

Report to: West Yorkshire and York Investment Committee

Date: 1 September 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 update the Committee on progress made on the implementation of the Combined Authority's capital programme.

2 Information

Capital Programme

- 2.1 Table 1 below summarises the expenditure as at quarter 1 on the Combined Authority's capital programme in 2020/21 against the in-year forecast:

Table 1

Capital Programme Expenditure 2020/21	Budget Forecast February 2020	In-Year Forecast June 2020	Actual Quarter 1 2020/21
Growth Deal Programme			
Priority 1 Growing business	£14,809,439	£11,368,691	£1,692,842
Priority 2 Skilled People and Better Jobs	£667,110	£667,273	£0
Priority 3 Clean Energy	£741,887	£1,022,946	£92,374
Priority 4a Housing and Regeneration	£6,500,000	£8,845,000	£0
Priority 4b West Yorkshire plus Transport Fund	£110,670,000	£87,384,018	£6,378,475
Priority 4c Economic Resilience	£4,181,524	£4,279,598	£170,132
Priority 4d Enterprise Zones	£12,337,000	£15,699,938	£3,798,672
Growth Deal - Other	£2,000,000	£2,500,000	£390,858
Growth Deal Total	£151,906,960	£131,767,464	£12,523,353
Leeds Public Transport Investment Programme	£88,233,338	£66,024,000	£10,743,900
Local Transport Plan	£13,129,332	£13,129,332	£2,474,561
Highways Maintenance / Pothole Action	£29,997,000	£29,997,000	£10,773,500
Clean Bus Technology Fund	£0	£4,264,302	£785,980
Ultra Low Emissions Buses	£0	£617,000	£0
Corporate Projects	£5,503,000	£6,385,714	£283,450
Broadband	£2,608,437	£2,198,052	£0
Transforming Cities Fund*	£55,000,000	£55,000,000	1,271,990
Getting Building Fund**	£0	£13,550,000	£0
Brownfield Housing Fund**	£0	£5,000,000	£0
Total Capital Spend	£346,378,067	£309,382,864	£38,856,733
*Amended forecast as incorrect forecast of £106million included in February 2020 CA report			
** New funding programme			

New Funding Programmes

2.2 It was reported at the last meeting that the Combined Authority has received approval of two new funding programmes:

- **Getting Building Fund** – confirmation was received on 01 July 2020 of an award of £52.6 million for West Yorkshire and a package of fifteen projects was then submitted to take up this funding. Formal announcement of the funding and the projects included was made on 4 August 2020. Under the terms of the funding all projects are required to spend in full by March 2022. Approval of the programme is now sought through this on this agenda and through the Combined Authority. The recommendation will be for projects to progress directly to full business case as these projects are shovel ready this will allow them to progress quickly to delivery.
- **Brownfield Housing Fund** – formal confirmation of the £67 million approved through Brownfield Housing Fund has now been received Activity is progressing through the assurance process seeking the approval of early development costs to ensure that eligible projects can progress quickly once identified.

Growth Deal

2.3 The Ministry of Housing, Communities and Local Government has confirmed that the Combined Authority will now receive 100% of the final outstanding payment of the Growth Deal funding following a successful review of the

programme, which gave confidence of project delivery and that the £516.35 million will be spent prior to 31 March 2021. Please see below for further detail. Leeds City Region was due to receive a final payment of £100.34 million in 2020/21 but only £76.22 million was initially received.

2.4 The quarter 1 claims have now been processed, actual spend in this quarter is £12.52 million which is higher than the forecast included in the Growth Deal review submission of £10.08 million. The forecast expenditure across all projects remains on track to achieve the required level of spend as follows (please refer to Appendix 1 - Growth Deal Dashboard Quarter 1 2020/21):

- Transport Fund – whilst there have been ups and downs against individual projects the current forecast is on track to achieve the £89.64 million reported in the Growth Deal review. It should be noted that this would still result in an underspend of almost £12 million on the £280.90 million allocation for the Transport Fund included in the Growth Deal. The indication from Government is that as the Transport Fund has passed its 5 year gainshare review (undertaken in 2019) there is no danger of funding being removed.
- Economic Development – the forecast for spend on the economic development projects is on track. Whilst some additional projects are progressing through the assurance process any additional spend on these will help to mitigate against possible underspend in other areas and can support full spend of the full Growth Deal allocation of £516.35 million.

Leeds Public Transport Investment Programme

2.5 The Leeds Public Transport Investment Programme (LPTIP) remains over-programmed and work is ongoing to address this. The end date for spend on the programme was 31 March 2021 however the Department for Transport (DfT) has confirmed that projects which are contractually committed by March 2021 will be able to finalise expenditure in 2021/22. The Combined Authority and Leeds City Council will continue joint consideration of projects to determine which can progress through this funding stream. Work is ongoing to identify what will happen to each scheme, some may be transferred to other funding programmes whilst others will continue to outline business case, some to full business case and then no further until new funding can be identified to take them forward. A joint meeting to confirm this will be held early in September.

2.6 Reported spend on LPTIP in quarter 1 is £10.74 million. Projects continue to progress through the assurance process and this amount includes spend at risk by Leeds subject to formal approval. The forecast spend for the remainder of the year is on track to achieve £66.02 million as detailed in Table 1. This would leave just over £51 million to spend in 2021/22.

2.7 The Leeds City Region was due to receive £88.76 million from DfT in 2021/22 (the outstanding balance of the £17.5 million grant), the first payment of £44.38 million was received in July. The remaining payment is subject to

confirmation that spend can be achieved, a review will be undertaken by DfT in October 2020, confirmation on the details of this review are awaited.

Transforming Cities Fund

- 2.8 Progress is being made on the Transforming Cities Fund Programme. All strategic outline cases for the packages of schemes have now been submitted for appraisal and approval (with the exception of the Carbon Mitigation project, which is still in development pending the outcomes of a carbon appraisal across the programme). A number of schemes have submitted outline business cases and one scheme (Halifax Bus Station) has submitted its full business case for consideration.
- 2.9 Activity over the last period has focussed on mobilisation of the programme, putting in place resource and management structures to both manage the programme within the Combined Authority and also bring the projects forward for delivery within the timescales agreed. A further procurement exercise to support the next stages of development of the schemes and wider programme is also being progressed by the Combined Authority on behalf of the partnership (where partners have identified a requirement for support).
- 2.10 A cost benchmarking exercise is underway to understand financial risks across the programme and provide the basis for allocation of the, currently uncommitted, programme level risk, contingency and inflation amounts that were included in the build-up of the Programme Business Case to Department for Transport. Current in-year forecasts are being assessed with spend in quarter 1 of £1.27 million undertaken across the programme. (In some, cases at risk, pending completion of funding agreements).
- 2.11 The Combined Authority at its meeting in July 2020 approved the use of gainshare to support the programme, in addition to this opportunities to seek additional funding through other sources, including private sector contributions, is being progressed on a scheme by scheme basis.

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 Programmes.

8 Background documents

8.1 None.

9 Appendices

Appendix 1 Growth Deal Dashboard Quarter 1 2020/21