(114)	(167)	53	(139)	(252)	113	
Economic Intelligence	(212)	(192)	(20)	(240)	(240)	0	
Funding For Growth	(467)	(467)	0	(700)	(700)	0	
Create Central Projects	(372)	(337)	(35)	(540)	(504)	(36)	
Total Expenditure	(3,270)	(2,255)	(1,015)	(5,447)	(3,382)	(2,065)	
Economy & Innovation Net Total	(1,137)	(1,220)	83	(1,639)	(1,789)	150	
Environment & Energy, HS2							
Environment (1)	89	0	89	144	0	144	(1) Work on a number of programmes, including Regional Fuel Poverty, have been re-profiled to later in the year. Further WM2041 funding and offsetting expenditure are also forecast over the full year. (2) Additional income received to fund Retrofit consultancy services and delivery of Green Homes project. Offset by associated increase in expenditure.
Community Green (2)	10	0	10	25	0	25	
Total Income	99	0	99	169	0	169	
Environment	(208)	(292)	84	(516)	(358)	(158)	
Community Green	(10)	0	(10)	(25)	0	(25)	
Total Expenditure	(218)	(292)	74	(541)	(358)	(183)	
Environment & Energy, HS2 Net Total	(119)	(292)	173	(372)	(358)	(14)	
Housing and Land							
Director of Housing & Regeneration	812	934	(122)	1,485	1,400	85	(1) Substantial savings on external advice where expertise has been brought in house partly offset by an increase in rates for sites acquired for capital development and by the associated reduction in grant drawdown.
Total Income	812	934	(122)	1,485	1,400	85	
Director of Housing & Regeneration	(812)	(934)	122	(1,485)	(1,400)	(85)	
Total Expenditure	(812)	(934)	122	(1,485)	(1,400)	(85)	
Housing and Land Net Total	0	0	0	0	0	0	
Wellbeing							
Other Mental Health Income (1)	256	105	151	298	158	140	(1) Midlands Engine grant funding which is funding key posts within the programme. (2) Changes in delivery priorities and reduced marketing spend along with staffing variations have required lower grant drawdown.
IPS Programme	110	102	8	168	153	15	
Fiscal Incentive Programme (2)	187	448	(261)	426	664	(238)	
Total Income	553	655	(102)	892	975	(83)	
Wellbeing and Prevention	(456)	(474)	18	(713)	(685)	(28)	
IPS Programme	(110)	(102)	(8)	(168)	(153)	(15)	
Fiscal Incentive Programme	(187)	(448)	261	(426)	(664)	238	
Total Expenditure	(753)	(1,024)	271	(1,307)	(1,502)	195	
Wellbeing Net Total	(200)	(369)	169	(415)	(527)	112	

