



Report to:	Finance, Resources and Corporate Committee
Date:	5 December 2024
Subject:	2024-25 Quarter 2 Financial Position
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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If the report does contain exempt information, what is the reason for exemption: <i>(indicate in the adjacent box the relevant paragraph of Schedule 12A, Local Government Act 1972, Part 1 – see Access to Information Rules)</i>	

1. Purpose of this Report

- 1.1 To advise of the 2024/25 quarter 2 and forecast year end financial position.

2. Recommendations

- 2.1 That the Committee notes the financial position as reported.
- 2.2 That the Committee notes the Combined Authority's monthly financial management, financial reporting and quarterly forecasting arrangements.

3. Information

2024/25 Quarter 2 Revenue Position

- 3.1 The Combined Authority is reporting a quarter 2 overall revenue position of £4.7m net expenditure compared to a balanced budgeted position.
- 3.2 The variations in both income and expenditure are predominantly driven by the project portfolio, where the pattern of income and expenditure varies throughout the financial year. While budgets have been profiled to reflect expected timings of income and expenditure, some variances remain. These have been reviewed and all arise from residual timing differences, for example where expenditure is recovered from third parties

and this is only invoiced after expenditure occurs. Work is being undertaken with budget holders to further improve profiling.

Financial Position at Quarter 2

	Actual to 30-Sep-24 £000s	Budget to 30-Sep-24 £000s	Difference 30-Sep-24 £000s	Difference 30-Sep-24 %	Glossary
Income					
Grants	76,317	78,414	(2,097)	(3%)	AEB, Gainshare, UKSPF, BSIP & other grant funding
Transport Levy	46,099	46,099	(0)	(0%)	Income from Transport Levy
Income - Transport	20,548	14,878	5,671	38%	Mcard income collected from all sales and redistributed below
Tendered Services	6,709	4,595	2,114	46%	Income from farebox, schools and local authorities
Income - Property	335	725	(390)	(54%)	Income from tenants and other property related income
Enterprise Zones	3,705	2,379	1,326	56%	Income from Enterprise Zones
Income - Operational	249	1,752	(1,503)	(86%)	Income from Bus Stations
Interest Receivable	5,035	2,551	2,484	97%	Bank interest
Total Income	158,998	151,393	7,605	5%	
Expenditure					
Financial Corporate Costs	837	3,348	2,512	(75%)	Interest payable and Minimum Revenue Provision (MRP)
Employee Costs	23,838	26,016	2,178	(8%)	Staff pay, Employers NI, Employers pension contribution
Indirect Employee Costs	440	485	45	(9%)	L&D, apprenticeship levy, staff wellbeing, recruitment
Concessions	26,000	24,337	(1,664)	7%	ENCTS, U19's
Prepaid Ticket Costs	16,859	14,000	(2,859)	20%	Distribution of Mcard income collected above
Tendered Services	26,990	18,510	(8,480)	46%	Access bus, schools transport, non schools operator payments
Property Costs	3,777	3,678	(99)	3%	Running costs of bus stations, Wellington House
ICT Costs	1,671	2,111	440	(21%)	Software licences, hardware
Insurance	364	271	(93)	35%	Insurance premiums
Grants	74,944	68,777	(6,167)	9%	AEB, Gainshare, UKSPF, BSIP & other grant funding
Supplies & Services	1,554	3,500	1,945	(56%)	Ticket printing, marketing costs, postage, printing and stationery
Members Allowances & Expenses	144	201	57	(28%)	Attendance payments to members, in line with the approved schedules
Consultancy & Professional Services	4,581	3,606	(975)	27%	External audit, treasury management, IT security operations
Research & Evaluation	90	100	10	(10%)	Intelligence gathering to support investment decisions
Travel Subsistence & Transport	105	106	1	(0%)	Out of pocket expenses incurred on WYCA business
Total Expenditure	182,194	169,045	(13,149)	8%	
Indirect Contribution* (Capitalisation/ Internal recharges)	16,546	15,746	800	5%	Recovery of staffing costs from capital
Net Income / (Expenditure)	(6,650)	(1,906)	(4,744)		
Net Income / (Expenditure) as a % of Income	(4.18%)	(1.26%)			
Planned drawdown from Transport Reserves					
2024/25 Drawdown to support Tendered Services	1,905	1,905	-	0%	
Net Income / (Expenditure) Position after reserves	(4,744)	(0)	(4,744)		

