

**Report to:** West Yorkshire and York Investment Committee

**Date:** 7 November 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 2 2019/20.

Table 1

<b>Capital Programme</b>	<b>Original Budget 2019/20</b>	<b>Revised Forecast 2019/20</b>	<b>Quarter 2 Actual 2019/20</b>	<b>%</b>
Growth Deal (including West Yorkshire Transport Fund)	£121,603,000	£105,430,000	£17,168,009	16.3%
Leeds Public Transport Investment Programme	£71,514,000	£59,954,000	£10,708,293	17.9%
Transforming Cities Fund (Tranche 1)	£0	£400,000	£0	
Local Transport Plan	£20,000,000	£12,752,000	£2,764,544	21.7%
Highways Maintenance (including Pot Hole funding)	£32,320,000	£30,989,000	£17,924,472	57.8%
Other Transport Funding	£5,020,000	£10,841,000	£2,564,368	23.7%
Economic Development Miscellaneous	£5,857,000	£1,615,000	£33,290	2.1%
Corporate Projects	£6,971,000	£6,041,649	£299,597	5.0%
<b>Total</b>	<b>£263,285,000</b>	<b>£228,022,649</b>	<b>£51,462,574</b>	<b>22.6%</b>

- 2.2 The expenditure level in quarter 2 has improved significantly from quarter 1. Whilst there might be an expectation that spend half way through the year should be circa 50% of forecast this has never been the case with the Combined Authority spend pattern since it was established. The majority of expenditure in any financial year is normally achieved in the final quarter. Expenditure in quarter 2 of 22.6% of forecast compares with 27.2% spend in quarter 2 2018/19.
- 2.3 An initial approval under tranche 1 of the Transforming Cities Fund made earlier this year has now been included in the table. The full approval was £2.17 million but the majority of this funding is expected to be spent in 2020/21.

### **Growth Deal Programme**

- 2.4 In quarter 2 the Growth Deal has achieved expenditure of £17.17 million, 16.3% of spend. There are a number of areas of risk to achievement of the target spend of £105,430,000, including:
- Projects seeking funding approval – a number of projects are forecast to spend in year but are currently still progressing through the approval process, these include: the Institute for High Speed Rail (£4.30 million), Dewsbury Riverside (£1.70 million).
  - Major Projects which represent significant element of in-year spend – the East Leeds Orbital Route initially forecast spend of £21.2 million (£25.0 million less prepayment of £3.76 million) in 2019/20, this represents 20% of the total spend target for 2019/20. Now that the contract for this project has been let the revised forecast is £15.7 million.
- 2.5 A review of spend forecasts not only in 2019/20 but across the lifetime of both the Growth Deal (to March 2021) and the West Yorkshire plus Transport Fund (up to 2034/35) is currently ongoing to establish where risks to forecast spend

exists. The outcome of this review will be reported to the Investment Committee.

#### Mid-Year Review

- 2.6 The mid-year review of the Growth Deal took place with the Cities and Local Growth Unit (CLOG), Yorkshire, Humberside and the North East (Deputy Director, Area Lead and Deputy Area Lead) on 3 October 2019. Attendance from the Combined Authority was the LEP Chair, the Managing Director, Director of Corporate Services, Director of Policy, Strategy and Communications and the Head of Portfolio Management Office.
- 2.7 The conclusion of the meeting was that the programme is performing well. Whilst risks exist with individual projects, over-programming will help to ensure that full expenditure is achieved. It was reported that there is the possibility that the economic development element of the programme could overspend by March 2021 and the Transport Fund could underspend. CLOG confirmed that the LEP's / Combined Authority's flexibilities in managing the programme mean that as long as the full spend of £516.35 million is achieved this can be used to balance spend between spend on the Transport Fund allocation (currently £280.90 million) and spend on the economic development projects (currently £235.45 million).
- 2.8 The meeting reviewed the programme against the three themes on which Local Enterprise Partnerships are monitored: delivery, governance and strategy, although the meeting mainly focused on delivery. At the previous quarterly meeting CLOG had raised concerns regarding the levels of approved funding to projects and spend against income received and were provided with the following tables:

Table 2 Programme Forecast and Spend

	2018/19 Actual		2019/20 Forecast	
	Cumulative Amount (£m)	%	Cumulative Amount (£m)	%
Growth Deal Income Received	£342.50		£416.01	
Outturn	£305.16	89%	£410.59	99%
Expenditure	£290.15	85%	£395.58	95%
Remaining Funding (Income received less outturn)	£37.34		£5.42	

Table 3 Funding Approved to Projects

(£m)	Economic Development	Transport Fund	Total
Funding Available	£235.45	£280.90	<b>£516.35</b>
Current Approvals	£230.63	£267.04	<b>£497.67</b>

These tables demonstrate that the programme is almost fully committed and there is some expectation that it will be over-programmed by the end of 2019/20.

