

Report to: West Yorkshire and York Investment Committee

Date: 8 July 2020

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 inform the Committee of planned capital expenditure for 2020/21 and the progress of the Growth Deal and the Leeds Public Transport Investment Programme (LPTIP).

2 Information

Capital Programme

The Combined Authority approved the three-year indicative capital programme at its meeting on 6 February 2020. The indicative programme for 2020/21 is detailed in Table 1 below along with revised in-year expenditure estimates:

Table 1

Capital Programme Expenditure 2020/21	Budget Forecast February 2020	In-Year Forecast June 2020
Growth Deal Programme		
Priority 1 Growing business	£14,809,439	£11,368,691
Priority 2 Skilled People and Better Jobs	£667,110	£667,273
Priority 3 Clean Energy	£741,887	£1,022,946
Priority 4a Housing and Regeneration	£6,500,000	£8,845,000
Priority 4b West Yorkshire plus Transport Fund	£110,670,000	£87,384,018
Priority 4c Economic Resilience	£4,181,524	£4,279,598
Priority 4d Enterprise Zones	£12,337,000	£15,699,938
Growth Deal - Other	£2,000,000	£2,500,000
Growth Deal Total	£151,906,960	£131,767,464
Leeds Public Transport Investment Programme	£88,233,338	£66,024,000
Local Transport Capital	£13,129,332	£13,129,332
Highways Maintenance / Pothole Action	£29,997,000	£29,997,000
Clean Bus Technology Fund	£0	£4,264,302
Ultra Low Emissions Buses	£0	£617,000
Corporate Projects	£5,503,000	£6,385,714
Broadband	£2,608,437	£2,198,052
City Connect	£4,924,881	included in WY+TF
Transforming Cities Fund*	£55,000,000	£55,000,000
<i>Future Mobility Zones</i>	£11,867,514	<i>Unsuccessful</i>
Total Capital Spend	£363,170,463	£309,382,864

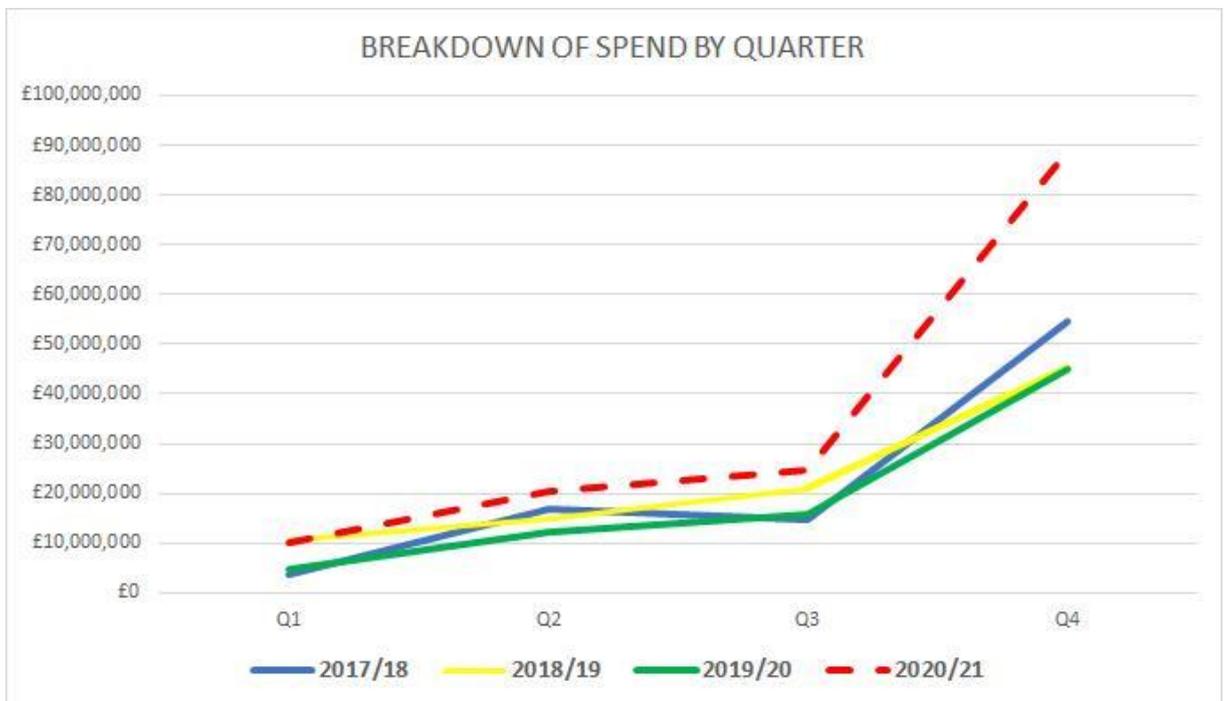
*Amended forecast as incorrect forecast of £106million included in February 2020 CA report

