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

Date: 14 July 2020

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

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1 Purpose of this report

- 1.1 To inform the LEP Board of the planned LEP capital programme for 2020/21 and the current activity in relation to Government review of the Growth Deal programme.

2 Information

Capital Programme

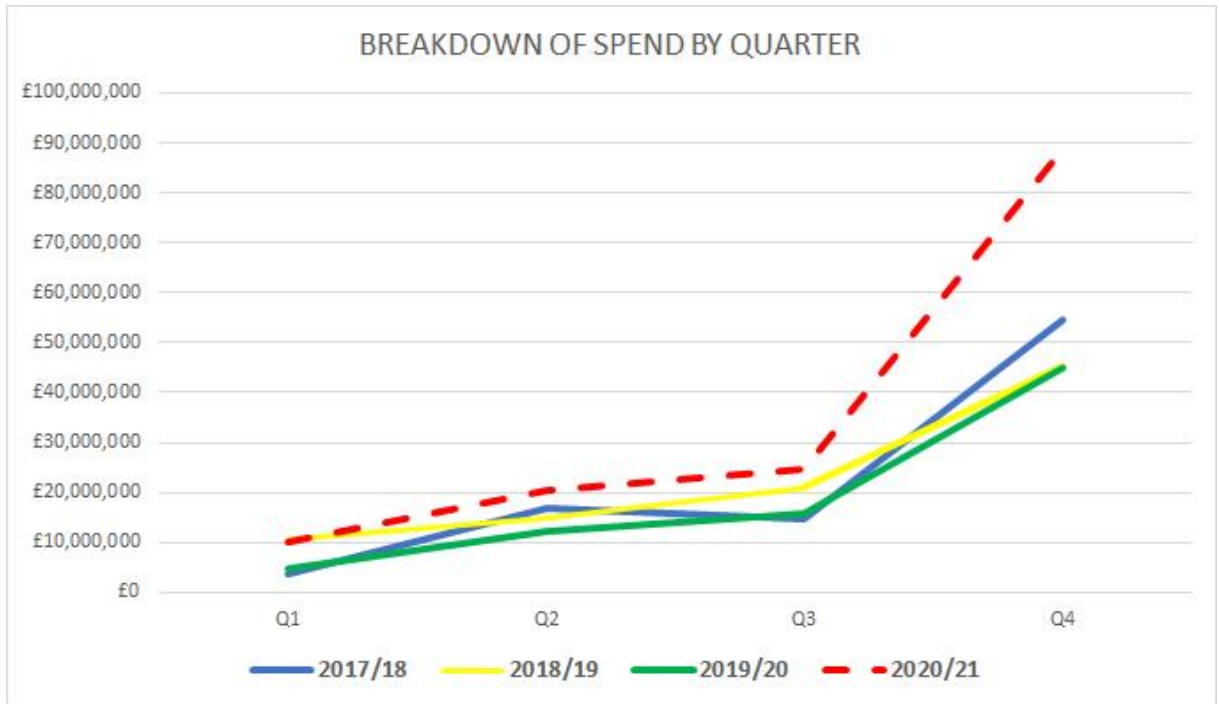
The Combined Authority as accountable body for the LEP approved the three-year indicative capital programme at its meeting on 6 February 2020. The indicative LEP capital programme for 2020/21 is detailed in Table 1 below along including in-year expenditure forecast:

Table 1

Capital Expenditure Programme 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
Broadband	£2,608,437	£107,438
Total Capital Spend	£154,515,397	£131,874,902

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 spend 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 in full 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.



2.5 Each quarter a return is made to the Cities and Local Growth Unit (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 deadline for this dashboard for quarter 4 2019/20 was extended from May 2020 to August 2020, however it is now ready for submission. The dashboard is now attached as **Appendix 1** for consideration and endorsement of the LEP Board.

Performance

2.6 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

2.7 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 as this is no longer required. There are however

additional forecasts to be included as projects continue through the assurance process and this target is still expected to be achieved.

- 2.8 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

- 2.9 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.
- 2.10 Consultation was undertaken with partner councils and a submission was put forward setting out three categories of projects: core (highest priority), core plus and core plus plus. No details have been provided regarding either the level of funding available or a timetable for the announcement of funding awards. A verbal report will be provided at the meeting.

3 Clean Growth Implications

- 3.1 Through the Assurance Framework and other internal decision-making procedures, the Combined Authority will review and embed clean growth considerations into our activities.
- 3.2 Building on the recent work to strengthen how clean growth and climate change impacts are considered as part of all new schemes that come through the Combined Authority's Assurance Framework (Decision point 1 and 2), the Combined Authority are now in the process of procuring expert advice to frame and develop a robust quantifiable methodology for assessing all new scheme's predicted carbon emissions / wider clean growth impacts. This will include a review of existing Combined Authority schemes and additional resource to support the development and implementation of the new assessments.
- 3.3 The development of the specification for the work (which has benefitted from active engagement and input from Leeds City Region local authorities) will allow the Combined Authority to map and detail the emissions footprint of the 180+ projects in the West Yorkshire Plus Transport Fund and Leeds City Region Local Growth Fund pipeline and provide technical advice and training

support to project sponsors in the design and development of future investments. This will ensure that the business cases for these reflect the Leeds City Region Climate Emergency and that we can evidence that they will reduce carbon emissions (both directly and indirectly).

3.4 A tender has been issued to the market and following a detailed evaluation process (which included local authority partners) a preferred contractor has now been identified, with contract award negotiations currently taking place. The project inception meeting is scheduled for the first week of July and subject to confirmation it is anticipated that the phase 1 project report (context, scoping and recommendation of approach to phase 2 detailed technical works) will be presented to the project steering group in August 2020 with phase detailed work commencing quickly thereafter.

3.5 Clean growth, including climate change, impact assessment / considerations are all now included in all Capital Spending and Project Approvals reports.

4 Financial implications

4.1 Financial implications are included within the body of the report.

5 Legal implications

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

6 Staffing implications

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

7 External consultees

7.1 No external consultations have been undertaken.

8 Recommendations

8.1 That the LEP Board notes the planned LEP capital programme for 2020/21 and the update on the Government Review of the Growth Deal.

9 Background Documents

9.1 None

10 Appendices

10.1 Appendix 1: Growth Deal Data Capture Dashboard Quarter 4 2019/20