FINANCIAL SUMMARY AS AT NOVEMBER 2021	NOVEMBER 2021 YEAR TO DATE			FULL YEAR 2021/22			
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000	
Public Service Reform & Social Economy							
Inclusive Growth	15	0	15	20	0	20	<p>(1) As part of the Rough Sleepers Initiative programme grant draw down is lower than profile due the timing of payments issued to charities.</p> <p>(2) Re-profiling of activity relating to the establishment of an Inclusive Growth Task Force and the Social Economy Business Plan initiatives alongside establishment savings.</p> <p>(3) Delivery of Community Recovery projects have been re-profiled to later in the year.</p>
Homelessness (1)	288	441	(153)	556	581	(25)	
Total Income	303	441	(138)	576	581	(5)	
Inclusive Growth and Public Sector Reform	(199)	(167)	(32)	(344)	(251)	(93)	
Inclusive Growth (2)	(76)	(253)	177	(374)	(358)	(16)	
Public Service Reform (3)	(129)	(288)	159	(383)	(374)	(9)	
Homelessness	(288)	(441)	153	(556)	(581)	25	
Total Expenditure	(692)	(1,149)	457	(1,657)	(1,564)	(93)	
Public Service Reform & Social Economy Net Total	(389)	(708)	319	(1,081)	(983)	(98)	
Skills and Productivity							
Productivity and Skills	122	49	73	169	73	96	<p>(1) Lower delivery than budgeted as a result of reduced footfall and referrals due to Covid-19, with spend re-profiled for later in the year. Offset by associated reduction in grant drawdown.</p> <p>(2) Payments to and delivery by providers has been impacted by Covid, thus requiring lower grant drawdown. Any savings will be used to fund other initiatives.</p> <p>(3) Funding agreed after the budget was set. Offset by associated reduction in grant drawdown.</p> <p>(4) Accelerated Learning & Development spend expected in last quarter of the year</p>
Employment Support (1)	786	1,174	(388)	1,481	1,379	102	
Technical Education	35	41	(6)	57	41	16	
Construction Skills	7	0	7	7	0	7	
Adult Education (2)	92,512	104,218	(11,706)	142,698	142,698	0	
Careers	42	41	1	71	72	(1)	
Digital Skills	1,715	1,638	77	2,256	1,691	565	
Investment Programme (Skills)	258	225	33	400	308	92	
Commonwealth Games (3)	140	0	140	355	0	355	
European Structural & Investment Funding	0	0	0	741	0	741	
Building Our Future Workforce	10	0	10	0	0	0	
Total Income	95,627	107,386	(11,759)	148,235	146,262	1,973	
Productivity and Skills	(472)	(517)	45	(872)	(776)	(96)	
Employment Support	(786)	(1,174)	388	(1,481)	(1,379)	(102)	
Technical Education	(35)	(41)	6	(57)	(41)	(16)	
Construction Skills	(7)	0	(7)	(7)	0	(7)	
Adult Education	(92,512)	(104,218)	11,706	(142,698)	(142,698)	0	
Careers	(42)	(41)	(1)	(71)	(72)	1	
Digital Skills	(1,715)	(1,638)	(77)	(2,256)	(1,691)	(565)	
Investment Programme (Skills)	(258)	(225)	(33)	(400)	(308)	(92)	
Commonwealth Games	(140)	0	(140)	(355)	0	(355)	
European Structural & Investment Funding	0	0	0	(741)	0	(741)	
Continuous Improvement							
Continuous Improvement & Change	(244)	(247)	3	(371)	(371)	0	
Learning and Development (4)	(108)	(164)	56	(246)	(246)	0	
Building Our Future Workforce	0	(11)	11	(16)	(16)	0	
Total Expenditure	(96,319)	(108,276)	11,957	(149,571)	(147,598)	(1,973)	
Skills and Productivity Net Total	(692)	(890)	198	(1,336)	(1,336)	0	
Culture and Digital							
Culture	20	0	20	19	0	19	
Total Income	20	0	20	19	0	19	
Culture	(66)	(47)	(19)	(109)	(74)	(35)	
Digital	(119)	(58)	(61)	(149)	(100)	(49)	
Total Expenditure	(185)	(105)	(80)	(258)	(174)	(84)	
Culture and Digital Net Total	(165)	(105)	(60)	(239)	(174)	(65)	
Inclusive Communities							
Total Income	0	0	0	0	0	0	
Youth Combined Authority	(26)	(34)	8	(88)	(68)	(20)	
Total Expenditure	(26)	(34)	8	(88)	(68)	(20)	
Inclusive Communities Net Total	(26)	(34)	8	(88)	(68)	(20)	
Operational Income Net Total	50	403	(353)	(536)	(0)	(536)	

Appendix 5

West Midlands Combined Authority Transport Delivery Capital Programme – November 2021

	YEAR TO DATE - NOVEMBER			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Metro	78,505	112,925	34,420	163,229	189,342	26,113
Rail	5,285	11,274	5,989	19,035	24,326	5,291
Sprint	278	4,341	4,063	2,749	4,662	1,913
TRANSPORT - INVESTMENT PROGRAMME	84,068	128,540	44,472	185,014	218,331	33,317

ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of November 2021, actual expenditure was £44.5m lower than budget. The main variances are contained within the Metro Programme, these relate to the following:

Metro Wednesbury to Brierley Hill Extension £14.5m

This is due to rephasing of utilities work.

