



West Midlands
Combined Authority

WMCA Investment Board

Date	20th March 2023
Report title	Update Report: City Region Sustainable Transport Settlement – Quarter 3 FY 2022-23
Portfolio Lead	Councillor Bob Sleight - Finance & Investments
Accountable Chief Executive/TfWM Director	Anne Shaw (Executive Director of Transport for West Midlands)
Accountable Employee	Carl Beet (Head of Strategy & Intelligence)
Report has been considered by	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 City Region Sustainable Transport Settlement change control application submitted to Department for Transport, set out at **Section 4**.
2. The M&E and reporting requirements associated with the City Region Sustainable Transport Settlement set out at **Section 5**.
3. The programme monitoring plans set out at **Section 6**.
4. The Quarter 3 FY22-23 progress reported at **Section 7**.

1 Purpose

- 1.1 The Investment Board agreed on 14th November 2022 to receive a quarterly report on the status of the City Region Sustainable Transport Settlement ('CRSTS'), to help set the context for any investment decisions being made by the Board. This report fulfils that requirement.
- 1.2 The purposes of this report are to:
 - (a) Update Investment Board on any key events since the previous update report;
 - (b) Outline the requirements for monitoring & evaluation (M&E) and reporting of the CRSTS programme;
 - (c) Update Investment Board on the progress made across the programme to date; and
 - (d) 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 WMCA Investment Programme.
- 2.2 On 10 June 2022, WMCA Board approved extending the role and remit of WMCA Investment Board to cover all WMCA projects (**including those within the CRSTS programme**), allowing investment decisions to be made for values between £5m and £20m in line with the WMCA Single Assurance Framework.
- 2.3 The Investment Board considered and endorsed an enhanced Terms of Reference at its meeting on 24th July 2020. This set out an enhanced role supporting decision-making, greater post approval controls, performance management and effective delivery of monitoring & evaluation requirements.
- 2.4 The enhanced Terms of Reference included the following:
 - 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.

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 CRSTS Change Control Submission

- 4.1 WNCA officers provided a briefing to WMCA Board on 16th December 2022 advising of the extent of cost pressures emerging across the Transport for West Midlands capital programme.
- 4.2 There are presently limited options available to WMCA to meet these cost pressures. To meet the most urgent capital cost pressures totalling up to £17.8m across multiple projects, WMCA Board endorsed the recommendation to re-allocate funding within the Transforming Cities Fund to those projects subject to these urgent cost pressures.
- 4.3 WMCA Board subsequently also agreed to delegate authority to the WMCA Section 151 Officer and Executive Director of Transport for West Midlands (in consultation with the Mayor and the Portfolio Lead for Transport) to make a formal CRSTS change control application to the Department for Transport. This application is also required to follow WMCA Single Assurance Framework procedures.
- 4.4 WMCA have now submitted the CRSTS change control application to Department for Transport and a decision on the application is currently pending from Department for Transport.
- 4.5 The change control submitted requests to introduce those projects previously funded by Transforming Cities Fund within the CRSTS programme, as well as to introduce other projects also identified at risk of cost increases onto the CRSTS programme reserve list.
- 4.6 For commercial reasons, the specific projects subject to the urgent cost pressures noted at **paragraph 4.2**, and the CRSTS change control application at **paragraph 4.5**, are not stated within this report.
- 4.7 However, Investment Board are advised to note that an update on WMCA capital programme pressures will be presented to WMCA Board in March, with a further, comprehensive, update on the WMCA capital programme alongside a CRSTS annual monitoring report to be submitted to WMCA Board in June 2023.

5 Monitoring & Evaluation and Reporting Requirements

- 5.1 In addition to it being good practice to regularly monitor programme performance, part of the funding conditions associated with the CRSTS allocation is that West Midlands Combined Authority, acting as the accountable body, is required to undertake M&E of the West Midlands programme.

- 5.2 The Department for Transport (DfT) require a quarterly update on programme progress via an excel template and a fuller annual update containing updates on project progress. This annual update includes information on deliverables or key milestones and any changes to outputs or delivery start and end dates expected from projects within the programme.
- 5.3 WMCA submitted the Q3 FY22-23 update and annual report to DfT in early February 2023.
- 5.4 The quarterly update requires 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.
- 5.5 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.

6 TfWM Programme Monitoring Plans

- 6.1 Given the greater emphasis being placed on Monitoring and Evaluation (M&E), there is clearly the need for WMCA to implement a robust mechanism for meeting the requirements of DfT and to ensure that the programme is on track to deliver as required by the end of March 2027.
- 6.2 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.
- 6.3 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.
- 6.4 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.
- 6.5 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.

6.6 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.

7 CRSTS Q3 2022-23 Progress Update

7.1 The second round of updates from project teams has generally worked well, with responses from all teams in advance of the DfT Q3 reporting deadline.

