

Report to: West Yorkshire and York Investment Committee

Date: 3 September 2019

Subject: **Capital Programme Update**

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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 relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:		

1 Purpose of this report

- 1.1 To update the Committee on progress made on the implementation of the West Yorkshire Combined Authority's capital programme. The report provides a more detailed update on the Growth Deal programme and the Leeds Public Transport Investment Programme.

2 Information

Capital Programme

- 2.1 Table 1 below sets out the latest outturn forecast and actual spend at quarter 1 2019/20.

Table 1

Capital Programme	Original Budget 2019/20	Revised Forecast 2019/20	Quarter 1 Actual 2019/20	%
Growth Deal (including West Yorkshire Transport Fund)	£121,603,000	£105,430,000	£4,384,702	4.2%
Leeds Public Transport Investment Programme	£71,514,000	£59,954,000	£2,738,332	4.6%
Local Transport Plan	£20,000,000	£12,752,000	£1,611,471	12.6%
Highways Maintenance (including Pot Hole funding)	£32,320,000	£30,989,000	£7,799,000	25.2%
Other Transport Funding	£5,020,000	£10,841,000	£0	0.0%
Economic Development Miscellaneous	£5,857,000	£1,615,000	£19,111	1.2%
Corporate Projects	£6,971,000	£6,041,649	£28,108	0.5%
Total	£263,285,000	£227,622,649	£16,580,724	7.3%

- 2.2 All forecasts have been revised from the original budget set at the Combined Authority meeting in February 2019, the original budget having been set at a level to enable headroom should it be required in year. In comparison to the revised forecasts the total expenditure on the capital programme in the first quarter of 2019/20 is low. Historically spend in the first quarter is always low, however, there is clearly a risk of possible underspend by the year end. This situation will continue to be closely monitored.
- 2.3 In future this capital update report will now include detailed updates on the Combined Authority's two major programmes Growth Deal and the Leeds Public Transport Investment Programme (LPTIP). Updates on other programmes will be reported on an ad hoc basis depending on progress and as key issues arise.
- 2.4 The current funding programmes have been developed to support the objectives of the Strategic Economic Plan (SEP) and the Transport Strategy. These strategies include the following objectives in relation to climate change:
- Strategic Economic Plan – Make climate change adaptation and high quality green infrastructure integral to improving the city region economy and its spatial priority areas
 - Transport Strategy – We aim to reduce traffic emissions to near zero, tackle the damaging impacts of climate change on our homes and businesses and reduce road accidents, aspiring to 'zero tolerance' of transport-related deaths. We want to become known as a great, safe place for cycling and walking.
- 2.5 These issues are considered for each project as they progress through the assurance process in line with the SEP objective of Clean Energy and Environmental Resilience and the Combined Authority's priority Supporting Clean Growth, whilst at the same time supporting the other objectives of the SEP and the Transport Strategy with regards Growing Business, Skilled People, Better Jobs and Infrastructure for Growth and the Combined

Authority's priorities Boosting Productivity, Enabling Inclusive Growth and Delivering 21st Century Transport.

Growth Deal Programme

- 2.6 The expected target spend for the Growth Deal programme for 2019/20 was always £105 million, this is reflected in the revised forecast in the table above. The original budget was set to include headroom expenditure if required.
- 2.7 In quarter 1 total spend of £4.37 million was achieved against a forecast of £7.50 million. Whilst expenditure is currently low this reflects payments made in advance at the end of 2018/19. The expenditure and forecasts of the programme are detailed in the Growth Deal Dashboard attached as Appendix 1.
- 2.8 A mid-year review of the Growth Deal programme will be undertaken by the Cities and Local Growth Unit (CLOG) at a meeting with representatives of the LEP and the Combined Authority (as accountable body) on 3 October 2019. The Growth Deal programme ends on 31 March 2021 and with 19 months to go CLOG is seeking to understand commitment, expenditure forecasts and risks across the programme. A full assessment is currently being undertaken and will be reported to the next meeting of the Investment Committee on 1 October 2019. The assessment will include consideration of any actions required to accelerate spend which may include options that utilise the available flexibilities in the programme.

Performance

- 2.9 The Growth Deal Dashboard at Appendix 1 identifies current approvals across all projects within the programme totalling £400 million, this is in comparison with total funding available of £516.35 million. It is expected that the majority of approvals required to reflect full commitment of the funding will be achieved by March 2020, with most approvals taking place before December 2019.

Outputs

Table 2 below sets out the targets, latest forecasts and actuals for outputs at quarter 1 2019/20

Table 2

Output	Target (includes Growth Deals 1, 2 and 3)	Achieved to date Quarter 1 (30/06/2019)	Remaining Forecast 2019/20	Forecast 2020/21	Forecast 2021-25	Total
New jobs	19,595	6,902	467	3,822	4,874	16,065
Jobs safeguarded (flood resilience programme)	11,100	23,177	316	1,116	3,605	28,214
Houses	2,300	346	213	1,168	2,124	3,851
Public / private investment (match funding)	£1,031,000,000	£526,795,327	£210,559,091	£120,028,554	£110,233,627	£967,616,599

There has been a reduction of reported jobs created from those reported at the year end 2018/19. This is because 1,705 jobs safeguarded through the flood resilience programme had been reported as jobs created and this error has now been amended. There has also been a reduction in the number of forecast jobs expected to be created which is due to a review of the job numbers expected to be created by the Enterprise Zones programme and

relates to revised estimates for each site which vary from the numbers originally estimated for the overall programme. However, confidence is still high that all of the programme level outputs will be achieved once all projects begin to formally report both forecasts and actuals achieved.