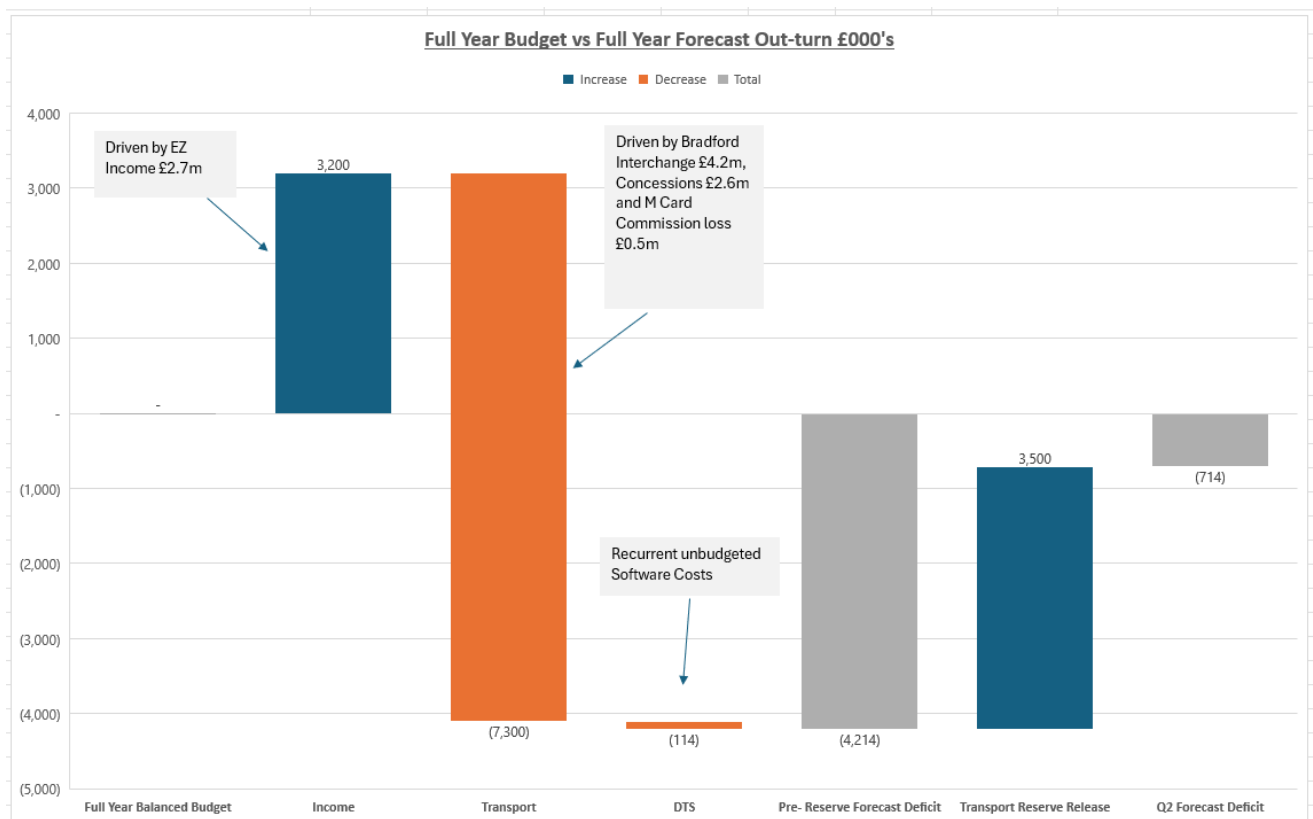
- 3.3 To further strengthen outcomes and improve the efficiency and robustness of financial reporting, and to provide timely financial data to support informed decision making, the Authority undertakes a detailed monthly review and assessment of financial performance. In conjunction with a detailed understanding of key financial risks and opportunities, this month end process provides further support to the development of robust monthly financial statements and quarterly forecasts, and drives further efficiencies in the production of year end financial statements.