7.2 A summary of the current capital Q3 position and forecast position is outlined below:

Programme Progress

- 1 (Sub-)Programme Business Case has been approved;
- 8 Strategic Outline Cases have been approved;
- 4 Outline Business Cases have been approved;
- 8 Full Business Cases have been approved;
- 6 projects / programmes have reached delivery stage;
- £474.25m of CRSTS funding has been approved as at 31st January 2023; and
- £61.53m of expenditure incurred funded from the £1.05bn West Midlands CRSTS capital settlement as at 31st December 2022.

Funding Approved

7.3 Since the previous Q2 CRSTS Update Report, the following submissions have been approved:

- Accelerator change request to award a maximum of c. £3.24m of development funding for early draw down across 11 projects, where the relevant promoters have shown that this would enable accelerated delivery. (Approved 25th November 2022 by WMCA Statutory Officer Panel).
- A454 Walk, Cycle and Bus Corridor – SOC submission to award £0.40m of CRSTS funding approved by WMCA Executive Director on 15th December 2022.
- Very Light Rail Regional Programme – A SOC submission to award at total of £36.88m CRSTS funding from the total allocation of £71.50m was approved on 13th January 2023 by WMCA Board. It should be noted that this project is retained by DfT, meaning that this funding awarded is not fully available to be drawn until DfT approval of the SOC has been obtained.
- Bus Service Improvement Plan Cross City Routes – Programme Business Case approved by WMCA Statutory Officers to award £4.00m of CRSTS funding from the £59.00m allocation for this programme.
- Foleshill Transport Package – A Programme Business Case was approved by WMCA Executive Director on 23rd December 2022 to award £0.45m of CRSTS funding from the total allocation of £4.50m.
- A461 Walk, Cycle and Bus Corridor – Two SOC submissions for the Dudley and Sandwell elements of the scheme were approved by WMCA Executive Director on 4th November 2023 and 3rd November respectively. Total CRSTS funding of £1.00m was awarded to the scheme within the £25.00m CRSTS programme allocation for this scheme.
- A4123 Walk, Cycle and Bus Corridor – CRSTS funding of £1.70m was awarded from within the total £29.00m in respect of a SOC submission approved by WMCA Statutory Officer Panel on 25th November 2022.

7.4 The funding approved from the £1.05bn West Midlands CRSTS programme totals £474.25m as at 31st January 2023. It should be noted that WMCA are required to maintain a 'soft contingency' of £100.00m of unapproved funding until the end of Year 3 of the programme, being 31st March 2025.

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 (55%) are currently reported to finish delivery in the final year of the programme with 39% 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).

7.5 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.

7.6 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:

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

7.7 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.

7.8 The outturn local contribution is a metric that the Department for Transport are asking WMCA to report on. To date £0.57m 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. £120.06m, 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

7.9 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.

7.10 In addition to the £8.9m received in FY 2021/22, DfT awarded a further £16.6m of revenue funding. Agreement as to how this funding will be distributed has been reached by WMCA Finance Directors and Strategic Transport Officer Group, and is subject to endorsement by WMCA Board on 17th March 2023.

Programme Baseline and Future Updates

7.11 This update is the second undertaken for the CRSTS programme since the bid was submitted. A considerable 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.

7.12 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.

7.13 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 Q4 FY 22/23

7.14 Based upon the latest information provided by scheme promoters the following milestones were expected in Q4 of FY 22/23:

Submission expected	Project	Business Case Stage
Mar-23	Dudley Port ITH - Phase 1 and Phase 2 Development	PBC
Mar-23	Aldridge Station	SOC
Mar-23	Dudley Town Centre Interchange	SOC
Mar-23	Smethwick to Birmingham Inclusive Growth Corridor	SOC
Mar-23	A449 Walk, Cycle and Bus corridor	SOC
Mar-23	Mobility Hubs and E-bikes	SOC
Mar-23	Coventry South Sustainable Transport (GIGA Factory Links)	SOC
Mar-23	Factory Links)	SOC
Mar-23	Demand Responsive Bus	SOC
Feb-23	ULEV - Black Country	OBC

Submission expected	Project	Business Case Stage
Mar-23	Wolverhampton City Centre Movement - Walk, Cycle and Bus Package	FBC

8 Financial Implications

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

9 Legal Implications

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

10 Equalities Implications

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

11 Inclusive Growth Implications

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

12 Geographical Area of Report's Implications

12.1 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.

13 Other Implications

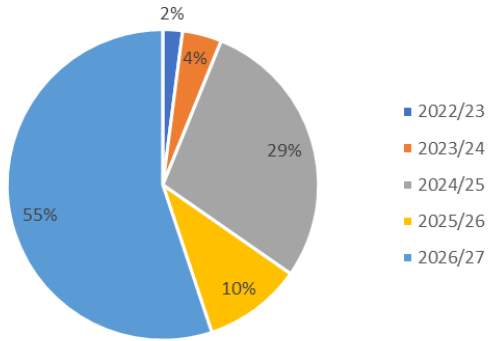
13.1 Not applicable.

