

Report to: West Yorkshire and York Investment Committee

Date: 3 February 2021

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 Annual Performance Review, the Growth Deal economic development expenditure forecasts and closure and Getting Building Fund approvals.

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	£4,149,418
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	£95,263,033
*Amended forecast as incorrect forecast of £106million included in February 2020 CA report			
** New funding programme			

- 2.2 Claims and monitoring for quarter 3 are currently being processed and will be reported at the next Investment Committee meeting in March.
- 2.3 There is an increase of £1.44 million spend on the Transforming Cities Fund (TCF) for quarter 2 against the amount reported in December 2020. This relates to early spend on development costs in 2019/20 prior to the approval of the TCF programme. This was originally funded through the Transport Fund which has now been formally transferred to TCF.

Annual Performance Review

- 2.4 The Annual Performance Review (APR) for 2020/21 undertaken by the Cities and Local Growth Unit (CLOG) takes place on 27 January 2021. As in previous years the APR will cover three areas: Strategic Impact, Governance and Delivery. However, LEP's will no longer be given a ranking eg: adequate, good, excellent, instead there will be an outcomes based approach with findings of 'met' or 'action needed'. The APR will include a review of delivery against both the Growth Deal and the Getting Building Fund (GBF) and is a key milestone in the process of confirming GBF payments for 2021/22.
- 2.5 In preparation for the meeting information was submitted to address key questions as required by CLOG. Whilst information on expenditure was required the question focussed on the level of contracted spend and any risk to achieving Local Growth Fund (LGF) being fully contracted by the end of 2020/21. The key message for the Leeds City Region is that the delivery of

and reporting of outputs will continue until 31 March 2024 and the full financial allocation of LGF, for both the economic development projects and the Transport Fund, is now fully committed as demonstrated in Table 2:

Table 2

Programme	Total Funding	Total Contractually Committed to date
Growth Deal Economic Development	£235,450,000	£244,425,675
Transport Fund	£280,900,000	£271,701,996
Total	£516,350,000	£516,127,671

Growth Deal Expenditure

- 2.6 The Growth Deal economic development programme is now in its final quarter, the current forecast of programme spend is as follows:

Table 3

Economic Development Allocation	£235,450,000
Spend to end of 2019/20	£194,650,211
Balance to be spent in 2020/21	£40,799,789

Quarter 1 - 2 2020/21 spend	£13,611,414
Current forecast	£36,664,391
Forecast 2020/21	£50,275,805
Overprogramming	£9,476,016
Forecast spend at risk of underspend	£8,786,685

- 2.7 The programme remains overprogrammed but whilst this is the case there are a number of projects where there is a risk of underspend / slippage. Nevertheless the programme is still expected to overspend.
- 2.8 Whilst the aim of overprogramming is to not to overspend the message to all projects has been to maximise spend against approved funding wherever possible. The reason for this is that overspend can be used to offset against other programmes where they are unlikely to achieve target spend in 2020/21. These programmes include: the West Yorkshire plus Transport Fund and the Getting Building Fund. Whilst ultimately this spend will need to be repaid it can remain offset within the Combined Authority accounts over future years.
- 2.9 It is also important where there is momentum on delivery that this is not curtailed as funding opportunities are likely to arise in the near future to support ongoing or shovel ready projects.

Growth Deal Economic Development Projects Closedown

- 2.10 The closedown of the Growth Deal portfolio is underway with additional temporary resource in place to coordinate and align closure of economic development projects and programmes by June 2021. An officer programme

board has been established to support this process, enabling forward planning and flexible deployment of resources where required.

- 2.11 Of the 55 economic development projects included in the Growth Deal, 15 have achieved decision point 7 (financial closure) to date, the aim is for the remaining 40 to progress through the assurance process by the end of June.
- 2.12 The Policy, Strategy and Communications Directorate is engaged with closedown to ensure that lessons learnt are captured, and that work is aligned with the emerging evaluation strategy. A communications plan is in development to ensure Growth Deal success stories are communicated to the public.
- 2.13 Work is also ongoing to capture benefits realised, and ongoing follow up of outputs and outstanding contract issues (including financial (loans, overage) legal (contract clauses)) will transition from the Delivery Directorate to Corporate Services Directorate following formal financial closure of each project.

Getting Building Fund

- 2.14 The approval of project funding through the Getting Building Fund is progressing well. All but two projects are expected to be approved by the end of March 2021. To date five projects have been approved for a total of £16.24 million. It is forecast that 14 projects, totalling £48 million will be approved by end of March 2021.

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 None.