Growth Deal Programme

- 2.1 The Leeds City Region Growth Deal programme receives Government grant totalling £516.35 million of which £360.57 million was spent in the first five years (2015/16 to 2019/20). The leaves £155.78 million to spend in 2020/21.
- 2.2 The Leeds City Region was due to receive a final payment of £100.34 million in 2020/21, £76.22 million of this has now been received (includes £30 million of 'gainshare' funding for the Transport Fund plus 2/3rds of the remaining funding). The Cities and Local Growth Unit are currently undertaking a review of the programme to establish, given the current Covid-19 crisis, the contractual status of projects and the risk of slippage. The release of the remaining funding will be subject to a satisfactory outcome of the review. A decision on this is expected in September 2020.
- 2.3 A review spreadsheet was completed for the Leeds City Region programme and submitted in accordance with the deadline of 17 June 2020. It provided a positive snapshot of the current situation:
 - £483.47 million, 93.6% of the programme is contractually committed.

- Economic development projects are expected to spend the remaining £40.25 million.
- Transport Fund forecast is to be fully contractually committed by the end of the year and to spend all but £11.84 million, which will be carried over to spend in 2021/22 (the Transport Fund is a ten year programme which extends beyond the end of the Growth Deal).

2.4 It is acknowledged that delivery at this level will be challenging, especially given the Covid-19 pandemic. Programme delivery will be monitored closely but as with previous years there is a significant level of expenditure expected in the final quarter as demonstrated in the graph below. This represents a risk because it is difficult to mitigate against underspend in the final quarter, mitigating actions have been planned in advance and include existing over-programming.



Performance

2.5 When the Growth Deal was approved by Government in 2014 headline outputs / outcomes were agreed for the overall programme. The table below sets out each of the target outputs and the achievement as at 31 March 2020 along with future forecasts. These outputs will continue to be monitored and reported to Government up to 2024/25.

Table 2

Output	Target (includes Growth Deals 1, 2 and 3)	Achieved to date as at Quarter 4 2019/20	Forecast 2020/21	Forecast 2021-25	Total
New jobs	19,595	7,633	2,145	7,114	16,892
Jobs safeguarded (flood resilience programme)	11,100	24,583	465	700	25,748
Houses	2,300	437	349	1,253	2,039
Public / private investment (match funding)	£1,031,000,000	£671,626,241	£248,156,636	£377,453,695	£1,297,236,572

- 2.6 It was previously reported that the New Jobs target was forecast to be achieved with a forecast of 19,920. This included jobs expected to be created through the Aire Valley Power Supply project which has now been withdrawn from the programme. There are however additional forecasts to be included as projects continue through the assurance process and this target is still expected to be achieved.
- 2.7 Houses completed is a target where achievement is an ongoing concern. The expectation was that these would be achieved through Priority 4c Housing and Regeneration but a complication is that this programme does not involve direct house building. This element of the programme is about developing difficult to deliver sites in preparation for house building. At the point that the projects are approved the numbers of houses likely to be built is an estimate. Some of these estimates are not being achieved for a variety of reasons (including sites that will be delivered over the long term beyond March 2025) and there is ongoing work to establish exact forecasts. However, it is expected that this output will be achieved.

Covid-19 Economic Stimulation

- 2.8 On 10 June 2020 a request was received from the Ministry of Housing, Communities and Local Government seeking 'ideas for accelerating existing Government funded capital projects, to generate new activity within 18 months, to help create jobs and raise overall demand in the economy'. The deadline for submission was extremely tight with a return required on 18 June 2020.
- 2.9 Consultation was undertaken with partner councils and a submission was put forward setting out three categories of projects: core, core plus and core plus plus. No details have been provided regarding either an announcement of funding awards nor the level of funding available.

Leeds Public Transport Investment Programme

- 2.10 As previously reported unlike Growth Deal, LPTIP can spend in 2021/22 as long as schemes are contractually committed. The expenditure forecast for 2020/21 is estimated at £66.02 million with £51.48 million in 2021/22. Expenditure in 2021/22 is required to be contractually committed before 31 March 2021 and spent by March 2022.
- 2.11 A Department for Transport (DfT) review of the programme was carried out on 11 June 2020, this was positive with no concerns on the progress of the programme. A further review will be undertaken in October 2020.

2.12 The programme is currently overprogrammed and reviews are ongoing of all projects to establish progress towards delivery. Consideration will need to be given to establish which projects will be able to progress within the timescale.

3 Financial implications

3.1 Financial implications are included within the body of the 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.

8 Background documents

8.1 None.

9 Appendices

9.1 None.