2024/25 Year End Revenue Forecast

- 3.4 The forecast out-turn for the year is a deficit of £0.7m, driven by currently unmitigated cost pressures of £3.9m which are partially offset by additional forecast income of £3.2m.
- 3.5 In-year financial risks of £28.6m have been identified, with £28.5m in Transport and £0.1m in Digital and Technology Services (DTS). Mitigations of £21.2m have resulted in remaining current year pressures of £7.4m (£7.3m in Transport and £0.1 in DTS). Further, and as reported at Q1, £3.5m of in year funding from reserves for current year

pressures has been approved by the CA, leaving £3.9m of unfunded pressures impacting on the forecast year end position.

- 3.6 The £7.3m pressures in Transport are primarily driven by the current operating arrangements in relation to Bradford interchange, estimated at £4.2m. This remains under review as arrangements for reopening in January 2025 continue. There is also pressure on concessionary travel reimbursement of £2.6m partly relating to a historic adjustment and then forecast further pressure due to patronage. There is also an in-year pressure of 0.5m on MCard operating costs. A review and rebasing exercise is being undertaken and this pressure is not expected to recur in future years.
- 3.7 The DTS cost pressure of £0.1m relates to recurrent software, for which a funding solution for the current and future years will be identified.
- 3.8 The additional forecast income of £3.2m is driven largely by additional Enterprize Zone income of £2.7m.
- 3.9 The graph below presents the movements from the balanced budget at the start of the year, showing pressures and subsequent adjustments to reflect the forecast Q2 deficit.



Forecast Year End Financial Position

	Full Year Forecast £000s	Full Year Budget £000s	Difference £000s	Difference %
Income				
Grants	156,828	156,828	-	0%
Transport Levy	92,198	92,198	-	0%
Income - Transport	30,100	29,755	345	1%
Tendered Services	8,590	9,190	(600)	(7%)
Income - Property	1,337	1,451	(114)	(8%)
Enterprise Zones	7,456	4,759	2,697	57%
Income - Operational	4,358	3,503	855	24%
Interest Receivable	5,102	5,102	-	0%
Total Income	305,969	302,786	3,183	1%
Expenditure				
Financial Corporate Costs	6,696	6,696	-	0%
Employee Costs	52,408	52,032	(376)	1%
Indirect Employee Costs	970	970	-	0%
Concessions	51,280	48,673	(2,607)	5%
Prepaid Ticket Costs	28,000	28,000	-	0%
Tendered Services	38,274	37,019	(1,254)	3%
Property Costs	9,220	7,356	(1,863)	25%
ICT Costs	4,336	4,222	(114)	3%
Insurance	542	542	-	0%
Grants	137,554	137,554	-	0%
Supplies & Services	6,999	6,999	-	0%
Members Allowances & Expenses	431	401	(30)	7%
Consultancy & Professional Services	9,965	7,213	(2,752)	38%
Research & Evaluation	200	200	-	0%
Travel Subsistence & Transport	211	211	-	0%
Total Expenditure	347,087	338,090	(8,997)	3%
Indirect Contribution* (Capitalisation/ Internal recharges)	33,093	31,493	1,600	5%
Net Income / (Expenditure)	(8,025)	(3,811)	(4,214)	
Net Income / (Expenditure) as a % of Income	(2.62%)	(1.26%)		
Planned drawdown from Transport Reserves				
2024/25 Drawdown from Investment Income	3,500		3,500	-
2024/25 Drawdown to support Tendered Services	3,811	3,811	-	0%
Net Income / (Expenditure) Position after reserves	(714)	(0)	(714)	

