

**Board Meeting**

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| **Date** | 12 May 2017 | |
| **Report title** | Financial Monitoring 2016/17 | |
| **Cabinet Member Portfolio Lead** | Councillor Izzi Seccombe – Finance & Investments | |
| **Accountable Chief Executive** | Martin Reeves  Email martin.reeves@coventry.gov.uk | |
| **Accountable Employee** | Mark Taylor  Email Mark.Taylor@wmca.org.uk  Tel 0121 214 7600 | |
| **Report to be/has been considered by** | WMCA Programme Board – 28 April 2017 | |
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**Recommendation(s) for action or decision:**

**WMCA Board is recommended to:**

1. Approve the 3 year advance payment of the Pension Fund employers superannuation contribution given the discount available from the Pension Fund.
2. Note the final outturn position for 2016/17.
3. **Purpose**
   1. To provide an update of the WMCA finances as at the end of March 2017.
4. **Financial Monitoring** 
   1. A summary of the revenue and capital financial outturn against the reported forecast are attached at Appendices 1 and 2. A Summary Balance sheet is reported in Appendix 3 and a summary of the Investment Programme along with current commitments is included in Appendices 4 and 5.
   2. The final outturn against the transport budget was only £0.074m higher than forecast, being £0.083m lower than budgeted deficit at £0.856m for the year.

* 1. Key variances from forecast are one off costs within the **ENTCS** concessions budget relating to the purchase of Swift card readers (£0.220m) and consultancy costs relating to Swift capping work (£0.270m), offset by savings against the child concessions budget of £0.100m due to slightly lower than forecast patronage.

The **FY** variances against budget and forecast within finance costs are due to reorganisation costs which are offset by savings against loan interest, due to no borrowing taking place. Also there has been a revenue contribution to capital of £0.322m for additional digital advertising panels, funded by additional advertising revenue and the Metro 2030 study looking at future Metro works with regard to optimising costs and achieving savings.

Specific commentary is included in Appendix 1.

* 1. Also shown in Appendix 1 is the final position of the WMCA operational budget. The final outturn shows a minor adverse variance from forecast of £0.018m.

Specific commentary is included in Appendix 1.

* 1. In Appendix 2 transport major schemes ended the year 18% behind budget which is mainly as a result of delays to works on the Centenary Square, Edgbaston and Wolverhampton metro extensions relating to utility / ground works and land acquisitions, and within other major projects the 2016/17 spend on the Birmingham City Centre scheme reflects safety works and the final account with the contractor.
  2. The minor works programme was 16% (£0.9m) behind budget, mainly relating minor variances across a number of projects, most significant of which being the digital advertising panel roll out and park and ride development activity.
  3. The WMCA balance sheet as at 31 March is reported at Appendix 3. This shows a general fund balance of £1.825m as at 31 March 2017, which is significantly below recommended levels.

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| |  |  |  |  | | --- | --- | --- | --- | | WMCA General Fund | TFWM | WMCA | Total | |  | £000 | £000 | £000 | | 1 April 2016 Opening Balance | 2,522 | 0 | 2,522 | | Movements in the year | (856) | 159 | (697) | | 31 March Closing Balance | 1,666 | 159 | 1,825 | |  |  |  |
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* 1. The 2016/17 WMCA Investment Programme as at 28 February is attached at Appendix 4. This is one month behind as the process gives districts 2 weeks post month end to supply their latest claim and forecast figures. Of the £39.5m spend year to date, £6.5m is WMCA funding. A variance commentary is included in the appendix.
  2. Projects with a total value of £457m have entered the WMCA Assurance Framework with £222.8m of projects gaining approval, most notable of which is the £98.7m towards the Coventry City Centre Regeneration project.
  3. The 2016/17 financial outturn reported is subject to external audit with the annual accounts to be presented to the Audit, Risk & Assurance Committee (ARAC) in May for sign off for the audit to commence on 15 May as per the approved audit plan. Audit findings and the final audited annual accounts will be reported for approval to ARAC on 16 June for final accounts approval at the main board in July.

**2017/18 Transport Budget Pension Contributions**

* 1. In approving the 2017/18 Combined Authority revenue budget in March, approval was given to take up the opportunity to pay the full 3 year deregulated pension fund deficit in advance to take advantage of an advance payment discount and this lower discounted figure was reflected within the budget approved.
  2. Following this approval the opportunity to also pay the Pension Fund employers superannuation contribution three years in advance was also offered based on an assumed payroll level. Any overpayment or underpayment, based on actual payroll data, will be adjusted in subsequent years or rolled up into the next actuarial valuation in the case of the third year. The advance discount levels are year one 2.4%, year two 7.1% and year three 11.5% and will result in an estimated 3 year saving of £0.412m. It is considered that discount levels offered are higher than the cost of the return of any investments from the cash held or used, hence it is recommended that take up of this opportunity is endorsed.
  3. The Combined Authority auditors requested that the decision to take advantage of the discounted payment is formally approved by the full board.

1. **Legal implications**

3.1 There are no legal implications.

1. **Equalities implications**

4.1 There are no equalities implications

**5.0 Appendices**

* Appendix 1 – WMCA Revenue Summary – March 2017
* Appendix 2 – WMCA Transport Capital Programme - March 2017
* Appendix 3 - WMCA Balance Sheet as at 31 March 2017
* Appendix 4 – WMCA Investment Programme February 2017
* Appendix 5 – WMCA Investment Programme Commitments to date

Appendix 1

West Midlands Combined Authority Revenue Report March 2017





Appendix 2



Appendix 3



Appendix 4





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