



West Midlands  
Combined Authority

## WMCA Investment Board

<b>Date</b>	12th December 2022
<b>Report title</b>	Update Report: City Region Sustainable Transport Settlement – Quarter 2 FY 2022-23
<b>Portfolio Lead</b>	Councillor Bob Sleight - Finance & Investments
<b>Accountable Chief Executive/TfWM Director</b>	Anne Shaw (Executive Director of Transport for West Midlands)
<b>Accountable Employee</b>	Carl Beet (Head of Strategy & Intelligence)
<b>Report has been considered by</b>	N/A

**Recommendation(s) for action or decision: Report for information only**

**The WMCA Investment Board is recommended to: Acknowledge the contents of this Report, including:**

1. The M&E and reporting requirements associated with the City Region Sustainable Transport Settlement set out at **Section 4**.
2. The programme monitoring plans set out at **Section 5**.
3. The Quarter 2 FY22-23 progress reported at **Section 6**.

## **1 Purpose**

- 1.1 The Investment Board agreed on 26 March 2018 to receive a monthly report on the status of the Investment Programme to help set the context for any investment decisions being made by the Board. This report fulfils that requirement.
- 1.2 The purpose of this report is to outline the requirements for monitoring & evaluation (M&E) and reporting of the City Region Sustainable Transport Settlement ('CRSTS') programme. This note will also explain how Transport for West Midlands (TfWM) are meeting these requirements and provide an update on programme progress to date, to set the context for any investment decisions being made by the Board.

## **2 Background**

- 2.1 The Investment Board was established by the WMCA Board as a key element of the approvals process across the Investment Programme.
- 2.2 The Investment Board considered and endorsed an enhanced Terms of Reference at its meeting on 20th April 2020. This set out an enhanced role supporting decision-making, greater post approval controls, performance management and effective delivery of monitoring & evaluation requirements.
- 2.3 The enhanced Terms of Reference included the following:
  - To oversee and monitor all investments made through the Investment Programme.
  - To add conditions to any funding decision that falls within its delegated authority. Minimum conditions should specify the availability period, conditions to drawdown of funds, conditions for withdrawal of support and terms of clawback, start date and completion date for the project or programme.
  - Where oversight of monitoring and evaluation applies to the Investment Board, to consider whether a formal review of project or programme is required, and to consider this review itself or instruct the Investment Panel to do so on its behalf.
- 2.4 The WMCA Board considered and approved the enhancements to the role and Terms of Reference of the Investment Board on 24th July 2020.
- 2.5 Further to this, on 10 June 2022, WMCA Board approved extending the role and remit of WMCA Investment Board to cover all WMCA projects (including the CRSTS programme), allowing investment decisions to be made for values between £5m and £20m in line with the Single Assurance Framework.

## **3 Overview of the CRSTS Programme**

- 3.1 The National Infrastructure Strategy committed to investments in local transport networks to improve productivity in our largest cities. The national CRSTS programme aims to deliver transformational change through investments in public and sustainable transport infrastructure in some of England's largest city regions through grant funding of £5.7bn over five years (2022/23 – 2026/27).
- 3.2 The CRSTS funding is aimed at achieving the following objectives:
  - Driving growth and productivity;
  - Decarbonising transport; and
  - Levelling up services and areas.

- 3.3 The West Midlands submitted a programme level business case consisting of 50 projects and programmes totalling an investment of over £1bn in transport improvements. This investment includes a government grant of £1.05bn along with £120.1m as a local contribution from West Midlands Local Authorities, made up of:
- LA internal resources linked to ITB replacement programmes;
  - Enterprise Zone (Snow Hill Growth Strategy / Birmingham Victoria Square / One Station);
  - Private Sector inc. provision of new hydrogen vehicles & S.106;
  - Clean Air Zone and Bus Lane Enforcement; and
  - Local Authority borrowing.
- 3.4 The government have made it clear that they expect the CRSTS programme and its outputs to be delivered in full by the end of March 2027.