Metro Birmingham Eastside Extension £16.1m

The project programme and HS2 utilities diversion payment profile has been revised resulting in a variance to original budget.

Rail - Walsall to Wolverhampton Local Enhancements Package 1 £5.2m

This variance is made up of several components, £2.1m relates to rescheduling of physical construction work due to an incomplete land acquisition. Further variances relate to land acquisition costs as well as fees which are not due until physical construction work begins

Sprint – Hagley Road Phase 1 £3.8m

The Section 278 agreement has yet to be agreed resulting in the construction work start date being rescheduled to January 2022.

FORECAST V BUDGET VARIANCE COMMENTARY

Wednesbury to Brierley Hill Ext £18.5m

Construction profiles have been rephased anticipating the upcoming TC2 approval. Site acquisition costs have also been rephased to allow site owners time to put in claims for their acquired land.

Birmingham Eastside Ext £5.2m

This is due to a revision of project programme and the revision to HS2 utilities diversion payment profile.

Walsall to Wolverhampton Package 1 £4.7m

This is made up of several components, £1.9m main contractor underspend due to incomplete land acquisition so physical construction work has not been carried out. Rephasing of £1.6m contingency due to a periodic cost and schedule risk review completed by the project team and £1.2m reprofile of enabling works and construction related fees moved into next year.

	YEAR TO DATE - NOVEMBER			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Highway	2,804	4,721	1,917	8,306	10,614	2,308
Other	25,000	12,778	(12,222)	25,000	23,000	(2,000)
Rail	30,181	33,903	3,722	55,113	52,954	(2,160)
Sprint	23,571	44,110	20,539	54,524	62,262	7,738
TRANSPORT - COMMONWEALTH GAMES	81,557	95,512	13,956	142,944	148,830	5,887

ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of November 2021, actual expenditure was £13.9m under budget. The main variances are as follows:

Sprint – A45 Birmingham to Airport and Solihull £11.6m

Construction activity is running behind schedule but is expected to accelerate over the course of the year and into Q1 of 22/23 with completion expected in July 2022 before the Games begin.

Sprint – A34 Walsall to Birmingham £8.6m

This project is comprised of 4 contracts, Construction work commenced on three contracts as scheduled, the fourth contract was reprofiled compared to Budget, but construction work for this contract is now in progress. This is driving the year to date variance, but no significant annual variance is expected and completion is expected before Games begin in July 22.

Alexander Stadium Redevelopment (£12.2m)

Construction work is being undertaken, the overspend is a representation of accelerated drawdown of WMCA funding not an increase to WMCA's agreed commitment.

FORECAST V BUDGET VARIANCE COMMENTARY

University Station Improvement (£3m)

The adverse annual variance reflects the acceleration of physical construction in order to get the station operational by the Games in July 22.

Alexander Stadium Redevelopment (£2m)

The current year variance reflects the accelerated draw down of WMCA Investment Programme grant funding by Birmingham City Council.

Sprint – A45 Birmingham to Airport and Solihull £5.7m

This is due to rephasing of utilities and construction work stemming from Covid-19 restrictions at the beginning of the year, but is expected to be caught up during Q1 2022/23.

Sprint – A34 Walsall to Birmingham £2m

As with Sprint A45 project, there has been a rephasng of utilities and physical construction work from the beginning of the year due to the pandemic, but this also expected to be caught up during Q1 2022/23.

	YEAR TO DATE - NOVEMBER			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Bus	1,284	7,288	6,004	11,100	16,217	5,116
Highway	1,912	3,427	1,515	5,344	5,362	17
Other	4,540	6,478	1,938	8,897	9,905	1,008
Rail	133	250	117	267	250	(17)
Sprint	144	197	53	197	197	0
TRANSPORT - OTHER MAJOR PROGRAMMES	8,012	17,640	9,628	25,805	31,930	6,125

ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of November 2021, actual expenditure was £9.6m below budget. The main variances are as follows:

Cross City Bus – City Centre Package £3.5m

This is composed of an asset purchase which has not occurred as initially forecast and rephased physical construction work due to an outstanding Traffic Regulation Order.

