



Transport Delivery Committee

Date	14 March 2022
Report title	Financial Monitoring Report
Accountable Chief Executive	Linda Horne, Finance Director, West Midlands Combined Authority Email: Linda.Horne@wmca.org.uk Tel: (0121) 214 7508
Accountable Employee	Kate Taylor, Head of Finance Business Partnering, West Midlands Combined Authority Email: Kate.Taylor@wmca.org.uk
Report 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 January 2022 against the TfWM Revenue Budget shows an overall favourable variance of £4.401m, as detailed in Section A.
2. Note the TfWM Capital Programme expenditure as at the end of January 2022 totals £241.7m, which is £105.3m below budget, as detailed in Section B.

1. Purpose

- 1.1 This report sets out the financial position as at 31 January 2022. 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 January 2022 shows an overall favourable variance of £4.401m against budget.

	January 2022 Year to Date			Full Year		
	Actual £'000	Budget £'000	Variance £'000	Forecast £'000	Budget £'000	Variance £'000
Net TfWM Surplus / (Deficit) before reserves	2,556	(4,108)	6,664	(162)	(4,695)	4,533
Budgeted Use of Reserves	1,626	3,889	(2,263)	5,874	4,695	1,179
Net TfWM Surplus / (Deficit)	4,182	(219)	4,401	5,712	0	5,712
Earmarked reserve (2022/23 Transport Budget Support)	0	0	0	(3,600)	0	(3,600)
Earmarked reserve (2022/23 Transport Risks)	0	0	0	(2,100)	0	(2,100)
Net TfWM Surplus / (Deficit) after transfer to reserves	4,182	(219)	4,401	12	0	12

- 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 ongoing staffing variations across a number areas 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 A refresh of the full year forecast was under-taken during January and the position now reflects the expected outturn at year end. Savings within the Concessions budgets, primarily due to lower than budgeted patronage and fare assumptions along with reduced services as a result of Covid-19, are now reflected within the latest forecast. The expected full year impact of the revision of the Accessible Transport contract, including bringing the Customer Service team in-house, is also reflected. These favourable variances are partly offset by an increase in Metro Operational Costs relating to unprecedented additional pressure from increasing energy costs.
- 2.6 The expected surplus within Transport totals £5.7m. Of this, £3.6m will be carried forward to support the revenue budget next financial year as agreed by WMCA Board in February 2022. The remaining £2.1m will be earmarked to protect against specific risks in relation to the operation of the Transport Network into 2022
- 2.7 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 £241.7m which was £105.3m below the January year to date budget of £347m, with the variance primarily contained within the Investment Programme portfolio (£57.6m) and the Commonwealth Games Programme (£28.4m).

TRANSPORT PROGRAMME	YEAR TO DATE - JAN 22			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Investment Programme	112,316	169,887	57,571	158,121	229,074	70,953
CWG Programme	97,797	126,163	28,366	132,788	154,187	21,399
Other Major Programmes	18,250	32,922	14,672	26,832	39,972	13,140
Minor Work Programme	8,357	10,173	1,816	11,648	12,536	888
Grants to Local Authorities	5,009	7,866	2,857	9,187	7,866	(1,321)
TOTAL	241,729	347,011	105,282	338,576	443,635	105,059

- 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 January of £169.9m, including Rail, Sprint & Metro Extension Schemes.
- 3.4 Appendix 2 documents the financial performance of the TfWM Investment Programme schemes which has a total budget of £229.1m for 2021/22. At the end of January actual costs totalled £112.3m, which was £57.6m below the budget. The largest year to date variance against budget is the Metro Birmingham Eastside Extension scheme of £22m which is primarily driven by the rescheduling of HS2 utilities work into the next financial year.
- 3.5 The Wednesbury to Brierley Hill extension year to date budget variance of £16.2m is due to a combination of re-phased utilities works as a result of the co-ordination of enabling works and traffic management, and rephased construction. Tram acceptance has also been phased later than originally budgeted.
- 3.6 Rail Walsall to Wolverhampton Local Enhancements Package 1 project has a year to date variance from budget of £5.1m due to the project team having commenced the process to obtain a Compulsory Purchase Order to make a land acquisition, discussions around which have impacted physical construction timetable.
- 3.7 Appendix 3 documents the financial performance against the Commonwealth Games Programme with a year-to-date budget of £126.2m. This includes all the schemes (SPRINT, Perry Barr & University Rail Stations, and Alexander Stadium Redevelopment) scheduled to be delivered in advance of the Games in July and August 2022. At the end of January, actual costs totalled £97.8m, which was £28.4m under budget. The main drivers of this variance are the Sprint projects, A45 Birmingham to Solihull £12.6m and A34 Walsall to Birmingham £9.1m. The Sprint projects are now seeing increased

construction activity across the Walsall, Sandwell and Birmingham regions with no expected impact on project completion dates. Underspends in this programme are offset by the accelerated construction and drawdown of WMCA funding for the Alexander Stadium Redevelopment (-£7.1m).