#### **4 Monitoring & Evaluation and Reporting Requirements**

- 4.1 In addition to it being good practice to regularly monitor programme performance, part of the funding conditions associated with the CRSTS allocation, West Midlands Combined Authority, acting as the accountable body, is required to undertake M&E of the West Midlands programme.
- 4.2 The Department for Transport (DfT) require a quarterly update on programme progress via an excel template and a fuller annual update – although the mechanism or content of the annual update has not been shared at the time of writing.
- 4.3 The quarterly update requires quite in-depth information on the programme covering aspects such as:
- Overall progress summary (at programme level);
  - Delivery confidence assessment (at project and programme level);
  - Programme level expenditure by funding source and financial quarter (both forecast and outturn);
  - Details of local contributions achieved, by source;
  - Details of project / programme change control requests and decisions;
  - Progress against key milestones for each project;
  - Key risks (at project and programme level); and
  - Progress against outputs delivery and outcomes.
- 4.4 The level of detail requested by DfT for monitoring purposes for CRSTS is much more expansive than any recent funding streams and will require significant levels of engagement with and information from project teams.

#### **5 TfWM Programme Monitoring Plans**

- 5.1 Given the greater emphasis being placed on M&E, there is clearly the need for WMCA to implement a robust mechanism for meeting the requirements of DfT and also to ensure that the programme is on track to deliver as required by the end of March 2027.
- 5.2 As a result of the enhanced monitoring & evaluation requirements, TfWM allocated a portion of the CRSTS allocation to establishing a small team to undertake both the monitoring and reporting to DfT and also to designing and undertaking an amount of M&E for each project within the programme. It was recognised particularly large or novel projects (e.g. Coventry Very Light Rail) would require additional M&E activity to be funded by that specific project directly from its allocated funding.

- 5.3 The TfWM M&E team have created excel based templates to capture project milestones and risk information which have been distributed to each CRSTS project team to enable a consolidated programme position to be captured and reported.
- 5.4 There is a separate spreadsheet which is distributed by WMCA finance to capture the financial information which is undertaken in order to secure S151 sign-off and is in a format which is already familiar with local authority finance teams. This information is being passed back to the TfWM M&E team for consolidation with the rest of the project information.
- 5.5 The use of excel spreadsheets to capture this information is not ideal and generates risks around version control, errors when transferring data and data formatting / consistency. For these reasons TfWM have been exploring the use of a cloud-based project & programme management tool. This will be developed and piloted initially for CRSTS monitoring and reporting, but a wider project has been initiated to see if this same tool could be applicable more widely across the WMCA portfolio.
- 5.6 For the first few reporting periods TfWM will be gathering project update information via spreadsheets and entering the returns into the management software. The aspiration is that once the system is fully set-up and tested, project teams will be able to provide updates directly into the system.

## 6 CRSTS Q2 2022-23 Progress Update

- 6.1 The first round of updates from project teams has generally worked well, with responses from all teams in advance of the DfT Q2 reporting deadline.
- 6.2 A summary of the current Q2 position and forecast position is outlined below:

### *Programme Progress*

- 31 projects / programmes have reached or passed SOBC;
- 11 projects / programmes have reached or passed OBC;
- 8 projects / programmes have reached or passed FBC;
- 5 projects / programmes have reached delivery stage;
- £423.4m of CRSTS funding has been approved; and
- £73.98m distributed to scheme promoters, with £27.27m defrayed as at 30th September 2022.

### *Funding Approved*

- 6.3 The funding approved from the £1.05bn West Midlands CRSTS programme totalling £423.4m as at 30th September 2022 is summarised as follows:

Project	Submission	Body Approved/ Date	Funding Approved (£m)
Sprint A45 Phase 2	FBC	WMCA Board (18/03/2022)	25.40
Sprint A34 Phase 2	FBC	WMCA Board (18/03/2022)	30.60
Traction Power Phase 2	FBC	WMCA Board (18/03/2022)	12.57
Wednesbury Depot Upgrades	FBC	WMCA Board (18/03/2022)	37.35
Ultra-Rapid Charging Transit Stations	OBC	WMCA Board (18/03/2022)	6.50