Dudley Interchange £1m

Various agreements are due to finalise with contractors and the local authority in December, after which the first milestone payment to the local authority will be made.

A435 Alcester Road Bus Prioritisation £0.8m

A Traffic Regulation Order has been sought from the relevant local authority after which physical construction can begin.

Coventry Electric Bus City £0.8m

Agreements are being finalised with the main operator after which funding can be released.

FORECAST V BUDGET VARIANCE COMMENTARY

Dudley Interchange £3.3m

This is largely due to awaiting a Compulsory Purchase Order decision and approval from the relevant local authority before any highways works can begin.

Cross City Bus – City Centre £2m

The feasibility of the schemes within this project have been tested and some schemes have had their scope changed/reduced and some have been considered for delivery in 22/23.

	YEAR TO DATE - NOVEMBER			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Minor Work Programme	6,956	9,002	2,046	10,991	11,467	476
TRANSPORT - MINOR WORKS	6,956	9,002	2,046	10,991	11,467	476

ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of November 2021, actual expenditure was £2.0m below budget. The main variances are as follows:

Better Streets Community Fund £0.8m

Local Authority claims were lower in Q1 and Q2 than expected due to resources being diverted to other LA schemes.

Asset Management Programme £0.4m

Variance primarily relates to supply chain issues in purchasing and installing the automatic doors and lighting upgrades at various Bus Stations and Park and Ride sites. Remaining variance relates to the rephasing of the upgrades to the Help Point systems to January 22.

Priority One Development Workstream £0.4m

Q1 and Q2 Local Authority claims were lower than budgeted and a change request has been submitted to change the delivery schedule for the schemes under this project.

FORECAST V BUDGET VARIANCE COMMENTARY**Real Time Information Upgrades (£0.1m)**

The contract award for the continuity of the Electronic Passenger Information screens has been brought forward into this year.

Priority One Development Workstream £0.2m

Minor reprofiling of the programme management requirements.

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

	YEAR TO DATE - NOVEMBER			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Grants to Local Authorities	1,591	4,194	2,603	9,099	9,366	267
Total Grants to Local Authorities	1,591	4,194	2,603	9,099	9,366	267

ACTUAL V BUDGET VARIANCE COMMENTARY**B4106 Spon End (Coventry CC) £2.6m**

The acquisition costs of 5 properties have been rephased into Q2 and Q3. It is not expected to effect the annual outturn.

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

	YEAR TO DATE - NOVEMBER			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Investment Programme (Grants to Local Authorities)	35,462	50,927	15,465	78,669	91,287	12,618
Total Investment Programme Grants to Local Authorities	35,462	50,927	15,465	78,669	91,287	12,618

ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of November 2021, actual expenditure was £15.5m under budget.

UK Central HS2 Interchange £5.5m

This variance reflects the formally altered spend schedule of the Birmingham International Station and Roundabout Over-Trace schemes within this project.

UK Central Infrastructure Package £3.8m

The programme is made up of 26 components with underspends across them. The main cause of this variance is the rephased completion of Kinghurst Village property acquisitions which are now expected in December 2021.

Coventry Station Masterplan £3.0m

This variance is mostly due to timing issues where payments have been deferred as they are linked to milestones that have not yet been met.

Coventry City Centre South Regeneration - Coventry City Centre South £2.0m

This is largely due to a land acquisition originally expected in August 2021 but has now been deferred to March 2022.

FORECAST V BUDGET VARIANCE COMMENTARY**UK Central HS2 Interchange £5.3m**

This is made up of the formal rephasing of the Roundabout Over Trace scheme (£4.7m) and the HS2 Parallel Design Process (£0.7m).

Coventry South Package £4.5m

The drawdown of WMCA funding for the A46 Link Road Phase 1 scheme is now expecting to begin in January 22, going into 22/23.