Leeds Public Transport Investment Programme

- 2.10 The Leeds Public Transport Investment Programme (LPTIP) was approved by the Department for Transport (DfT) in April 2017 with an allocation to the Combined Authority of £173.5 million to improve access to public transport, the efficiency of the service and to ultimately double bus patronage. This funding supports the implementation of Leeds City Council's Connecting Leeds programme. It is managed on a day to day basis by a joint programme board made up of officers from the Combined Authority and Leeds City Council. The board ensures that all schemes and key funding decisions are taken through the Combined Authority's Assurance Framework.
- 2.11 The LPTIP programme is making good progress with a high number of business cases moving through the Assurance Framework and detailed designs being completed by delivery partners. Key elements of progress to date include:
- Nine outline business cases (decision point 3), four full business cases (decision point 4) and one full business case with finalised costs (decision point 5) have been through, or are currently being reviewed as part of the Assurance Framework
 - 126 new low emission buses already in service
 - Start on site at Elland Road Park & Ride extension with the Headrow Gateway due to start on site on 1 September 2019, (some advanced works already being undertaken)
 - 474 new realtime screens installed
 - All major bus operators (First, Arriva, Transdev and Yorkshire Tiger) have contactless payment facilities
 - 3 new rail stations developed to Network Rail's GRIP 3 (early stage feasibility) design to support the outline business case.
- 2.12 The expenditure and forecasts of the LPTIP programme are detailed in the Leeds Public Transport Investment Programme Dashboard Quarter 1 2019 / 20 attached as Appendix 2. Whilst expenditure in quarter 1 is strong in comparison with previous years the spend target for the year is very ambitious so there will be a requirement for significant increases in future quarters.
- 2.13 A total of £25.06 million of the £173.50 million of funding available has now received approval through the assurance process. An additional £60 million of projects will be seeking approval within the next few months taking total approval levels up to circa 45% of the funding available.
- 2.14 The LPTIP programme team have also developed a funding strategy which sets out how the programme is able to meet the tight spend and delivery

timescales set by the Department for Transport. It sets out the strategy for managing spend on the programme and what spend can be achieved until closure (end of financial year 2020/21). The resulting prioritisation process ensures that the most deliverable schemes, giving the greatest outputs, are prioritised over those with higher risk and/or lower gains and that the full DfT allocated budget is spent within the programme period.

- 2.15 In order to meet the tight programme timeframes and to reduce the risk of underspend, more individual schemes have been through the early stages of development than are deliverable through this programme. This level of over-programming is necessary to reduce the risk of underspends and to give the Programme Board more options to consider with regards which schemes provide the highest level of benefits for the funding that is available.
- 2.16 It is also necessary to develop schemes to a certain level of detail so that any public consultation is meaningful, even if there is a risk that some of these schemes fall away from the programme at a later date. A certain level of over-programming is necessary to enable any scheme that falls away to be readily substituted, thereby making sure that there are no un-allocated funds remaining, should certain individual schemes not progress through to delivery.
- 2.17 It is necessary to keep a level of flexibility within the programme to ensure that the full allocation of DfT funding is drawn down within the programme timescales. In order to maintain this flexibility, it is necessary to develop business cases to a greater value than there is LPTIP funding available for. This may result in there being a number of schemes which have received at least OBC approval and are then 'shelf ready' should further funding packages be made available. It is an advantage to be able to make the most of any opportunities for short term funding options, should they arise. This has been communicated to the DfT, with whom the team are in regular contact.
- 2.18 It is also necessary to reallocate budgets between different packages within the programme. This ensures that the LPTIP Programme Board can manage full delivery of the DfT allocation within the available funding period and ensure delivery of target outcomes. These are indicative budgets, which are not finalised until projects are approved through the Assurance Framework. The LPTIP has been approved by the Combined Authority at Decision Point 2 (strategic outline business case) of the Assurance Framework and each project is then considered by the Investment Committee and Combined Authority at decision point 3 (outline business case). The original baseline package allocations for the programme are set out in Appendix 2.
- 2.19 The programme is more ambitious than the funding that is available and the team is exploring opportunities to source alternative and additional funding sources so that all value for money schemes can be delivered.

3 Financial implications

- 3.1 There are no financial implications directly arising from this report.

4 Legal implications

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

5 Staffing implications

5.1 There are no staffing implications directly arising from this report.

6 External consultees

6.1 No external consultations have been undertaken.

7 Recommendations

7.1 It is recommended that the Investment Committee notes the progress made in implementing the Combined Authority capital programme including the Growth Deal and Leeds Public Transport Investment Programme.

8 Background documents

8.1 None.

9 Appendices

Appendix 1 – Growth Deal Dashboard Quarter 1 2019 / 20

Appendix 2 – Leeds Public Transport Investment Programme Dashboard
Quarter 1 2019 / 20