Project	Submission	Body Approved/ Date	Funding Approved (£m)
Swift cEMV Contactless Payment Broker	OBC	WMCA Investment Board (15/08/2022)	4.60
Local Network Improvement Plan  (N.B. Subject to annual confirmation)	N/a (Replacement ITB)	WMCA Board (18/03/2022)	107.50
Highways Maintenance  (N.B. Subject to annual confirmation)	N/a (Delivered through local highway authorities)	WMCA Board (18/03/2022)	120.40
Metro Wednesbury to Brierley Hill	N/a (Final Year TCF)	WMCA Board (18/03/2022)	71.50
Monitoring and Evaluation	N/a	WMCA Board (18/03/2022)	7.00
<b>Total</b>			<b>423.42</b>

### Key risks

- Inflationary pressure may result in cost overruns or the need to reduce the scope of some projects or the overall programme.
  - Public objection to projects which reallocate road space or prioritise bus and active travel over cars
  - Over half of projects (56%) are currently reported to finish delivery in the final year of the programme with 46% reported to complete in the final quarter of the programme.
  - Potential for problems with supply chain and simultaneous disruption on the network.
  - Potential for the CRSTS fund to be impacted by projects currently outside the programme but already in flight and experiencing cost inflation ultimately requiring them to be included within the CRSTS programme (following appropriate formal change control).
- 6.4 It is probable that some projects in the programme will incur several of the above risks, resulting either in an inability to deliver or in programme slippage beyond the current CRSTS funding period.
- 6.5 The reporting of projects as being currently planned to deliver relatively late in the programme is due to the relative early stage of development of many of the projects. Many projects have been dependent on the CRSTS funding programme commencing in order to be able to access capital development funding. As the next few quarters are reported it is expected that the currently reported delivery profile will evolve. Work will be undertaken with scheme promoters to identify how schemes can be accelerated and the risk of delays mitigated.

### *Local Contribution*

As a condition of the CRSTS funding, the West Midlands programme business case was required to demonstrate a commitment to provide match funding towards the programme. The commitments made are outlined below:

<b>Authority</b>	<b>Local contribution (£m)</b>
Birmingham	32.30
Coventry	8.57
Solihull	3.00
WMCA	76.19
<b>Total</b>	<b>120.06</b>

- 6.6 A set of schemes which can be pulled forward without further explicit approval has been agreed with DfT. These could be used to off-set slippages or where a specific project is cancelled. The ability to trigger this change control process is also linked to the soft-contingency mechanism addressed below.
- 6.7 The outturn local contribution is a metric that the Department for Transport are asking WMCA to report on. To date £364k of local contributions have been secured. Whilst it is not essential that the split by authority is as shown in the table above, it is important to secure the total amount of local contribution agreed of c. £120m, over the five-year period to meet DfT funding terms and conditions. Promoters should be actively seeking contributions, in particular from the private sector, wherever possible.

### *Capacity funding to Support CRSTS*

- 6.8 During FY 2021/22 DfT provided £8.9m of revenue capacity funding to enable scheme promoters to develop projects in advance of the full CRSTS funding. This £8.9m has been distributed amongst scheme promoters as directed, following WMCA Board approval (September 2021), although no scheme promoters have fully exhausted this funding to date.
- 6.9 In addition to the £8.9m received in FY 2021/22, DfT awarded a further £16.6m of revenue funding. There is no agreement on how this will be distributed at present, but discussions are underway between officers of WMCA and its constituent members.
- 6.10 Once a consensus is reached the decision will need to be approved by WMCA Board, which is expected to be subject to a report in the new year.

