

**Report to:** Finance, Resources and Corporate Committee

**Date:** 1 December 2021

**Subject:** **Financial Reporting**

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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 checked="" type="checkbox"/> Yes <input 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:	
Are there implications for equality and diversity?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

## 1. Purpose of this report

- 1.1 To consider the capital budget monitoring for 2021/22 as at quarter 2 and draft capital estimates for 2022/23 (+ 2 years).

## 2. Information

### Capital Budget Monitoring 2021/22

- 2.1 Attached at **Appendix 1** is a summary of the capital programme spend and funding as at October 2021 (effectively quarter 2 spend). The appendix includes the indicative programme budget, programme end dates (where applicable) and budgets for 2021/22 and the second quarter spend / claims received from partner authorities.
- 2.2 The table below provides a more summarised version of Appendix 1 and focusses on the 2021/22 budget and spend on each funding programme.

Capital Programme Expenditure 2021/22	In-Year Revised Forecast October 2021	Qtr 2 Expenditure 2021/22	%
West Yorkshire plus Transport Fund	£86,025,688	£35,028,327	40.7%
Growth Deal	£480,329	£480,329	100.0%
Leeds Public Transport Investment Programme	£45,270,442	£14,147,339	31.3%
Transforming Cities Fund	£43,230,653	£8,654,221	20.0%
Integrated Transport Block / Highways Maint 21/22	£52,450,545	£47,278,495	90.1%
Corporate Projects	£4,038,709	£2,406,125	59.6%
Broadband	£4,363,915	£376,576	8.6%
Land Release Fund & One Public Estate	£1,028,993	£54,996	5.3%
Getting Building Fund	£44,557,357	£8,457,132	19.0%
Brownfield Housing Fund	£19,955,552	£368,878	1.8%
Active Travel Fund	£7,805,868	£554,106	7.1%
British Library	£151,414	£5,480	3.6%
New Station Fund	£2,000,000	£0	0.0%
Other (Low Emission Vehicles, Clean Bus, Business Accelerator)	£1,000,000	£713,528	71.4%
<b>Total Capital Spend</b>	<b>£312,359,465</b>	<b>£118,525,532</b>	<b>37.9%</b>

2.3 Capital expenditure in quarter 2 represents almost 38% of the revised forecast for the year. This compares well with previous years in quarter 2 was 2019/20 22% and 2020/21 28%. It should be noted that the majority of spend across all programmes usually occurs in quarter 4, this has been the case in all years since the Combined Authority was established. The main reason for this level of spend is the maturity of some of the programmes where many projects are in delivery or reaching completion. These include Transport Fund and Leeds Public Transport Investment Programme. In addition, all of the Highways Maintenance and Integrated Transport Block funding was received upfront for 2021/22 (in previous years it was quarterly) and a large proportion paid out to partner councils.

2.4 The following is a summary of any key issues and risks on some of the programmes:

- Transport Fund / Growth Deal** – This is the seventh year of the Transport Fund and, as a mature programme that will also be ongoing over the long term (currently project spend is expected to be ongoing until at least 2030/31) many projects have moved from development into delivery. Currently there are 17 projects complete, 6 projects on site with a further 10 due to commence before the end of the financial year. The East Leeds Orbital Route (ELOR) is the highest value of these due to spend the final allocation of Combined Authority grant by quarter 3 and the project will be ongoing using match funding into 2022/23. The Growth Deal programme completed in 2020/21, however using our freedoms and flexibilities some limited spend was allowed in April 2021 to enable completion of spend on individual projects.

- **Leeds Public Transport Investment Programme (LPTIP)** – Originally LPTIP, which commenced in 2017/18, was due to end in March 2021. However, an extension to end March 2022 was agreed with the Department for Transport (DfT). As the programme progresses towards its conclusion regular reviews of progress and spend are ongoing to ensure full spend of the DfT funding by 31 March 2022.
- **Transforming Cities Fund (TCF)** – expenditure, as previously reported to this committee has been slow which was mainly attributable to delays / inflation renegotiations on a number of contracts. Approvals are in place for projects which are being jointly funded with the Transport Fund and the intention is to apply spend to the DfT TCF funding initially (which currently has an end date of March 2023). These adjustments will show in the next report to this Committee (quarter 3 report).
- **Integrated Transport Block (ITB) / Highways Maintenance** – this funding is normally paid in 4 equal quarterly amounts and is then largely passported directly to district partners in accordance with a set formula. This year the full payment was made in quarter 1 and district partners have therefore also been paid their allocation in full. Note: The remaining funding is the Combined Authority's share of the Integrated Transport Block which will be spent on individual projects throughout the year.
- **Broadband** – It has been previously reported that the new Broadband contract 3, due to start in September 2020, was delayed due to ongoing negotiations between the new contractor Quickline and BDUK on how cross regional border issues would be dealt with. Whilst these are now resolved and work has commenced no invoice has yet been received from the new contractor and at the time of writing the report is awaited.
- **Getting Building Fund** – At the November meeting, we reported the discussion / clarification with government officials in respect of managing spend delivery across our GBF programme and other funding programmes by using our financial freedoms and flexibilities. This meant accountable bodies can swap payments to ensure funding is spent within the year. For example, if a GBF project faced delays and capital was needed for a highways project then GBF funding could be used to pay the highways project bill. The highways capital budget could then be used to pay the GBF project later.
- The main risk of late spend beyond 31 March 2022 is One City Park but by using our flexibilities, we can manage that and any other projects that slightly overrun but that are in contract / committed.
- **Brownfield Housing Fund** - commencement of activity on this programme was delayed following political review, however projects are now progressing through the approval process and funding agreements are being negotiated. Forecasted spend on these new projects has not yet been finalised and there remains a risk that the original 'actual' spend

target of £20 million will not be achieved, though 'committed' spend beyond 31 March 2022 should be acceptable to government.

Draft Capital budgets for 2022/23 (plus 2 years).

2.5 Attached at Appendix 2 are the draft capital programme estimates for 2022/23 (plus 2 years). The appendix includes the most recent future year forecast on spend and the known funding agreements / profiles.

2.6 These figures are subject to change once the Combined Authority receives further details of Spending Review announcements, in particular the detail behind the City Region Sustainable Transport Settlement. The headline figure for this is £830 million over five years but the profiling and timing of this expenditure is yet to be established.

**3. Tackling the Climate Emergency Implications**

3.1 There are no climate emergency implications directly arising from this report.

**4. Inclusive Growth Implications**

4.1 There are no inclusive growth implications directly arising from this report.

**5. Equality and Diversity Implications**

5.1 There are no equality and diversity implications directly arising from this report.

**6. Financial Implications**

6.1 These are contained in the main 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 Committee notes the financial position as reported.

**11. Background Documents**

11.1 There are no background documents referenced in this report.

## **12. Appendices**

Appendix 1 – 2021/22 Capital Budget as at October 2021

Appendix 2 – Draft Capital budget estimates for 2022/23 (+ 2years)