UK Central Infrastructure Package £2.2m

This is made up of several project streams, which have seen slippage from the current year to next year. This is due to securing funding and legal agreements which have taken longer than initially anticipated.

Coventry City Centre South Regeneration £1.7m

This is largely related to a land acquisition which is now expected to take place in 22/23.

West Midlands Combined Authority Housing Capital Programme – November 2021

	YEAR TO DATE - NOVEMBER			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Housing	21,959	38,511	16,552	36,810	58,578	21,768
Total Housing	21,959	38,511	16,552	36,810	58,578	21,768

ACTUAL V BUDGET VARIANCE COMMENTARY

At the end of November 2021, actual expenditure was £16.5m under budget.

BHF – Pipeline £5.1m

Several pipeline projects have not been realised through approval and go live. The forecast has been updated to reflect this.

Black Country Land and Property Investment Fund (LPIF) £2.8m

Works expected on a manufacturing site were expected to commence in June 2021 have been rescheduled to December 2021. Planning applications and final agreements are in the process of being finalised.

BLPDF £1.7m

Several schemes funded by the BLPDF have funding drawdown timing issues, whereby drawdowns are later or lower than initially budgeted for.

LF – Pipeline £1.5m

Not all schemes are now forecasted to commence this year, which has been reflected in the forecast position.

LF – Abbots Lane £1.3m

Planning issues earlier in the year have pushed the schedule for this project back slightly. Drawdown on funding is expected imminently and no impact is expected on the project lifetime spend.

FORECAST V BUDGET VARIANCE COMMENTARY

BHF Pipeline £6.8m

Budget at the start of the year was too keen on which pipeline projects would be approved so the Q2 reforecasting has decreased the forecast to reflect the latest position.

Black Country Land and Property Investment Fund (LPIF) £4.3m

Schemes funded from the LPIF have experienced delays, pushing the drawdown schedule into 22/23.

BLPDF £3.9m

A project funded from the BLPDF has been rephased out of this financial year due to uncertainties around the project whilst it is under review.

NCF Pipeline £1.1m

More detailed assumptions about the timing of pipeline projects are now known.

Appendix 6 – WMCA Administered Funds – November 2021

Funding Stream	2021/22 Full Year Grant Award £'000	2021/22 Spend to Date £'000	Purpose
Midlands Connect	6,238	3,155	Work is continuing on delivering the Midlands Engine 'Vision for Growth'.
Getting Building Fund	33,000	33,000	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.
Highways Maintenance Block	9,043	9,043	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	17,755	14,056	Supporting delivery of the 7 Mets. Capital Programmes & WMCA's Minor Works Capital Programme
Total	76,562	69,780	

