

Report to: West Yorkshire and York Investment Committee

Date: 11 August 2020

Subject: **Capital Programme Update**

Director: Melanie Corcoran, Director of Delivery

Author(s): Lynn Cooper

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 to provide:

- An overview of recent funding awards;
- A summary of the activity currently underway to review the Assurance Framework in readiness for becoming a Mayoral Combined Authority.

2 Information

Capital Programme

2.1 Table 1 below details the in-year capital expenditure forecasts for 2020/21:

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
Transforming Cities Fund	£55,000,000	£55,000,000
Total Capital Spend	£346,378,067	£309,382,864

- 2.2 Quarter 1 claims across all programmes are currently being collated and therefore spend and performance will be reported to the next meeting in September.
- 2.3 This is the biggest annual capital programme that the Combined Authority and its partners have ever had, with further funding to be added as detailed below. The volume of work required to deliver the capital programme represents a significant challenge to the Combined Authority and its partner councils. All partners need to ensure that resources, particularly staff resources, are in place to deliver the full programme. There is a risk that resources are spread too thinly and that priorities are not consistent between the Combined Authority and partner councils and between council partners. The Combined Authority's delivery directorate are working closely with council partners to mitigate this.

Getting Building Fund

- 2.4 On 10 June 2020 a letter was received from the Secretary of State for Housing, Communities and Local Government seeking ideas for accelerating existing Government funded capital projects and exceptional, additional shovel-ready capital projects to generate new activity within 18 months. The purpose of this was to help create jobs and raise overall demand in the economy. The LEP and the Combined Authority submitted 90 projects with a total grant requirement of £412 million. Projects were prioritised as Core (highest priority), Core+ and Core++.

- 2.5 Confirmation was received on 01 July 2020 of an award of £52.6 million for West Yorkshire. The Leeds City Region Enterprise Partnership and Combined Authority with partner councils were asked to submit a finalised list of projects for this funding. On 17 July 2020, a package of fifteen projects was submitted that will support our economic recovery plan. The package includes: town and city centre regeneration focussed on improvement of public realm and green spaces and refining retail facilities: opening up new commercial and residential areas; support for business investment through grants: support for vulnerable residents through housing retrofit, access to jobs, community facilities; and new cycling and walking routes to encourage safe and active travel.
- 2.6 The package of projects has been initially assessed prior to submission by the Cities and Local Growth Unit Yorkshire and Humberside and North East Area Team to confirm strategic fit and deliverability. It is understood that a more detailed assessment is now being undertaken prior to an announcement expected during week commencing 03 August 2020. Individual schemes will come forward for consideration in accordance with the Assurance Framework.

Brownfield Housing Fund

- 2.7 The Ministry of Housing, Communities and Local Government has awarded the Combined Authority £67 million as part of Government’s Brownfield Housing Fund. The fund is for unlocking underutilised brownfield land for housing.
- 2.8 Confirmation of the funding has now been received in a letter dated 16 July 2020. This confirms the following requirements:

- To spend the whole allocation over the next five years in accordance with the following spend profile:

		Capital Spend (£m)
Year 1	2020/21	5.00
Year 2	2021/22	20.00
Year 3	2022/23	25.00
Year 4	2023/24	14.00
Year 5	2024/25	3.00
Total		67.00

- A minimum of 4500 housing units with the aim of achieving 6000 units.
- Homes supported by the fund to start on site in this Parliament (by 31 March 2025).
- Projects must evidence market failure and projects with the highest additionality should be prioritised.
- All projects must represent good value for money (BCR of over 1).
- Councils must have an up to date Local Plan in place, or an agreed plan with MHCLG for getting one in place.

- 2.9 Although this is a challenging programme, this fund provides opportunity for the City Region to open up brownfield to deliver homes on difficult sites and will contribute to the 'Levelling Up' agenda. This allocation has been made possible due to the recent Mayoral Combined Authority status the organisation now holds.

Growth Deal

- 2.10 In June 2020 the full review of the Growth Deal programme was submitted to the Cities and Local Growth Unit. A decision on this is expected in September 2020 regarding payment of the remaining funding for the programme. It is now vital that the projects achieve the forecast spend for the year and that the programme achieves quarterly spend forecasts. The quarter 1 spend target for the programme is £10.08 million. The annual forecast spend estimates, as provided through this review, are included in the Growth Deal Dashboard attached as **Appendix 1**.

Assurance Framework Review

- 2.11 As part of the devolution deal The West Yorkshire Combined Authority will develop a robust Assurance Framework, by reviewing and amending the existing Assurance Framework, in line with national guidance, to be signed off by the Ministry of Housing, Communities and Local Government (MHCLG) Accounting Officer prior to funding being released. Within this Assurance Framework, West Yorkshire Combined Authority will demonstrate an objective means with which to assess interventions and programme design so that these are aligned to their balanced economic outcomes for the area.
- 2.12 In order to ensure that the Leeds City Region Assurance Framework (last published March 2020) is Mayoral Combined Authority ready, the Combined Authority is reviewing the Framework and associated processes to ensure that National Framework Guidance is met as a minimum and the framework is robust and able to meet the demands of the future assurance needs.
- 2.13 To ensure we are developing an Assurance Framework that is fit for purpose the Combined Authority undertook a Stakeholder survey which closed on 15 July 2020. The survey interacted with over 250 stakeholders who gave a range of view on the effectiveness of the current framework and what we they would like to see in the future to make it more efficient and effective. The Combined Authority is undertaking analysis of the results and these will be considered and used to shape the Assurance Framework as it is developed over the coming months.

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 Capital Programme update, the new funding awards to the LEP and Combined Authority and the summary of the activity currently underway to review the Assurance Framework.

8 Background documents

8.1 None.

9 Appendices

Appendix 1 Growth Deal Dashboard 2020/21