2025/26 and Future Years Revenue Cost Pressures

- 3.10 Decisions taken previously to meet the in-year pressures identified give a more stable base for planning for the rest of this year and into 2025/26 but a number of significant risks continue to present challenges and remain under review. Financial risks across Transport on bus tendered services, Mayor's Fares, Bradford bus operations and operator reimbursement continue to present cost pressures both this year and next. As part of multi year business planning and budgeting, work continues to identify options for funding these additional costs for 2025/26 and beyond.

2024/25 Quarter 2 and Year End Forecast Capital Position

- 3.11 The total capital forecast spend for 2024/25 is currently £396 million, funded through a combination of income streams but primarily grants from the Department for Transport and Ministry for Housing, Communities and Local Government (Brownfield Housing Fund). This forecast includes the City Region Sustainable Transport Settlement (CRSTS) spend totalling £154.2 million, the West Yorkshire Transport Fund forecast of £81.9 million and Transforming Cities programme spend of £58.0 million.
- 3.12 Overall, forecast spend compared to the Indicative Forecast for 2024/25 has reduced by £82.3m (17%). This is accounted for primarily by reductions in forecast spend on the main funding programmes with CRSTS reduced by £19.2m (11%), West Yorkshire Transport Fund reduced by £11.9m (12.6%), Transforming Cities Fund reduced by £27.3m (32%) and Brown Field Housing fund reduced by £21.7m (39.8%).
- 3.13 The table below summarises the total Q2 forecast expenditure on the Combined Authority's capital programme in 2024/25 against the forecast expenditure reported to the Combined Authority in February 2024. Actual Q2 spend stands at £114.6 million which is 29% of the total forecast spend for 2024/25. This compares to expenditure of £103.4m at the same point in 2023/24.

2024/25 Capital Programme Expenditure	Indicative Forecast Combined Authority February 2024	Revised In Year Forecast as at June 2024	Revised In Year Forecast as at September 2024	Expenditure at Q2 2024/24	% of Sept In year Forecast
	£	£	£	£	%
City Region Sustainable Transport Settlement	173,442,898	167,750,359	154,238,937	48,360,774	31.35%
West Yorkshire Transport Fund	93,853,588	93,853,588	81,948,211	21,709,278	26.49%
Transforming Cities Fund	85,361,951	73,378,160	58,022,710	30,641,938	52.81%
Zero Emissions Bus Regional Areas	16,666,109	16,666,109	9,798,186	4,727,662	48.25%
Integrated Transport Block	1,101,367	1,101,367	1,101,367	206,070	18.71%
Active Travel Fund	17,325,518	18,173,869	13,466,935	2,663,408	19.78%
New Station Fund	0	5,686,575	5,687,840	0	0.00%
Levelling Up Fund	9,317,148	7,452,697	7,133,618	475,522	6.67%
LEVI	877,780	138,970	654,958	169,633	25.90%
Gainshare Capital (Capital Flood Infrastructure Programme)	2,725,279	2,501,995	2,057,549	151,622	7.37%
Gainshare Capital (LUF2 match)	0	151,622	151,622	0	0.00%
Defra - Air Quality Grant Fund	0	0	220,457	155,000	70.31%
CCAG Topup	0	0	54,076	0	0.00%
Getting Building Fund	0	0	485,898	0	0.00%
Brownfield Housing Fund	54,516,689	38,754,209	32,808,456	156,558	0.48%
Social Housing Decarbonisation Fund	8,763,764	9,879,196	7,933,221	2,479,029	31.25%
British Library North	7,592,790	4,934,817	653,020	2,375	0.36%
Growth Deal - Economic Development	65,000	65,000	65,000	0	0.00%
Business Accelerator Fund	3,765,031	3,765,031	3,765,031	0	0.00%
Corporate Projects	2,941,272	1,477,137	1,180,999	321,358	27.21%
Investment Zones	0	0	5,486,396	0	0.00%
Langthwaite Enterprise Zone - Wakefield	0	0	9,071,553	2,403,747	26.50%
Total	478,316,184	445,730,701	395,986,040	114,623,974	28.95%