Appendix 7

Total Regional Investment Programme Expenditure as at 31st October 2021

PROGRAMME	2021 / 2022 YEAR TO DATE			2021 / 2022 FULL YEAR			COST TO COMPLETION						
	BUDGET	ACTUAL	VARIANCE	BUDGET	FORECAST OUTFURN	VARIANCE	PRIOR PERIOD SPEND	2021 / 2022 FORECAST	FUTURE YEARS FORECAST	TOTAL FORECAST OUTFURN	TOTAL EXPECTED BUDGET	VARIANCE	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
COVENTRY UKC PLUS	53,017	36,496	16,521	73,859	68,954	4,905	129,607	68,954	516,843	715,404	711,862	(3,542)	
SPRINT PROGRAMME	41,105	19,935	21,170	66,844	59,110	7,733	30,376	59,110	244,823	334,310	329,067	(5,243)	
RAIL PROGRAMME	19,549	10,738	8,811	41,158	34,965	6,193	23,058	34,965	157,215	215,239	215,244	5	
METRO PROGRAMME	78,912	55,528	23,384	178,088	158,137	19,951	359,111	158,137	1,153,753	1,671,000	1,664,977	(6,023)	
UK CENTRAL INFRASTRUCTURE PACKAGE	6,683	3,628	3,055	61,747	53,680	8,067	80,741	53,680	1,258,796	1,393,216	1,386,153	(7,063)	
UK CENTRAL HS2 INTERCHANGE	6,554	2,217	4,336	19,391	13,096	6,294	27,484	13,096	492,147	532,728	530,023	(2,705)	
HS2 GROWTH STRATEGY TOTAL	205,819	128,541	77,277	441,086	387,943	53,142	650,377	387,943	3,823,577	4,861,897	4,837,326	-	24,571
COVENTRY CITY CENTRE SOUTH REGENERATION	7,663	5,833	1,830	26,000	30,032	(4,032)	37,675	30,032	266,710	334,417	329,851	(4,566)	
INNOVATION PROGRAMME	6,642	6,860	(218)	12,657	14,591	(1,934)	23,554	14,591	156,854	194,999	194,999	(0)	
LAND RECLAMATION AND REMEDIATION	10,350	6,500	3,850	20,874	11,303	9,571	46,018	11,303	142,680	200,000	200,000	(0)	
COMMONWEALTH GAMES 2022	17,067	22,199	(5,132)	33,092	45,160	(12,068)	31,690	45,160	5,270	82,120	72,534	(9,586)	
EMPLOYMENT, EDUCATION & SKILLS	203	225	(22)	308	390	(82)	647	390	18,962	20,000	20,001	1	
BUSINESS AND TOURISM PROJECT - BATP	6,320	4,497	1,822	10,834	10,834	(0)	1,573	10,834	11,541	23,948	23,948	(0)	
COVENTRY ELECTRIC BUS CITY	92	115	(23)	4,917	4,937	(20)	10	4,937	134,553	139,500	139,500	-	
REGIONAL RECOVERY & RISKS	1,730	1,441	290	17,028	12,373	4,654	-	12,373	37,177	49,550	53,750	4,200	
COLLECTIVE INVESTMENT FUND	22,208	14,339	7,869	40,479	34,674	5,806	60,628	34,674	904,699	1,000,000	1,000,000	-	
OTHER INVESTMENT PROGRAMME SCHEMES	72,274	62,008	10,266	166,189	164,294	1,895	201,794	164,294	1,678,446	2,044,534	2,034,583	-	9,951
GRAND TOTAL	278,093	190,550	87,543	607,275	552,238	55,037	852,170	552,238	5,502,023	6,906,431	6,871,910	-	34,522

West Midlands Region Investment Programme Financial Commentary

Period Ending 31st October 2021

Commentary concerning specific programme-level variances is provided below:

Metro Programme (£23.4m)

The year-to-date variance primarily comprises the Birmingham Eastside and Wednesbury to Brierley Hill extensions.

Utilities works and contingencies in respect of land acquisition have been re-phased for the Birmingham Eastside extension.

For the Wednesbury to Brierley Hill extension, construction work has been re-phased pending delivery and approval of Target Cost 2. Utilities works are due to commence after completion of enabling works.

Coventry UKC Plus (£16.5m)

The year-to-date variance observed for the Coventry UKC Plus programme has resulted from the A46 Link Road Phase 1 (£7.7m), UK City of Culture 2021 Regeneration (£1.5m), Coventry Very Light Rail (£2.1m) and Coventry Station Masterplan (£5.2m) projects.

For the A46 Link Road Phase 1, earthworks are progressing well. The year-to-date variance observed of £6.7m is due to poor weather conditions within Q1 21-22, and materials supply issues.

The Coventry Very Light Rail variance has been partially caused by issues with wiring looms, shipping and COVID-19 restrictions preventing travel for engineering staff within Q1 21-22. The demonstrator vehicle is on track to be delivered to Dudley for site acceptance in Q4 21-22.

For Coventry Station Masterplan, on site works have continued at pace, and construction is nearing completion. Then statutory Entry into Service Process is due to commence imminently. Some of the year-to-date variance is in respect of the Footbridge and Canopies work stream, affected by weather conditions and equipment availability. It is expected that all elements of the project will be opened together.

