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**Report to:** Leeds City Region Enterprise Partnership Board (LEP Board)

**Date:** 25 September 2019

**Subject:** **LEP Capital Programme (Investment Committee)**

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## 1 Purpose of this report

- 1.1 To update the LEP Board on progress made on the implementation of the LEP capital programme.

## 2 Information

### Capital Programme

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

Table 1

<b>Capital Programme</b>	<b>Original Budget 2019/20</b>	<b>Revised Forecast 2019/20</b>	<b>Quarter 1 Actual 2019/20</b>	<b>%</b>
Growth Deal (including West Yorkshire Transport Fund)	£121,603,000	£105,430,000	£4,384,702	4.2%
West Yorkshire Broadband - contracts 2 & 3	£1,157,000	£1,157,000	£19,111	1.7%
Growing Places Fund	£4,000,000	£0	£0	0.0%
Warm Homes	£251,000	£400,000	£0	0.0%
<b>Total</b>	<b>£127,011,000</b>	<b>£106,987,000</b>	<b>£4,403,813</b>	<b>4.1%</b>

- 2.2 Forecasts were 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, this is not currently a concern as expenditure in quarter 1 is often low.
- 2.3 An expenditure forecast was originally included for the Growing Places Fund but the LEP Board will be aware that work to develop options for a new grants and loans fund. Until this work is finalised the level of expenditure (if any) of the remaining GPF monies cannot be estimated. It is possible that there will

be some expenditure this year, however this will be estimated once the new fund has been agreed.

- 2.4 The revised forecast for the Warm Homes scheme involves expenditure of all the remaining monies from this grant, the increased forecast is due to a carry forward of a small underspend against forecast expenditure in 2018/19.

### Climate Emergency

- 2.5 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.

- 2.6 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

- 2.7 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.
- 2.8 In quarter 1 total spend of £4.37 million was achieved against a forecast of £7.50 million. Payments were made in advance at the end of 2018/19, so this is reflected in the low expenditure in quarter 1. The expenditure and forecasts of the programme are detailed in the Growth Deal Dashboard attached as **Appendix 1**.
- 2.9 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 LEP Board on 21 November 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.

- 2.10 Each quarter a return is made to CLoG through its data capture system which collates Growth Deal programme information. CLoG has requested that this dashboard should be endorsed by the LEP Board each quarter. The dashboard for quarter 1 2019/20 was submitted in accordance with the deadline on 23 August 2019. As the LEP Board did not meet before this the submission deadline it was signed off by the Combined Authority Section 73 Officer. The dashboard is now attached as **Appendix 2** for consideration and endorsement of the LEP Board.

### Performance

- 2.11 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 forecasts and actuals achieved.

### Enterprise Zones

- 2.12 The Enterprise Zone management team are working on a programme wide evaluation and appraisal to ensure focused activity can continue at pace.
- 2.13 The work will explore and identify opportunities for direct development and other options whereby available funding streams can be effectively used to

achieve strategic objectives and mitigate risk across the programme. The available Growth Deal funding for the Leeds City Region Enterprise Zone Programme is time limited and the Combined Authority are keen to understand where the public sector could and should, take a more active and responsible role in taking schemes forward within the time limitations.

### **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 LEP Board

- Notes the progress made in implementing the LEP's capital programme including the Growth Deal and the Enterprise Zones Programme.
- Considers and endorses the CLoG monitoring dashboard for sign off by the LEP Chair.

### **8 Background Documents**

8.1 None.

### **9 Appendices**

Appendix 1 – Growth Deal Dashboard Quarter 1 2019 / 20

Appendix 2 – Growth Deal CLoG Monitoring Dashboard Quarter 1 2019/20