
Report to: Leeds City Region Enterprise Partnership Board (LEP Board)

Date: 28 April 2021

Subject: **LEP Capital Programme (Investment Committee)**

Director: Melanie Corcoran, Director of Delivery

Author: Lynn Cooper, Portfolio Lead, Portfolio Management Office

1 Purpose of this report

- 1.1 To inform the LEP Board of the progress made implementing the LEP capital programme for 2020/21. The report provides:
- an update on capital programme expenditure in 2020/21 (quarter 3 actuals and quarter 4 forecast), including an update on the forecast spend of each of the LEP programmes. It also seeks endorsement of the Growth Deal Data Capture return for quarter 3 2020/21; and
 - a brief summary of the initial outcome of the Annual Performance Review with the Cities and Local Growth Unit which now includes both the Growth Deal and the Getting Building Fund.

2 Information

Capital Programme 2020/21

- 2.1 At its meeting on 4 February 2021 the Combined Authority approved the revised capital forecast for 2020/21 as well as the indicative capital programme for 2021/22 to 2023/24, this includes the LEP programmes detailed in Table 1.

Table 1

Capital Programme Expenditure	Combined Authority Budget Forecast February 2021	Actual Quarter 3 2020/21	%	Year End Forecast	%
Growth Deal - Economic Development	£47,439,952	£22,904,582	48.3%	£48,108,655	101.4%
West Yorkshire plus Transport Fund	£80,273,172	£38,308,165	47.7%	£79,081,531	98.5%
Broadband	£2,274,633	£85,135	3.7%	£1,323,484	58.2%
Getting Building Fund	£26,300,000	£47,149	0.2%	£8,372,427	31.8%
Total Capital Spend	£156,287,757	£61,345,032	39.3%	£136,886,097	87.6%

- 2.2 In general all funding programmes continue to progress well and expenditure is on track. The following provides an update on each of the individual programmes:

- **Growth Deal Economic Development** – while this programme officially ended on 31 March 2021 the Cities and Local Growth Unit has stated that the Combined Authority can use its freedoms and flexibilities to maximise spend where schemes are in contract and will spend into April 2021. This element of the Growth Deal remains over-programmed.

As reported to the February meeting while the aim of overprogramming is 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 that momentum on the delivery of key priorities is maintained and that we seek alternative funding opportunities for shovel ready projects. Table 2 below sets out the current forecast overprogramming, the risk of underspend on individual projects has been mitigated by the ability to spend against contractual commitments if required. The Growth Deal Economic Development dashboard for quarter 3 is attached at **Appendix 1**.

Table 2

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 - 3 2020/21 spend	£22,904,583
Current forecast quarter 4	£21,347,663
Forecast 2020/21	£44,252,246
Overprogramming at end of March 2021	£3,452,457
Spend into April 2021	£3,381,409
Total Economic Development spend at end of April 2021	£242,283,866
Overprogramming at end of April 2021	£6,833,866

- **Transport Fund** – this element of the Growth Deal is expected to underspend against the £280.90 million allocation (provided for the six years up to 31 March 2021). However, given that the programme runs over a longer timeframe and the Growth Deal funding within the Transport Fund is fully contractually committed (total £306.70 million just under £13 million over the allocation), underspend will be carried forward to be spent in 2021/22.

Final quarter 4 claims for 2020/21 are being submitted and processed and the accounts are due to be finalised by 31 May 2021. Forecast spend for 2020/21 is still in line with the latest estimate although there have been ups and downs across individual projects. The East Leeds Orbital Route (ELOR) is currently on site and is the highest spending project within the programme. There have been delays in the last couple of months due to adverse weather conditions leading to underspend in year of around £2 million. The submission of the full business case for

Elland Rail Station, which is due to commence on site next financial year, has been delayed due to designs being revised to take into account new safety regulations, leading to slippage of a forecast £1 million in 2020/21. These underspends are offset by accelerated spend on other projects within the programme in particular the Corridor Improvement Programme. The Transport Fund dashboard for quarter 3 is attached at **Appendix 2**.

- **Broadband** – Expenditure on the Broadband programme mainly relates to the completion of Contract 2 which is being delivered through Openreach, and is due to end June 2021. All Building Digital UK (BDUK) and European Regional Development Fund (ERDF) money had been spent by end 2019/20, however, a final claim from Openreach is awaited, which will be utilising the £2.55 million underspend (with accrued interest) from Contract 1.

For Contract 3, there has been a recent variation agreement with DEFRA, to reflect the delayed start, as well as a reduction in business premises being passed, from 1,723 to 1,565, due to state aid eligibility issues. Of these, Quickline (the supplier) remains on track to deliver 219 by quarter 4 2020/21. However, the no claims have yet been processed as sign-off is awaited from BDUK on Quickline’s cross-border policy.

A meeting was held with members of the board on 23 March 2021 to discuss the options around use of the £3.52 million Gainshare from Contract 1. For the time being this money will be retained until future BDUK fibre initiatives are clarified.