### *Accelerating Delivery*

- 6.11 Whilst the spend to date figures are low, this is to be expected in the early stages of a programme such as CRSTS where there is a ramp-up period and many projects are in the development stages. This is compounded by the fact that most scheme promoters were not able to consider commencing with development work until the full funding was confirmed, which did not happen until the first year of the programme had started.
- 6.12 To assist TfWM have recently submitted a change control process for c. £3.2m which will facilitate the early draw-down of development funding where promoters feel that this would enable accelerated delivery of projects.
- 6.13 Furthermore, TfWM and various scheme promoters are engaging with the DfT's acceleration unit. These discussions are exploring if there are any additional mechanisms that the DfT can trigger to help local scheme promoters in their delivery.

### *Programme Baseline and Future Updates*

- 6.14 This update is the first undertaken for the CRSTS programme since the bid was submitted. A significant number of projects are still very early in their development cycle with some project teams still in the mobilisation phase after completion of other projects over the summer. This means that there is a degree of uncertainty in some of the forecasts presented in this update report.
- 6.15 It is envisaged that as more engagement takes place with project teams and as projects become more mature, it is likely that timescales and funding profiles are likely to change and become more certain.
- 6.16 As such it would be inadvisable to rely solely on this programme update for use as a baseline against future programme performance.

*Anticipated progress during Q2 22/23*

- 6.17 Based upon the latest information provided by scheme promoters the following milestones were expected in Q2 of 22/23:

<b>Project UID</b>	<b>Project Name</b>	<b>Milestone</b>
TSP0124	Aldridge Station	SOC
TSP0192	A449 Walk, Cycle and Bus Corridor	SOC
TSP0041	Demand Responsive Bus (inc. diversification of Ring & Ride)	SOC
TSP0347	Coventry South Sustainable Transport (GIGA Factory Links)	SOC
TSP0355	Selly Oak to Longbridge Segregated Cycling	SOC
TSP0115	Dudley Port ITH – Phase 1 and phase 2 Development	SOC
TSP0169	Very Light Rail Regional Programme <b>(Submission to this session of Investment Board)</b>	SOC
TSP0193	A454 Walk, Cycle and Bus Corridor	OBC
TSP0365	ULEV Infrastructure	OBC
TSP0192	A449 Walk, Cycle and Bus Corridor	OBC
TSP0179	Wolverhampton City Centre Movement – Walk, Cycle and Bus Package	OBC
TSP0323	Metro Line 1 Renovation <b>(Submission to this session of Investment Board)</b>	FBC

## **7 Financial Implications**

7.1 There are no direct financial implications arising from the recommendations within this report.

## **8 Legal Implications**

8.1 There are no legal implications as a result of the recommendations within this report.

## **9 Equalities Implications**

9.1 There are no equalities implications as a result of the recommendations within this report.

## **10 Inclusive Growth Implications**

10.1 There are no inclusive growth implications as a result of the recommendations within this report.

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

11.1 There are no geographical implications as a result of the recommendations within this report. The CRSTS Programme comprises an array of projects throughout each of the seven West Midlands constituent member areas. These programmes also have implications for some non-constituent areas and the wider local area beyond the constituent member regions.