Note: The Combined Authority on 28 June 2018 agreed that the Local Growth Fund be over-programmed and it was agreed to borrow to a maximum of £90 million (above the currently agreed borrowing of £217 million as match within the £1 billion programme) to fund this possible overspend.

#### Independent Evaluation of Growth Deal Interventions

- 2.9 The final report on the independent review of the West Yorkshire plus Transport Fund, which has been undertaken as part of the national evaluation of the Growth Deal by SQW, has now been received in draft. A summary of the final report will be brought to this committee once it has been finalised. However initial review of the draft report is very positive.

#### Performance

- 2.10 The mid-year review also considered output targets as follows:

Table 4 (to be updated with Q2 information)

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

All programme outputs are on track to be achieved.

The discrepancy between Target and Total is that forecasts are not included until the full business case (at decision point 4) is approved. Therefore, further outputs are expected once all schemes reach decision point 4 approval.

The Transport Fund projects will also deliver housing and therefore the risk of not delivering housing outputs is small. Activity is currently ongoing to collate forecast numbers but so far the following have been identified:

- 236 houses completed to date
- 3,494 forecast by projects in Wakefield
- 8,250 forecast through the Corridor Improvement Programme

#### **Leeds Public Transport Investment Programme**

- 2.11 Leeds Public Transport Investment Programme (LPTIP) is continuing to make good progress and a number of business cases are currently progressing through the assurance process.

- A65 Signals (outline business case) – approved by Investment Committee on 03 September 2019 and Combined Authority on 10 October 2019.

- Alwoodley Gate (outline business case) – Investment Committee on 07 November 2019, Combined Authority on 12 December 2019.
- Temple Green Park and Ride (outline business case) – approved by Investment Committee on 01 October 2019. The full business case plus is currently scheduled for May 2020 with a start on site in June 2020, and an opening date April 2021.
- Headrow Gateway (full business case) – approved by Investment Committee on 01 October 2019. The full business case plus was approved through delegated officer approval on 25 October 2019. The project is currently on site in order to coincide with works for delivery of the district heat network.
- A61(south) (full business case) – approved by Investment Committee on 01 October 2019. The finalised costs to be agreed in February 2020 and construction to complete in early 2021. Preliminary site works already ongoing.
- Stourton Park and Ride (full business case) – approved by Investment Committee on 01 October 2019. The full business case plus is due to be considered for delegated decision in December 2019 once final costs are agreed. Some advanced works are being undertaken at risk in order to meet the tight timescales for the programme, a full start on site will be in December and completion scheduled for June 2021.
- White Rose station (outline business case) – due to Investment Committee on 07 November 2019 and Combined Authority on 12 December 2019.
- A58 (outline business case) – Investment Committee on 7 November 2019 and Combined Authority on 12 December 2019.
- A further 12 business cases will come forward before the end of this calendar year. (Temple Green (full business case), Leeds Bus station, A647, Infirmary Street / Park Row, Network Visualisation, Transport Hubs, East Leeds Demand Responsive Travel, A65 Signals, Rail accessibility, New Pudsey Park and Ride, Leeds Bradford parkway, A660).

2.12 The LPTIP Delivery partners have started on site at the Elland Road Park and Ride extension and Headrow Gateway and some advanced works at Stourton Park and Ride and A61(south). Very good progress is being made on detailed designs of other schemes and elements of the bus delivery package.

2.13 The Rail Accessibility Programme and New Pudsey Park and Ride are now both at high risk for delivering beyond the end of the programme. Issues have arisen through the delivery of the schemes through Network Rail and Northern which have pushed delivery beyond April 2021.

2.14 The LPTIP programme manager is in discussion with the Department for Transport (DfT) on how this could be accommodated, or if the allocated spend will have to be re-profiled to other schemes. A meeting was held with DfT on

01 October 2019 and options for end of programme spend are being discussed; a report on this issue will be submitted to DfT in due course. The outcome of these discussions will determine how the end of programme spend is profiled and which elements may continue at risk.

- 2.15 The programme is being carefully monitored to ensure that spend profiles are maintained and the programme is fully allocated. Additional match funding from other sources is also being investigated to enable delivery of some of the over-programmed elements. The outcome of the negotiations with DfT could impact on the necessity to spend before the end of the programme.

### **3 Financial implications**

- 3.1 Financial implications are included within the body of the report.

### **4 Staffing implications**

- 4.1 There are no staffing implications directly arising from this report.

### **5 Legal implications**

- 4.1 There are no legal 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**

- 9.1 None