- 3.8 Appendix 4 documents the financial performance against the Other Major Works programme year-to-date budget of £32.9m. 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 January, actual costs totalled £18.3m, which was £14.7m 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 work and related activity can commence.
- 3.9 Appendix 5 documents the financial performance against the Minor Works Programme with a year-to-date of £10.2m. This programme includes a broad range of relatively small schemes. At the end of January, actual costs totalled £8.4m, which was £1.8m below the budget. This is primarily driven by lower than expected claims from local authorities.
- 3.10 Appendix 6 documents the financial performance against the Grants to Local Authorities year-to-date Budget of £7.9m which relates primarily to the schemes funded within the Transforming Cities Fund which are in the early stages of development. At the end of January, actual expenditure was £5m, which was £2.9m below budget. This variance largely relates to the New St/High St/Victoria Square Public Realm works, where the scope of several sub-schemes have been rephased to next year.

Appendix 1: Transport for West Midlands Revenue Budget Position 31 January 2022

	JANUARY 2022 YEAR TO DATE						FULL YEAR 2021/22				
	ACTUAL £000			BUDGET £000			YTD VARIANCE FAV / (ADVERSE) £000	FORECAST £000	BUDGET £000	FULL YEAR VARIANCE FAV / (ADVERSE) £000	
	INCOME	EXPENDITURE	NET	INCOME	EXPENDITURE	NET		NET	NET		
Transport Levy	95,600	0	95,600	95,600	0	95,600	0	114,720	114,720	0	●
Use of Reserves	1,626	0	1,626	3,889	0	3,889	(2,263)	5,874	4,695	1,180	●
TOTAL FUNDING	97,226	0	97,226	99,490	0	99,490	(2,263)	120,594	119,415	1,180	
Concessions											
National Bus Concession	134	40,331	(40,198)	88	42,555	(42,467)	2,270	(45,797)	(50,472)	4,675	●
Metro / Rail	0	3,806	(3,806)	0	3,797	(3,797)	(9)	(4,565)	(4,572)	7	●
Child Concession	0	5,275	(5,275)	0	5,788	(5,788)	513	(6,358)	(7,029)	671	●
	134	49,413	(49,279)	88	52,141	(52,053)	2,774	(56,720)	(62,073)	5,353	
Bus Services											
Bus Stations / Infrastructure	6,764	10,828	(4,064)	6,115	10,428	(4,313)	249	(5,477)	(5,152)	(324)	●
Subsidised Network	3,357	12,644	(9,287)	1,704	11,439	(9,736)	449	(11,557)	(11,478)	(79)	●
Accessible Transport	(282)	4,072	(4,354)	0	5,531	(5,531)	1,177	(4,772)	(6,637)	1,865	●
	9,839	27,544	(17,705)	7,819	27,399	(19,580)	1,875	(21,806)	(23,267)	1,462	
Rail and Metro Services											
Metro Services	199	1,746	(1,547)	160	2,238	(2,078)	531	(4,444)	(2,579)	(1,865)	●
Rail Services	1,131	3,174	(2,043)	1,155	3,650	(2,494)	451	(2,986)	(2,904)	(82)	●
	1,331	4,920	(3,590)	1,315	5,888	(4,573)	983	(7,429)	(5,483)	(1,946)	
Integration											
Safety and Security	615	1,344	(729)	557	1,618	(1,061)	332	(1,069)	(1,274)	204	●
Passenger Information	12,292	16,723	(4,431)	808	5,907	(5,099)	668	(5,526)	(6,007)	480	●
Sustainable Travel	743	2,745	(2,002)	1,072	2,228	(1,155)	(847)	(2,506)	(1,401)	(1,105)	●
	13,651	20,813	(7,163)	2,438	9,753	(7,315)	153	(9,102)	(8,682)	(420)	
Network Resilience											
Commonwealth Games	555	2,433	(1,878)	3	2,632	(2,629)	751	(3,072)	(3,181)	108	●
Business and Democratic Support	3,928	3,928	(0)	3,991	3,991	0	(0)	0	(0)	0	●
Strategic Development	0	2,922	(2,922)	0	3,074	(3,074)	152	(3,736)	(3,809)	73	●
Transport Governance	1,063	4,321	(3,257)	1,318	4,549	(3,231)	(27)	(4,015)	(3,915)	(100)	●
Capital Finance Charges	0	106	(106)	0	109	(109)	3	(129)	(131)	3	●
	0	7,145	(7,145)	0	7,145	(7,145)	0	(8,874)	(8,874)	0	●
TOTAL EXPENDITURE	30,500	123,545	(93,045)	16,972	116,681	(99,709)	6,664	(114,883)	(119,415)	4,532	
NET after Ear Marked Reserves	127,726	123,545	4,182	116,462	116,681	(219)	4,401	5,712	0	5,712	
Ear Marked Reserve (2022/23 Budget Support)	0	0		0	0			(3,600)	0	(3,600)	
Ear Marked Reserve (2022/23 Transport Risks)	0	0		0	0			(2,100)	0	(2,100)	
NET after Ear Marked Reserves	127,726	123,545	4,182	116,462	116,681	(219)	4,401	12	0	12	