## **12 Other Implications**

12.1 Not applicable.

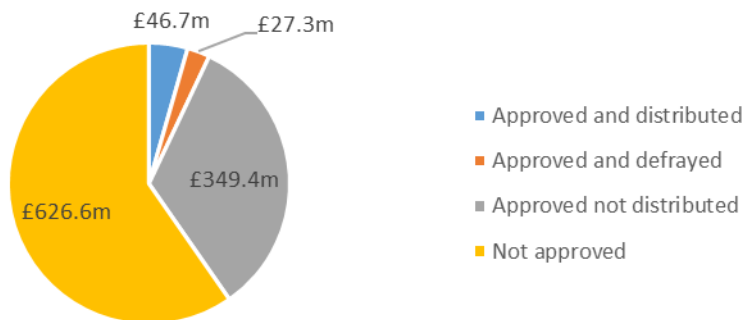
## **13 Schedule of Background Papers**

13.1 Appendix 1 – CRSTS Reporting Charts

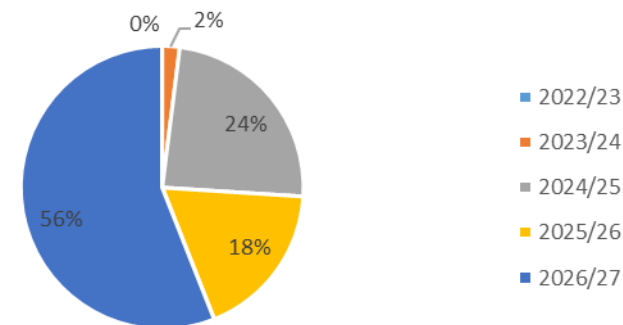


## APPENDIX 1: CRSTS Reporting Charts

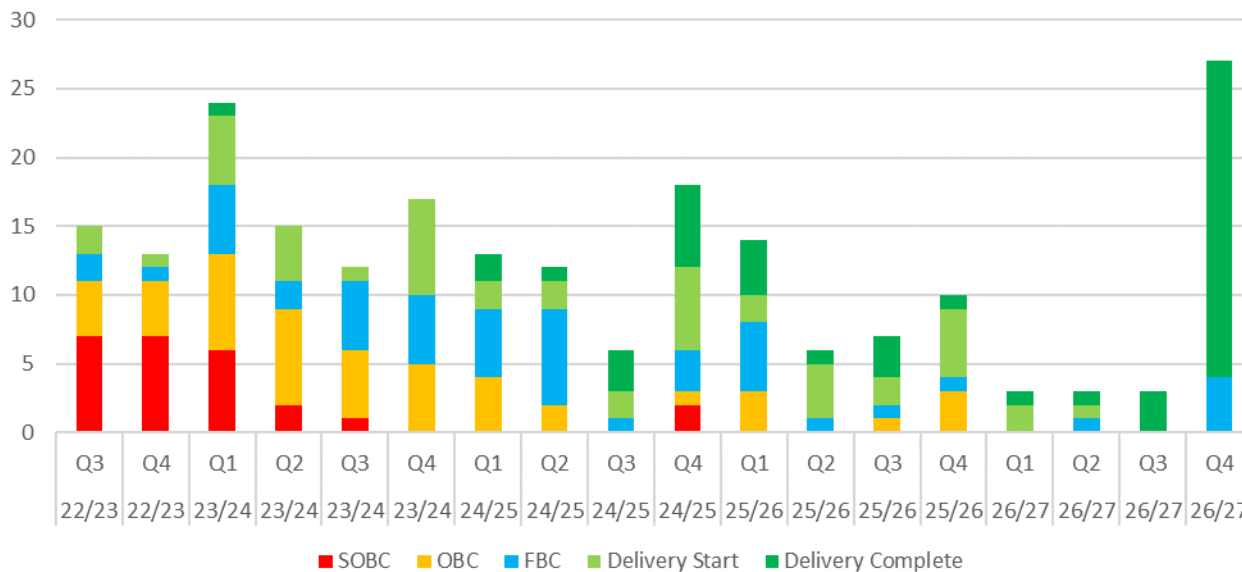
### CRSTS funding status



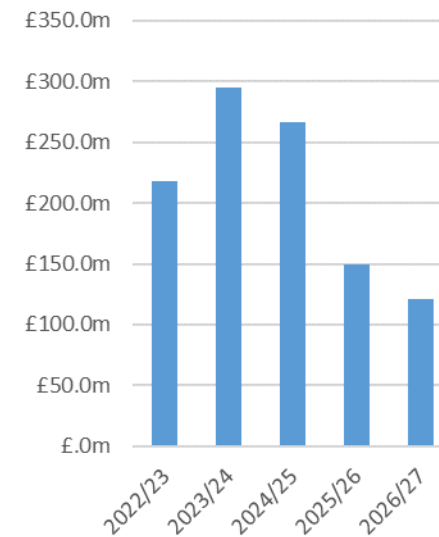
### Forecast project delivery by year



### Programme milestones forecast



### Forecast financial profile\*



\*Based on previous financial forecast – finalised Q2 financials not available at time of writing