- 3.14 The majority of Combined Authority's capital spend continues to be on the transport related activity, with 85% of the total on the transport funding programmes. Actual expenditure in 2024/25 is concentrated on four major programmes: City Region Sustainable Transport Settlement (CRSTS), the Transforming Cities Fund (TCF), the West Yorkshire plus Transport Fund and the Brownfield Housing Fund (BHF). The following summarises the performance of these programmes.

City Region Sustainable Transport Settlement

- 3.15 The total spend across the City Region Sustainable Transport Settlement (CRSTS) for Quarter 2 (2024/25) was £28.1m, which represents a percentage spend of 88.82% against the forecast for the quarter. The total forecast spend for the 2024/25 financial year has reduced by 11.61% from the forecast provided in Quarter 1.
- 3.16 The lower forecast for the 24/25 financial year is primarily due to two schemes:
- 3.16.1 The Rail accessibility Leeds station platform extension is reducing its forecast by £6.2m this year. This is due to a pause on any more Network Rail funding being released in this financial year until a conclusion of the Spending Review is known. This has impacted on the completion of scheme designs. The slippage caused by the delay in releasing scheme design funding will also impact the delivery of the scheme, which is anticipated to add a further 5 months to the timescales.
- 3.16.2 The Demand responsive travel (DRT) project is reducing its forecast by £4.9m this year. This is because of a change in delivery programme to account for wider policy and strategy work to complete on the Bus Network and allow incorporation of lessons learnt from a previous FlexiBus trial. Spend is now expected predominantly in the 25/26 financial year.
- 3.17 These are the top two areas where the forecast has reduced. There are also a few other projects with a smaller slippage which together account for the remainder of the reduction in the 24/25 financial year forecast spend.

Transforming Cities Fund

- 3.18 There has been in-year slippage in forecast spend across the TCF programme of £11.4m, with the current in year forecast now at £88.49m (funded from the Transforming Cities Fund and CRSTS). The causes of this include; the impact of the BI closure on the delivery of the TCF scheme at Bradford Interchange, with a scaled back scheme now in construction, delays to approvals and construction contract awards on Heckmondwike Bus station, Dewsbury Bus Station and the A638 corridor scheme, and the pace of spend of large schemes in construction being slower than expected, such as Leeds Station Gateway. £4.9m of spend was expected on the North Yorkshire TCF schemes, however the approval of funding by DfT for those schemes has been delayed as it needed to be considered as part of the recent spending review.

West Yorkshire Plus Transport Fund

- 3.19 Actual spend against the Transport Fund for 2024/25 was £21.7m as of the end of Q2 which is 26.5% of the forecast spend for the financial year. There has been in-year slippage in forecast spend across the Transport Fund programme of £11.9m compared to Q1. This is the result of changes to forecasts to a number of schemes.
- 3.20 Thorpe Park Station has slipped due to spend prioritisation of time limited (March 2025) New Stations Fund funding that the project has been successful in obtaining. This funding will continued to be prioritised and forecasts will be updated to reflect this.
- 3.21 Delays to completion of TCF funded works on York Station Gateway due to issues with utility companies and stats diversions have had a knock on effect to start of WYTF phase of works. In addition, funding pressures across the scheme have delayed the procurement of next phase of works impacting on WYTF spend. It is expected that WYTF spend will accelerate in the remainder of the financial year once the funding is approved for the next phase of works in Quarter 3.
- 3.22 The Rail Parking Package – Shipley project will not be progressing at this stage. The project has been added to the pipeline list, forecast expenditure has been removed from the programme and funding returned into the WYTF programme. At this stage there are no further plans to progress this project until further information on demand is known.