14 Schedule of Background Papers

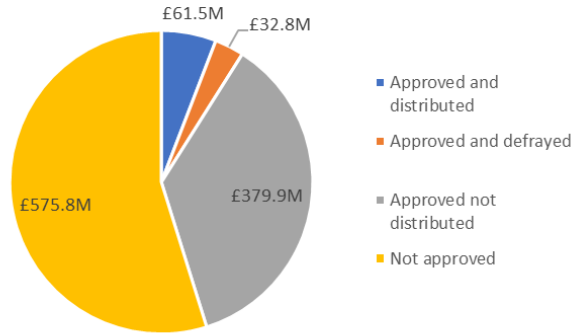
14.1 Appendix 1 – CRSTS Reporting Charts

APPENDIX 1: CRSTS Reporting Charts

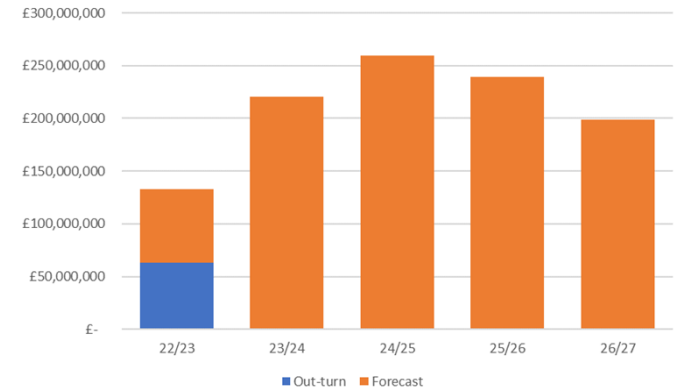
Forecast project delivery by year



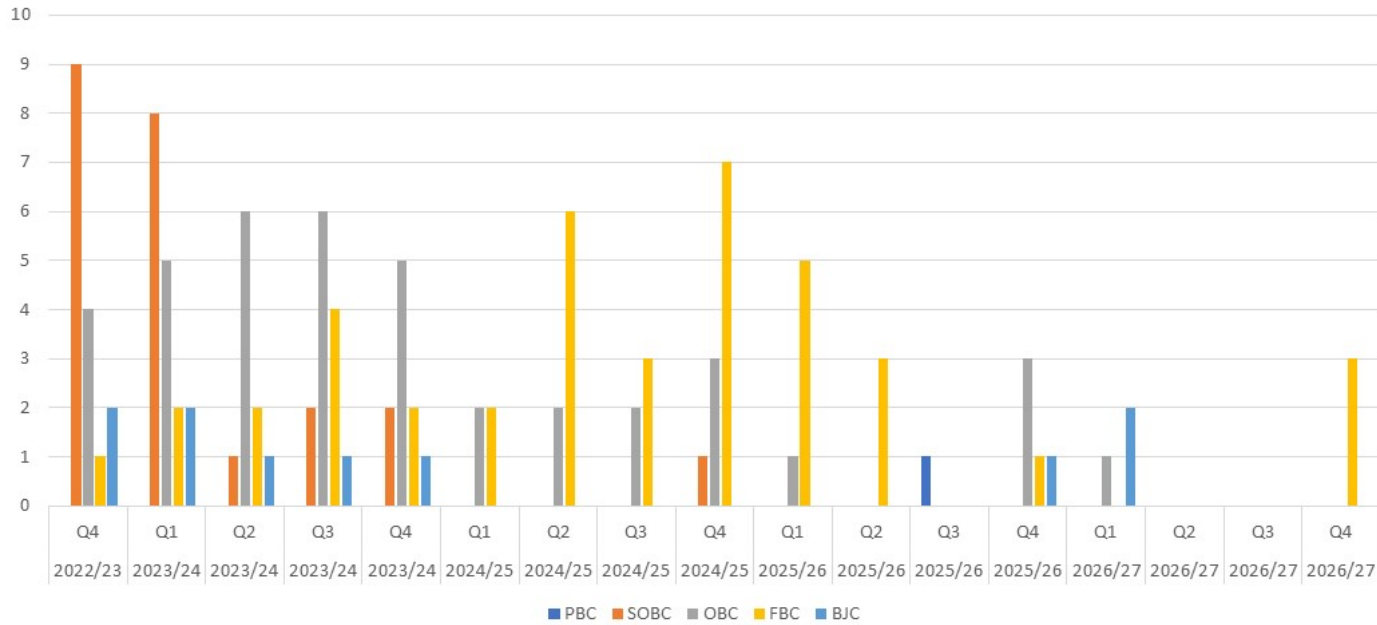
CRSTS funding status



CRSTS Spend profile



Development profile



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