At the end of January 2022 there is a £4.401m favourable year to date variance against budget.

A refresh of the full year forecast was undertaken during January and the position now reflects the expected outturn by year end. Notably, the full extent of the expected savings within Concessions budgets and the additional Metro power costs are reflected in this latest forecast. This produces a predicted surplus of £5.7m by year end, of which, £3.6m will be required to support the 2022/23 Transport base budget (as agreed by WMCA Board in February) with a further £2.1m being earmarked to protect against specific Transport risks, particularly relating to the operational Network.

Concessions

At this stage of the year, there is considered to be sufficient certainty to release the full extent of the expected savings, meaning the full year position has moved favourably. The driver behind the saving relates to the ENTCS budget and the reduced services despite the Authority paying at pre-Covid patronage levels 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.

The Subsidised Bus full year position reflects additional support that is expected to be required by operators in the last quarter of the year. This area is a key area of risk for the 2022/23 budget and the position continues to be monitored closely.

Within Bus Stations and Infrastructure budgets there is increased Advertising Revenue alongside savings against cleaning and staffing budgets which have contributed to the current favourable variance. These savings are partly offset by reduced departure charges and increased maintenance costs. A prudent view has been taken regarding the full year position, with maintenance costs in particular expected to be higher than budget.

Rail & Metro

Within Metro lower insurance premiums, reduced engineering support for utility works and the timing of life cycle works are reflected in the savings to date.

The adverse forecast position reflects guidance received from our operator Midland Metro Limited that we are experiencing unprecedented additional pressure from increasing energy costs.

The Rail position to date reflects reduced rates at park and ride locations, alongside staffing variations. In the full year these savings are expected to be negated by lower car park receipts.

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 along with savings against British Transport Police costs.

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 January and a contribution to capital to fund pedal and e-bikes, docking stations and project support costs, all within the existing scheme.

These year to date variations are reflected in the full year forecast.

Network Resilience

The year to date position is primarily driven by staffing variations alongside the profiling of external advice spend. The full year position reflects staffing resource required to the end of the year and the reprofiled external advice expenditure.

Reserves

Reserves earmarked to support the delivery of the West Midlands Cycle Hire scheme have been drawn down to offset the lower than budgeted income and contribution to capital to date. Reserves earmarked to support the 2021/22 Transport Budget have not been drawn down to date but are still expected to be drawn in year.

