

**Report to:** West Yorkshire and York Investment Committee

**Date:** 4 March 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 capital programme expenditure as at quarter 3 2020/21, Growth Deal Annual Performance Review, Growth Deal expenditure and outputs and the Brownfield Housing Fund.

## 2 Information

### Capital Programme

- 2.1 Table 1 below summarises the expenditure as at quarter 3 on the Combined Authority's capital programme in 2020/21 against the revised forecast reported to the Combined Authority at its meeting on 4 February 2021:

**Table 1**

<b>Capital Programme Expenditure</b>	<b>Combined Authority Budget Forecast February 2021</b>	<b>Actual Quarter 3 2020/21</b>	<b>%</b>
Growth Deal - Economic Development	£47,439,952	£22,904,582	48.3%
West Yorkshire plus Transport Fund	£80,273,172	£38,308,165	47.7%
Leeds Public Transport Investment Programme	£68,492,090	£28,570,572	41.7%
Transforming Cities Fund (inc. Tranche 1)	£12,325,731	£7,186,968	58.3%
Integrated Transport Block / Highways Maintenance / Challenge Fund	£66,223,502	£46,848,884	70.7%
Corporate Projects	£5,690,578	£3,614,641	63.5%
Broadband	£2,274,633	£85,135	3.7%
Land Release Fund & One Public Estate	£1,070,522	£151,529	14.2%
Low Emission Vehicles	£1,058,434	£0	0.0%
Getting Building Fund	£26,300,000	£47,149	0.2%
Brownfield Housing Fund	£600,000	£19,265	3.2%
Emergency Active Travel Fund (Capital and Revenue)	£2,513,000	£886,302	35.3%
Other (Clean Bus and ULEB)	£3,934,447	£3,685,574	93.7%
<b>Total Capital Spend</b>	<b>£318,196,060</b>	<b>£152,308,766</b>	<b>47.9%</b>

- 2.2 Expenditure at quarter 3 across the capital programme is 48% of the revised budget reported to the Combined Authority on 4 February 2021. Expenditure of circa 50% of forecast is in line with the profile of expenditure from previous years (2018/19 54%, 2019/20 42%).
- 2.3 Whilst it is important to maximise activity, and therefore expenditure, across all programmes, unspent monies are not generally at risk. However, three programmes are due to complete in 2020/21:
- **Growth Deal economic development** – currently overprogrammed and forecast to slightly overspend as shown in Table 2.

**Table 2**

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

Quarter 1 - 3 2020/21 spend	£22,904,583
Current forecast	£24,696,609
<b>Forecast 2020/21</b>	<b>£47,601,192</b>
Overprogramming	£6,801,403
Forecast spend at risk of underspend	£4,586,450

As reported to the February meeting while 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. It is also important where there is momentum on the delivery of key priorities we maintain that and seek alternative funding opportunities for shovel ready projects.

- **Growth Deal Transport Fund** – this element of the Growth Deal is expected to underspend against allocation. However given that the programme runs over a longer timeframe and schemes are contractually committed underspend will be carried forward to be spent in 2021/22.
- **Leeds Public Transport Investment Programme** – this programme is fully committed with the deadline for delivery extended into 2021/22.
- **Getting Building Fund (GBF)** – the Combined Authority is committed to achieving the £26.3 million spend for 2020/21 and will use our freedoms & flexibilities to assign eligible projects to this funding programme (spend will then be reallocated back to the other programmes in 2021/22 ensuring that GBF is available to spend on its assigned projects).

## **Annual Performance Review**

### **Growth Deal**

- 2.4 The Growth Deal Annual Performance Review took place on 27 January 2021. The indications from the meeting were positive with the expectations that the Leeds City Region will meet all requirements.
- 2.5 The Growth Deal programme continues to perform well with expenditure in excess of the quarter 3 forecast provided to the Cities and Local Growth Unit as part of the review undertaken on the programme in June 2020.
- 2.6 The programme is also performing well against the overall programme outputs as follows:

