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

Date: 21 November 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 2 2019/20 for the LEP capital programmes.

Table 1

Capital Programme	Original Budget 2019/20	Revised Forecast 2019/20	Quarter 2 Actual 2019/20	%
Growth Deal (including West Yorkshire Transport Fund)	£121,603,000	£105,430,000	£17,359,000	16.5%
West Yorkshire Broadband - contracts 2 & 3	£1,157,000	£1,157,000	£32,740	2.8%
Growing Places Fund	£4,000,000	£0	£550	0.0%
Warm Homes	£251,000	£400,000	£0	0.0%
Total	£127,011,000	£106,987,000	£17,392,290	16.3%

- 2.2 The main area of expenditure on LEP programmes in 2019/20 remains the Growth Deal. Procurement is currently ongoing on Broadband contract 3 as there has been some delay, the original forecast expenditure will therefore not be achieved as the programme will not commence until at least March 2020.

Growth Deal

- 2.3 In quarter 2 the Growth Deal has achieved expenditure of £17.36 million, 16.5% 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.

- 2.4 The Growth Deal dashboard is attached as Appendix 2. This includes some amendments from previous versions. The original allocations under each priority now balance to the Growth Deal allocation to that priority, any over-programming or expected underspend is now also identified under each priority.
- 2.5 A key issue for the Transport Fund (Priority 4b) is the level of spend forecast for 2020/21. A review of all spend forecasts for 2019/20 and 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 both the Investment Committee and LEP Board.

Cities and Local Growth Unit Quarterly Return

- 2.6 Each quarter a return is made to Cities and Local Growth Unit (CLOG), through its data capture system which collates Growth Deal programme information. CLOG has requested that this data capture return should be endorsed by the LEP Board each quarter. The dashboard for quarter 2 2019/20 is due to be submitted on 22 November 2019. As the timetable for this is very tight the data capture return will be tabled at the meeting for consideration and endorsement of the LEP Board.

Mid-Year Review

- 2.7 The mid-year review of the Growth Deal took place with the 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.
- 2.8 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).

- 2.9 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	£516.35
Current Approvals	£230.63	£267.04	£497.67

- 2.10 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

- 2.11 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

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

Table 4

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

2.13 All programme outputs are on track to be achieved.

2.14 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.

2.15 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

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

- (i) Notes the progress made in implementing the LEP's capital programme.

- (ii) Considers and endorses the CLoG data capture return for sign off by the LEP Chair.

8 Background Documents

8.1 None.

9 Appendices

9.1 Appendix 1 – Growth Deal Dashboard Quarter 2 2019 / 20