APPENDIX 2: TfWM Delivered Investment Programme Schemes

INVESTMENT PROGRAMME	YEAR TO DATE - JAN 22			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Rail						
Rail - Camp Hill Line Local Enhancements - Package 2	2,760	4,291	1,531	4,020	8,878	4,858
Rail - Walsall to Wolverhampton Local Enhancements - Package 1	4,340	9,408	5,068	7,329	15,390	8,061
Rail - Sutton Coldfield Gateway	41	57	16	42	57	15
Metro						
Metro Birmingham Eastside Extension	33,926	55,921	21,995	48,810	66,735	17,925
Metro Wolverhampton City Centre Extension	3,283	3,030	(253)	4,693	3,030	(1,663)
Metro Wednesbury to Brierley Hill Extension	49,343	65,535	16,192	66,120	95,519	29,399
Metro Centenary Square/Edgbaston Extension	10,952	13,397	2,445	12,863	16,096	3,233
Bilston Road Track Replacement Phase 2	0	14	14	874	874	0
Metro Network Enhancements - Traction Power & OLE Upgrades	1,955	3,284	1,329	1,425	3,344	1,919
WIP Station and Car Park works	(54)	(54)	0	(54)	(54)	0
Metro Network Enhancements - Wednesbury Depot Upgrades	1,882	3,065	1,183	2,477	3,117	640
Metro Network Enhancements – Comms and Control	767	1,855	1,088	1,385	2,101	716
Buy Before Boarding	23	1,003	980	524	1,400	876
Wolverhampton WIP Public Realm	0	598	598	897	1,196	299
Wolverhampton WIP Contingency	0	0	0	2,093	2,093	0
MMA Innovation	60	0	(60)	60	0	(60)
MML Life Cycle Projects	2,739	3,896	1,157	3,783	4,623	840
Metro Programme Management	0	(1)	(1)	0	13	13
Sprint						
Sprint - Hagley Road Phase 1	222	4,206	3,984	565	4,206	3,641
Sprint - Longbridge to Birmingham	30	170	140	166	204	38
Sprint - Hagley Road Phase 2	42	204	162	42	245	203
Sprint - Sutton Coldfield to Birmingham - via Langley	6	7	1	6	7	1
TOTAL	112,317	169,886	57,569	158,120	229,074	70,954

APPENDIX 3: Commonwealth Games Programme

COMMONWEALTH GAMES PROGRAMME	YEAR TO DATE - JAN 22			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
University Station Improvement Project	24,644	32,585	7,941	32,875	41,033	8,158
Perry Barr Rail Station	11,732	13,527	1,795	14,926	16,832	1,906
Sprint - A45 Birmingham to Airport and Solihull	20,289	32,867	12,578	32,443	38,594	6,151
Sprint - A34 Walsall to Birmingham	12,569	21,639	9,070	22,392	24,033	1,641
A34 Sprint Park and Ride	(1)	81	82	79	81	2
Regional Transport Coordination Centre - RTCC - development	(39)	0	39	(39)	0	39
RTCC-Design and Layout/Commercialisation	1,050	1,598	548	1,454	1,852	398
RTCC-Data - Tactical and Operational Intelligence	555	540	(15)	566	764	198
RTCC – ICT Equipment	17	50	33	58	58	0
RTCC-Operations	127	296	169	217	348	131
RTCC-Customer Information	6	64	58	51	76	25
RTCC-Highway Interventions	1,402	3,818	2,416	2,124	5,799	3,675
RTCC NWM Customer Interface Tool - Journey planner/Website	305	1,032	727	479	1,304	825
Perry Barr Mitigation Package	140	177	37	164	413	249
Commonwealth Games 2022 - Alexander Stadium Redevelopment	25,000	17,889	(7,111)	25,000	23,000	(2,000)
TOTAL	97,796	126,163	28,367	132,789	154,187	21,398