**Table 3**

<b>Output</b>	<b>Target (includes Growth Deals 1, 2 and 3)</b>	<b>Achieved to date as at Quarter 3 2020/21</b>	<b>Forecast 2021-25</b>	<b>Total</b>
New jobs	19,595	8,383	7,114	15,497
Jobs safeguarded (flood resilience programme)	11,100	24,583	700	25,283
Houses	2,300	1,009	2,251	3,260
Public / private investment (match funding)	£1,031,000,000	£721,517,014	£377,453,695	£1,098,970,709

There have been concerns in relation to the achievement of housing outputs and work has been undertaken to ensure that all homes completed are captured. The following tables 4 and 5 provide a full breakdown of the actual and forecast achievement of homes created and homes enabled (where homes will be completed after the deadline for reporting outputs which is March 2025). This is a positive impact with over 10,000 new homes to be created or enabled through this programme.

**Table 4 Homes Completed**

Project	Actuals reported to end 2019/20	2020/21			Future Years Forecast	Total
		Forecast as per Data Capture	Actual to end of Q3	Q4 Forecast		
Wakefield Eastern Relief Road	236	0			0	236
East Leeds Housing Growth - Red Hall		0			150	150
East Leeds, Brownfield Sites	149	89	141		230	520
York Central		0			283	283
Kirklees Housing sites		50			478	478
Bath Road, Leeds		0			160	160
Glasshoughton Southern Link Road		0	281		0	281
CIP - Phase 1 - Wakefield A650 Newton Bar		0			605	605
New Bolton Woods	52	50		6	87	145
Beech Hill, Halifax		0			105	105
Dewsbury Riverside		10	0		0	0
Bradford Heritage Buildings - Conditioning House		150	150		0	150
Wakefield South East Gateway - Kirkgate		0			60	60
Wakefield South East Gateway - Rutland Mill		0			0	0
Bradford Heritage Buildings - High Point		0			87	87
<b>Total</b>	<b>437</b>	<b>349</b>	<b>572</b>	<b>6</b>	<b>2245</b>	<b>3260</b>

**Table 5 Homes Enabled**

Project	Homes Enabled
East Leeds Housing Growth - Red Hall	150
Glasshoughton Southern Link Road	919
CIP - Phase 1 - Wakefield A650 Newton Bar	805
Leeds ELOR and North Leeds Outer Ring Road	5000
York Northern Outer Ring Road	755
<b>Total</b>	<b>7629</b>

**Brownfield Housing Fund**

- 2.7 In July 2020, the Combined Authority received a funding allocation letter from Ministry of Housing, Communities and Local Government (MHCLG) confirming an overall allocation of £66.7m of capital funding from the Brownfield Housing Fund (BHF) to support the development of 4500-6000 new homes on brownfield sites in the region.
- 2.8 The Combined Authority was allocated this fund, without the need to bid, due to the organisation becoming a Mayoral Combined Authority in 2021. As such a programme level Strategic Outline Case was approved by Investment Committee in September 2020 and Combined Authority meeting in October 2020. As there was no requirement to bid for the BHF, a project shortlist had not been identified, and it was recognised that further time was required to work with partner councils to identify suitable projects.
- 2.9 The reports to Investment Committee and Combined Authority outlined key elements of the MHCLG funding offer, however, the funding agreement received in November 2020, had a new clause which obliges the Combined Authority to identify all projects to be funded under the programme by June 2021, describing the projects and to evidence how it will meet the agreed spend profile.

- 2.10 The BHF is targeted at addressing weaknesses in the housing market, where viability issues have prevented sites from coming forward for housing development. As such, over the past few months, officers in the Combined Authority have been working with partner Councils to identify projects from their strategic pipelines which could be suitable for the BHF. In addition, work has commenced on a wider call for projects, utilising existing networks and housing partnerships in the Councils and the Combined Authority to identify further projects which can help accelerate the delivery of homes in the region, with the emphasis on encouraging projects which meet our inclusive growth and clean growth agendas.
- 2.11 A paper will be presented to the June 2021 meeting of the Combined Authority outlining the long list of projects that are being considered for the programme.

### **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 Economic Development Dashboard Quarter 3 2020/21

Appendix 2 Transport Fund Dashboard Quarter 3 2020/21