

Report to: West Yorkshire and York Investment Committee

Date: 2 December 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. The report provides an update on: Growth Deal economic development; West Yorkshire plus Transport Fund; and Transforming Cities Fund.

2 Information

Capital Programme

- 2.1 Table 1 below summarises the expenditure as at quarter 2 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 2 2020/21
Growth Deal Programme			
Priority 1 Growing business	£14,809,439	£11,368,691	£3,484,967
Priority 2 Skilled People and Better Jobs	£667,110	£667,273	£0
Priority 3 Clean Energy	£741,887	£1,022,946	£174,138
Priority 4a Housing and Regeneration	£6,500,000	£8,845,000	£0
Priority 4c Economic Resilience	£4,181,524	£4,279,598	£1,209,054
Priority 4d Enterprise Zones	£12,337,000	£15,699,938	£7,617,193
Growth Deal - Other	£2,000,000	£2,500,000	£1,126,062
Growth Deal Economic Development Total	£41,236,960	£44,383,446	£13,611,414
Priority 4b West Yorkshire plus Transport Fund	£110,670,000	£87,384,018	£14,244,863
Leeds Public Transport Investment Programme	£88,233,338	£66,024,000	£28,570,572
Local Transport Plan	£13,129,332	£13,129,332	£5,111,137
Highways Maintenance / Pothole Action	£29,997,000	£29,997,000	£25,955,154
Clean Bus Technology Fund	£0	£4,264,302	£2,175,088
Ultra Low Emissions Buses	£0	£617,000	£2,630
Corporate Projects	£5,503,000	£6,385,714	£1,374,116
Broadband	£2,608,437	£2,198,052	£68,641
Transforming Cities Fund*	£55,000,000	£55,000,000	£2,707,570
Getting Building Fund**	£0	£13,550,000	£0
Brownfield Housing Fund**	£0	£5,000,000	£0
Emergency Active Travel Fund	£0	£2,513,000	£109,956
Total Capital Spend	£346,378,067	£330,445,864	£93,821,185
*Amended forecast as incorrect forecast of £106million included in February 2020 CA report			
** New funding programme			

- 2.2 Generally, spend across all capital programmes is progressing well with spend totalling £93.82 million (28% of in year forecast). This is a reasonable percentage given that spend is always heavily weighted into the final quarter which will be exacerbated due to the number of new funding programmes which have been approved by Government during quarter 2. It is also a higher percentage of forecast spend than in previous years (spend as a quarter 2 2019/20 was 22% of forecast).
- 2.3 Formal notification has now been received from the Department of Housing, Communities and Local Government (MHCLG) on the new Brownfield Housing Fund terms and conditions. These are currently being reviewed and discussions undertaken with MHCLG as there is concern that they could impact on all partners ability to deliver the programme. A report on this issue will be put forward to a future meeting of the Investment Committee.
- 2.4 Concerns have also been raised regarding the spend profile for the Getting Building Fund included in the offer letter from MHCLG which requires spend of £26 million in 2020/21 in comparison with the profile put forward in the application which was £13.55 million. The offer letter for the programme includes the ability to use freedoms and flexibilities which may help in achieving target spend. Clarification has been requested on this from the Cities and Local Growth Unit. The response and any proposals on how to address this issue will be reported to the Investment Committee at a future meeting in January 2021.

Growth Deal Economic Development Projects

- 2.5 The Growth Deal Economic Development projects continue to progress strongly in this final year of the Growth Deal. The programme has achieved spend of £13.6 million which is in line with the forecast of £13.3 million submitted to the Cities and Local Growth Unit (CLoG) in the Local Growth Fund (LGF) review that took place in June 2020. Appendix 1 provides the full quarter 2 dashboard for the Growth Deal.
- 2.6 A level of over-programming was included within the estimated spend for the Economic Development projects in the LGF Review. However, this was a prudent estimate which did not include all projects with the potential to spend but were still to progress through the assurance process. There have been some changes to forecasts (detailed below) to take account of projects that have withdrawn but there is also additional spend now expected by existing projects and some further schemes that are likely to be approved by end March 2021. The current forecast shows that £10.74 million of over programming will be required for Economic Development projects. The overprogramming will help to mitigate against possible underspend on the Growth Deal and possibly other funding programmes.
- 2.7 Changes to the expenditure forecast that have occurred since the LGF review was submitted include:
- Two projects have now been withdrawn, these are Dewsbury Riverside (£0.89 million) and Flood Alleviation – Brighouse and Clifton (£1.5 million).
 - The Business Grants Programme is forecasting an additional £3.5 million of spend by the end March 2021. This is made up from £1.5 million forecast to spend on Digital Resilience vouchers and £2 million which is being used to top up the Government COVID grants.
 - An additional £1.34 million is due for approval in November for Parry Lane Enterprise Zone.
 - Additional spend of £2.9 million is now expected for Bradford Heritage Buildings – High Point, this was approved by the Investment Committee on 5 November.
- 2.8 The current achievement and forecast on Growth Deal programme outputs is detailed in Table 2 below:

Table 2

Output	Target (includes Growth Deals 1, 2 and 3)	Achieved to date as at Quarter 2 2020/21	Forecast 2021-25	Total
New jobs	19,595	8,075	7,114	15,189
Jobs safeguarded (flood resilience programme)	11,100	24,583	700	25,283
Houses	2,300	437	2,284	2,721
Public / private investment (match funding)	£1,031,000,000	£705,010,549	£377,453,695	£1,082,464,244

2.9 All outputs are on track to be achieved. Some additional work needs to be undertaken to ensure that forecasts relating to new jobs are captured for the all the business grant programmes and the Enterprise Zones post March 2021, as currently these have not been included.

West Yorkshire plus Transport Fund

2.10 The delivery of projects across the Transport Fund continues apace with construction work on site for projects with a total value of £107 million, these include East Leeds Orbital Route (ELOR), CityConnect Phase 3 Leeds, Castleford Station Gateway, Mytholmroyd Rail Station Car Park and the West Yorkshire UTM (Urban Traffic Management and Control) Element A. Also to report is that work has recently been completed on the £9.3 million A650 Hard Ings Road in Keighley.

2.11 Attached as Appendix 2 is the Growth Deal monitoring return which is submitted to CLoG each quarter. Programme spend is categorised in two ways:

- Expenditure – This is the total LGF monies spent by project sponsors on their projects.
- Outturn – The total LGF funds transferred to project sponsors by the Combined Authority (this specifically includes pre-payments to project sponsors where projects are in contract and / or eligible expenditure falls across two financial years)

2.12 Expenditure and outturn on the Transport Fund in 2020/21 against the CLoG forecast is as follows:

Table 3

Spend Category	CLoG Forecast	Quarter 2
Outturn (Appendix 1)	n/a	£14.23m
Expenditure	£17m	£25.20m

The expenditure target has therefore been comfortably achieved.

2.13 The forecast expenditure for 2020/21 on the Transport Fund is currently £79.5 million. This is a reduction of £11 million against the previous quarter. Following a detailed review of the Transport Fund, partner councils have reprofiled expenditure on a number of projects that had been expected to spend in 2020/21 into 2021/22 including: Corridor Improvement Programme projects at Dawsons Corner, Dyneley Arms and A650 Newton Bar; also Leeds City Centre Package – Armley Gyrotory, Mirfield to Dewsbury to Leeds and Rail Parking Package project at Steeton and Silsden.

Transforming Cities Fund

- 2.14 All Transforming Cities Fund (TCF) schemes have now completed strategic outline case (with the exception of the Carbon Mitigation pot, which will complement the schemes within the programme) and work is underway to develop the projects to the next stage. Procurement of a further strategic development partner to support the remainder of the outline business cases has been progressed with the contract due to be in place in mid-December. This has impacted on progress on some schemes; however, others already have the necessary resources in place to continue design and development. It is expected over the next quarter activity and spend will increase with the current in year spend forecast likely to be in the region of £18.5 million.
- 2.15 The TCF programme has a dedicated communications and engagement team in place that are working on the requirements and plans for public and stakeholder engagement and a schedule of consultation on a scheme by scheme basis is being developed that takes into consideration constraints around current Covid-19 restrictions along with the forthcoming local elections.
- 2.16 Opportunities to accelerate and phase delivery of the schemes are being explored and a procurement strategy is being developed with the partner councils. It is anticipated that the first schemes will start construction early in 2021 but with the majority entering the delivery phase in 2022.

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

9.1 Appendix 1 Growth Deal Dashboard Quarter 2 2020/21

9.2 Appendix 2 Growth Deal CLoG Dashboard Quarter 2 2020/21