APPENDIX 4: Other Major Works Programme

OTHER MAJOR MORKS PROGRAMME	YEAR TO DATE - JAN 22			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Snow Hill Public Realm	35	144	109	144	144	0
Electric Vehicle - EV - Charging	144	197	53	197	197	0
Clean Bus Technology Fund 2017-2019	525	786	261	799	786	(13)
Cross City Bus - City Centre Package	126	3,608	3,482	165	3,764	3,599
Cross City Bus - Dudley – Druids Heath Package	260	962	702	318	967	649
Coventry Electric Bus City	9,279	12,082	2,803	12,957	12,959	2
Longbridge Connectivity Package	101	106	5	100	106	6
Connected and Autonomous Vehicles TestBed - CAV	0	1	1	0	1	1
NPIF 2 Birmingham Growth Point	122	190	68	190	190	0
Key Route Network Safety	480	499	19	975	1,096	121
Dudley Interchange	369	3,196	2,827	1,061	5,782	4,721
Autonomous Highway Rural & Parking Test Facilities - Meridian 3	454	454	0	453	454	1
Future Mobility Zone - Human Centered Data	54	105	51	96	124	28
Future Mobility Zone - Enabling Data Exploitation	179	784	605	203	1,106	903
Future Mobility Zone - Innovation Showcases	502	1,123	621	874	1,404	530
Future Mobility Zone - Programme Mgmt & Monitoring Evaluation	235	425	190	411	510	99
5G	2,407	2,429	22	2,943	2,891	(52)
ConVEx-Connected Vehicle data Exchange	159	159	0	159	159	0
Major Route Network - Programme	0	24	24	0	24	24
A435 Alcester Rd Bus Priority Revitalisation	25	888	863	106	1,047	941
Future Mobility Zone - Enhanced Ticket Platform	685	790	105	1,372	1,355	(17)
Major Road Network-A4123 Corridor	46	425	379	258	425	167
Major Road Network- A454 Wolverhampton to Neachells	86	270	184	258	344	86
Major Road Network-A449 Stafford Rd M54 J2 to A4150	15	346	331	285	540	255
Major Road Network- A46 Link Road Ph2 Coventry	250	250	0	375	250	(125)
Major Road Network- A46 Link Road Ph3 Coventry	0	0	0	125	250	125
Major Road Network- A38 Kingsbury Road Birmingham	83	70	(13)	55	90	35
Future Mobility Zone - Transport Network Data	677	1,554	877	832	1,901	1,069
WM5G Grants for Transport Use	937	1,055	118	1,032	1,032	0
Major Road Network- A41 Moxley	0	0	0	73	73	0
MRN-Keresley Link Road	1	0	(1)	0	0	0
MRN-Cov North Package Link M6	15	0	(15)	15	0	(15)
TOTAL	18,251	32,922	14,671	26,831	39,971	13,140

APPENDIX 5: Minor Works Programme

MINOR WORKS PROGRAMME	YEAR TO DATE - JAN 22			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
Bus						
Shelter Appeals	8	4	(4)	8	8	0
DfT Tackling Nitrogen Dioxide - Dudley MBC	3	3	0	5	5	0
DfT Tackling Nitrogen Dioxide - Wolverhampton MBC	146	198	52	296	296	0
Air Quality Grant	238	238	0	238	238	0
Rail						
Dudley Port Integrated Transport Hub	3	29	26	30	30	0
Aldridge Rail Station Study	17	15	(2)	17	18	1
Cycling						
Network Wide Cycling Programme - NWCP	3	2	(1)	3	2	(1)
Bike Life Report	15	0	(15)	30	15	(15)
West Midlands Cycle Hire	3,426	3,241	(185)	3,524	3,531	7
Better Streets Community Fund	1,032	1,447	415	1,276	1,459	183
Priority One Development Workstream	246	955	709	906	1,029	123
Active Travel Fund-Tranche 2	206	264	58	363	363	0
LSTF - Cycle Counters	93	150	57	93	150	57
Priority 1 Delivery- Perry Barr- Sutton Coldfield	0	0	0	500	500	0
Priority 1 Delivery- Binley Road Coventry	0	0	0	454	554	100
Highway						
ADEPT Live Lab	990	1,053	63	974	1,053	79
Asset Replacement						
IDOX - Asset Management System	3	14	11	15	14	(1)
Asset Management Programme	1,287	1,487	200	1,656	1,841	185
Real Time Information Upgrades	551	608	57	786	743	(43)
Other						
Bradley Lane Park and Ride	0	26	26	0	26	26
Asset Management- RTI Upgrades	18	248	230	262	450	188
Top Slice	0	50	50	50	50	0
Transport Data Unification - traffic data	1	1	0	1	1	0
AutopleX	59	65	6	71	71	0
HS2 Modelling Framework	11	74	63	89	89	0
TOTAL	8,356	10,172	1,816	11,647	12,536	889

APPENDIX 6: Grants to Local Authorities

GRANTS TO LOCAL AUTHORITIES	YEAR TO DATE - JAN 22			FULL YEAR		
	ACTUAL £000	BUDGET £000	VARIANCE £000	FORECAST £000	BUDGET £000	VARIANCE £000
B4106 Spon End - Coventry CC	3,148	3,800	652	5,451	3,800	(1,651)
New St/High St/Victoria Sq Public Realm - Birmingham CC	1,861	4,066	2,205	3,737	4,066	329
TOTAL	5,009	7,866	2,857	9,188	7,866	(1,322)