The variance of £1.5m for the UK City of Culture Regeneration project is split across 21 individual public realm and infrastructure improvement schemes throughout Coventry City Centre in preparation for UK City of Culture 2021. Work on the Screens and Digital Scheme has been postponed slightly so that the Precincts works were prioritised for the City of Culture Start date.

In each instance, the overall outputs are not expected to be affected by the variances observed.

Sprint Programme (£21.2m)

The year-to-date variance for the Sprint programme is primarily in respect of the A34 Walsall to Birmingham and A45 Birmingham to Airport and Solihull schemes. On-site construction is in progress, and it is not anticipated that the variances observed will result in a change to the planned completion dates, as construction will accelerate during the remainder of the year.

The A34 Walsall to Birmingham scheme comprises four construction contracts across the Walsall Council, Sandwell Council and Birmingham Council regions. Construction in the Walsall and Sandwell areas is expected to commence shortly, which is the predominant cause of the year-to-date variance. It should be noted that no significant annual variances are expected.

Appendix 8

WMCA Investment Programme Commitments as at 30th November 2021

£m	Total Expected Approvals	Approved Commitments	Actual Spend (Oct-21)
Coventry UK Central Plus	288.1	94.8	75.8
Sprint Programme	217.4	47.0	20.3
Rail Programme	119.6	63.0	16.4
Metro Programme	222.8	222.8	99.4
UK Central Infrastructure Package	288.0	34.4	20.5
UK Central HS2 Interchange	398.0	63.0	28.3
SUB TOTAL HS2 GROWTH STRATEGY	1,533.9	525.1	260.8
Coventry City Centre South Regeneration	150.0	150.0	27.0
Innovation Programme	50.0	16.1	10.1
Land Reclamation and Remediation	200.0	103.0	52.5
Commonwealth Games 2022	25.0	25.0	20.8
Employment, Education & Skills	20.0	1.3	0.9
Business and Tourism Project - BATP	2.6	2.6	0.0
Coventry Electric Bus City	5.0	5.0	0.1
Regional Recovery & Risks	35.5	30.4	1.4
OTHER INVESTMENT PROGRAMME	488.1	333.4	112.8
TOTAL	2,022.0	858.5	373.6

Appendix 9 – WMCA Balance Sheet

WMCA Balance Sheet as at 30 November 2021			
	30 November 2021 £'000	31 October 2021 £'000	Movement £'000
Property, plant and equipment	562,390	544,091	18,299
Intangible assets	1,328	1,461	(133)
Investments	28,946	27,103	1,843
Loan Receivables	15,612	15,612	-
Long-term assets	608,276	588,267	20,009
Short-term debtors	69,022	67,559	1,463
Short-term deposits	467,976	409,608	58,368
Cash and bank	290	865	(574)
Current assets	537,288	478,031	59,257
Loans - interest due	(1,630)	(2,334)	704
Short-term loans	2	2	0
Short-term creditors/accruals	(113,524)	(115,158)	1,634
Current liabilities	(115,152)	(117,490)	2,338
Net current assets	422,136	360,541	61,595
Provisions	(4,127)	(4,127)	-
Loans - PWLB	(263,235)	(158,256)	(104,979)
Other loans - Barclays	(10,000)	(10,000)	-
Dudley MBC	(5,594)	(5,594)	-
Grants receipts in advance	(446,071)	(466,922)	20,851
Long-term liabilities	(729,027)	(644,899)	(84,128)
Net assets	301,385	303,910	(2,524)
General fund balance	4,712	4,172	540
Earmarked reserves	260,799	270,849	(10,049)
Capital grants unapplied reserve	1,841	1,841	-
Usable reserves	267,352	276,862	(9,509)
Revaluation reserve	6,307	6,309	(2)
Deferred capital grants account	595,039	576,871	18,168
Capital financing account	(563,895)	(552,714)	(11,181)
Financial Instruments Adjustment Account	(2,388)	(2,388)	-
Accumulated absences account	(1,030)	(1,030)	-
Unusable reserves	34,033	27,048	6,985
Total reserves	301,385	303,910	(2,524)