- **Getting Building Fund** – The total funding received for this programme in 2020/21 is £26.30 million and in accordance with Government requirements the Combined Authority will achieve this spend through use of its freedoms and flexibilities. This will involve transferring capital spend from other programmes where underspend in 2020/21 will not be detrimental and with full spend on the Getting Building Fund achieved by 31 March 2022. The current forecast spend for each of the Getting Building Fund projects is detailed in Table 3 below. The majority of projects continue to progress through the assurance process with recent full funding approvals from West Yorkshire Combined Authority including:
 - Temple Green Park & Ride – £7.4 million
 - Business Growth Programme – £7 million
 - Bradford City Village – £3 million
 - Leeds Grey to Green - £1.32 million (Phase 1 of a total £8.6 million)

Brighouse A6025 Reconstruction and Enterprise Zones (Parry Lane) is scheduled for consideration in April 2021.

Table 3

Project	2020/21 Forecast Spend	2021/22 Forecast Spend
Business Growth Programme	£0	£7,000,000
Enterprise Zones Bradford Parry Lane and Wakefield Langthwaite	£0	£9,070,000
Bradford One City Park	£0	£7,500,000
Bradford 'City Village' Phase 1	£3,000,000	£0
Leeds Liverpool Canal	£60,000	£440,000
Brighouse A6025 Reconstruction	£0	£1,800,000
Beech Hill Phase 2 Group Repair & Regeneration Scheme	£0	£1,200,000
Huddersfield George Hotel acquisition and remedial works	£1,365,000	£0
Dewsbury Arcade	£600,000	£0
Leeds City Centre 'Grey to Green'	£605,940	£7,994,060
Holbeck Phase 2 Victorian Terrace Retrofit	£204,000	£2,400,000
Temple Green Park and Ride Expansion	£2,200,000	£5,200,000
Wakefield Warm Homes Fund	£180,000	£481,000
Business Gigabit Voucher Scheme	£0	£300,000
Knottingley Skills, Business and Services Hub	£157,487	£842,513
Total	£8,372,427	£44,227,573

Each quarter a return is made to the Cities and Local Growth Unit (CLoG) through its data capture system which collates Growth Deal programme information. CLoG has requested that this dashboard should be endorsed by the LEP Board each quarter. The dashboard for the quarter 3 was submitted in accordance with the deadline of 19 February 2021 it is attached at **Appendix 3** for information and endorsement of the LEP Board. The deadline for the quarter 4 return is 28 May 2021, this will be submitted for consideration to the LEP Board on 9 June 2021.

Annual Performance Review

Growth Deal

- 2.3 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.
- 2.4 The Growth Deal programme continues to perform well with expenditure for quarter 3 exceeding the forecast provided to the Cities and Local Growth Unit as part of the review undertaken on the programme in June 2020.
- 2.5 The programme is also performing well against the overall programme outputs as follows:

Table 4

Output	Target (includes Growth Deals 1, 2 and 3)	Achieved to date as at Quarter 3 2020/21	Forecast 2021-25	Total
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

- 2.6 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 5 and 6 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 5 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
Total	437	349	572	6	2245	3260

Table 6 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
Total	7629

3 Tackling the Climate Emergency Implications

- 3.1 The Combined Authority has taken action to ensure all decisions made include Climate Emergency considerations. The Combined Authority:
- Has strengthened how clean growth and climate change impacts are considered as part of all schemes that come through the Combined Authority's Assurance Framework.
 - Requires LEP and the Combined Authority reports to include clean growth / tackling the Climate Emergency implications, including qualitative impact assessments.
- 3.2 To fully strengthen decision making across the whole of the Combined Authority's Assurance Framework a robust, quantifiable methodology and tool for assessing all new schemes predicted carbon emissions/wider clean growth impacts is being developed. Work is currently underway to refine the toolkit

methodology by assessing a selection of existing capital schemes progressing through assurance framework which are in scope of this assessment. The outcome of this assessment, including potential mitigation and recommendations for shortlisted schemes will inform the development of toolkit and will be discussed with partners, and reported to the Combined Authority in June 2021. The tool will be incorporated into the Assurance Framework so that it can be used to assess future proposals as they progress through the assurance process. This part of the commission will involve a significant training element to ensure carbon assessment is properly embedded in the assurance process.

- 3.3 Clean growth, including climate change, impact assessment / considerations are all now included in all Capital Spending and Project Approvals reports considered by the Investment Committee and the Combined Authority. This ensures that the business cases now reflect the Leeds City Region Climate Emergency priority and evidence that they will reduce carbon emissions (both directly and indirectly).

4 Inclusive Growth Implications

- 4.1 This report does not directly impact on Inclusive Growth; this is assessed as part of the appraisal of each project through the assurance framework and reported to the Investment Committee in the Capital Spending and Project Approvals report.

5 Equality and Diversity Implications

- 5.1 This report does not directly impact on Equality and Diversity this is assessed as part of the appraisal of each project through the assurance framework and reported to the Investment Committee in the Capital Spending and Project Approvals report.

6 Financial implications

- 6.1 Financial implications are included within the body of the report.

7 Legal implications

- 7.1 There are no legal implications directly arising from this report.

8 Staffing implications

- 8.1 There are no staffing implications directly arising from this report.

9 External consultees

- 9.1 No external consultations have been undertaken.

10 Recommendations

- 10.1 That the LEP Board notes the progress of the LEP capital programme for 2020/21 and endorses the Data Capture return for quarter 3 attached at Appendix 3.

11 Background Documents

- 11.1 None.

12 Appendices

Appendix 1 Growth Deal Economic Development Dashboard Quarter 3 2020/21

Appendix 2 Transport Fund Dashboard Quarter 3 2020/21

Appendix 3 Growth Deal Data Capture Return Quarter 3 2020/21