Brownfield Housing Fund

- 3.23 Schemes are required to start on site by March 2025 to comply with Government's current brownfield housing funding requirements, and as the programme approaches the midpoint of the final year there is greater clarity on the schemes that can realistically align with the requirements of the funding programme. Delays associated with planning, Building Safety Act compliance, cost changes and forward funding markets have resulted in some projects now withdrawing or being put on hold, whilst other projects have progressed but with a reduced funding allocation following receipt of tenders and completion of appraisal work. These changes have influenced the revised forecast for the programme, although a strategic and transformational project which is due for appraisal in quarter 3 provides an opportunity to maximise programme spend. This project is not currently reflected in the revised forecast as flexibilities in the funding programme is yet to be confirmed by Government. The majority of spend for this programme usually takes place in quarter four.

Other Programmes

- 3.24 The revised forecast for Social Housing Decarbonisation Fund accounts for requests for change which will result in a reduction in funding for the financial year. Housing providers cannot progress some properties originally sighted for inclusion in wave 2.1 due to a number of reasons including:

- Structural issues.
- Physical surveys contradicting the modelled data and a revised design is required.
- Tenant refusals due a wide number of reasons including tenant health and social issues, prolonged timescales and disruption caused.

3.25 The programme is subject to strict criteria set by the Department for Energy Security and Net Zero (DESNZ) and the inability to extend funding beyond each financial year reduces the capacity of the consortium to retain grant funding. Despite offers by some providers of financial compensation to tenants to recompense for disruption and an attempt to increase property completions through other members of the wider consortium it will not be possible for the programme to maintain the original levels of measures planned therefore the funding associated with these deliverables will be retained by DESNZ and project expenditure will align accordingly.

3.26 On British Library North, recent activity has focused on progressing key workstreams critical to the delivery of the project, specifically the potential acquisition of the Temple Works site by Homes England. Due to the complexity of due diligence and feasibility work, whilst spend has progressed this has not been at the rate originally envisaged. Furthermore, a funding strategy is also required based on the current proposals for British Library North at Temple Works, therefore spend during this financial year now focuses primarily on costs associated with RIBA2 stage design work. It should be noted that as part of the Chancellor's Autumn budget, MHCLG has confirmed that they are minded to withdraw their previous indicative funding of £10 million through Levelling Up Fund round three. A final decision is pending the outcome of a consultation period with the Combined Authority and partners which has now commenced. This funding was not included within the 24/25 forecast at the start of the year.

3.27 Previous reports to the Combined Authority have highlighted the pressures on the existing capital programmes arising from a combination of inflation and scope changes, meaning significant additional funding is required to enable the delivery of the full portfolio. In addition there is a range of non-transport projects, in support of net-zero and housing for example, for which funding options need to be identified. Work is underway therefore to determine how strategic priorities are delivered with the funding available and further reports on this will come forward to the Committee and the Combined Authority.

4. Risks and Mitigations

4.1 The financial risks are set out in the report but there are no risks directly arising from this report.

5. Tackling the Climate Emergency Implications

5.1 The Combined Authority's funding programmes support activities addressing climate change. All individual projects undertake Carbon Impact Assessments and many projects involve improvement of enhancement of public transport and/or cycling and walking infrastructure.

6. Inclusive Growth Implications

6.1 Equality impact assessments are undertaken on all projects.

7. Equity and Diversity Implications

7.1 There are no equality and diversity implications directly arising from this report. However, Equality Impact Assessments are completed for all Combined Authority projects, and taken into account in reaching decisions about funding.

8. Financial Implications

8.1 The financial implications are set out in the body of the report.

9. Legal Implications

9.1 There are no legal implications directly arising from this report.

10. External Consultees

10.1 No external consultations have been undertaken in the preparation of this report.

11. Background Documents

11.1 There are no background documents referenced in this report.

12. Appendices

None.