

Report to: Finance, Resources and Corporate Committee

Date: 10 November 2022

Subject: **Financial Performance Report**

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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 provide an update on 2022/23 financial performance.

2. Information

Q2 2022/23 Financial Update

- 2.1 Final reviews of the Q2 revenue budget position are being undertaken at the time of writing alongside an update on the full year forecast. This is taking into account the impact of inflation across a range of Combined Authority activities and is mindful of any potential changes to funding that may arise as a result of the recent changes in government. The impacts of any announcements in the Government fiscal event scheduled for 17 November will also need to be factored in.
- 2.2 Current indications are that a number of non-recurring savings in year will counterbalance those areas where expenditure has increased such as energy costs and bus tendered services and this will be confirmed by the time of the next meeting of the Combined Authority.

- 2.3 A number of additional monitoring arrangements for bus tendered services expenditure were agreed earlier this year at the time budget virements were approved. **Appendix 1** provides the latest monitoring statement indicating that the September monthly payments were in line with the approved budget.

Capital Programme Update

- 2.4 The table below summarises the total expenditure on the Combined Authority's capital programme as at quarter 2 2022/23. This includes the current expenditure forecast on each funding programme in comparison with the budget forecast reported to the Combined Authority in February 2022 and to the Finance Resources and Corporate Committee in March 2022.

Capital Programme Expenditure	Indicative Forecast Combined Authority February 2022	Revised In-Year Forecast as at September 2022	Expenditure upto Quarter 2 2022/23	% of in-year Forecast
Transport Programmes				
City Region Sustainable Transport Settlement		£68,280,000	£5,283,946	7.74%
Transforming Cities Fund (inc. Tranche 1) (non CRSTS)	£129,518,965	£64,467,093	£13,401,738	20.79%
West Yorkshire plus Transport Fund	£102,395,761	£59,726,739	£29,572,653	49.51%
Zero Emissions Bus Regional Areas		£3,818,701	£0	0.00%
Leeds Public Transport Investment Programme	£368,755	£2,870,000	£1,431,447	49.88%
Integrated Transport Block (CA legacy projects)	£4,281,941	£5,288,676	£1,739,830	32.90%
Active Travel		£7,489,580	£2,671,396	35.67%
New Station Fund	£10,000,000	£3,687,541	£3,731,910	101.20%
Economic Development Programmes				
Getting Building Fund		£11,377,575	£8,783,808	77.20%
Brownfield Housing Fund	£29,178,719	£29,178,719	£150,552	0.52%
Social Housing Decarbonisation Fund		£5,061,627	£253,685	5.01%
British Library North	£3,803,586	£3,803,586	£0	0.00%
Corporate Projects	£2,609,900	£2,609,900	£821,457	31.47%
Broadband	£2,429,409	£1,525,169	£85,018	5.57%
Growth Deal - Economic Development		£123,300	£0	0.00%
Business Accelerator Fund	£3,070,000	£3,070,000	£2,165,255	70.53%
Total Capital Spend	£284,587,036	£272,378,206	£67,842,421	24.91%

- 2.5 Expenditure of almost 25% (of the current expenditure forecast) at quarter 2 is in line with prior years and seasonality of the Combined Authority's annual capital spend. The majority of spend, often over 60%, tends to be achieved in the final quarter.

- 2.6 The majority of the Combined Authority's forecast expenditure in 2022/23 is concentrated across five major programmes: the new City Region Sustainable Transport Settlement (CRSTS); the Transforming Cities Fund (TCF); the West Yorkshire plus Transport Fund; Getting Building Fund (GBF); and the Brownfield Housing Fund (BHF). The following summarises the performance of these programmes.

City Region Sustainable Transport Settlement

- 2.7 CRSTS includes over 100 different projects all of which are progressing at different stages. A full review is ongoing regarding expenditure forecasts, however forecasting prior to receipt of the full business cases for each project can never provide robust forecasts due to the levels of uncertainty at earlier stages of the assurance process. Having said this the forecast for 2022/23

includes a significant percentage of spend from elements of the programme that were previously known as Local Transport Capital (including Highways Maintenance and the Integrated Transport Block) delivered by the partner councils. Spend on these projects is progressing but claims cannot be paid until funding agreements are in place which is not likely to be until quarter 4.

- 2.8 The first formal return of monitoring information required by the Department for Transport (DfT) is currently in preparation and will be submitted in November 2022. The DfT will use this first return to produce a league table of performance across all CRSTS programmes.

Transforming Cities Fund

- 2.9 Despite the quarter 2 expenditure on TCF being lower than previously forecast, a number of individual projects are progressing well:
- Enabling works continue on Leeds Station Gateway and York Station Gateway.
 - On site works continue for Leeds City Centre Cycle Connectivity (Phase 1), Halifax Bus Station and White Rose Rail Station.
 - The design requirements for planning documentation on Halifax Rail Station Gateway have now been finalised, and there continues to be engagement with key stakeholders such that a timeline for planning submission should be identified over the next quarter.
 - This period should also see substantial completion of design for Halifax Bus Station, which recently completed its steel erection and confirmed CCTV requirements. Practical completion of this safer and fully accessible bus station is due to be next calendar year.
- 2.10 Programme risks continue to be assessed and acted upon. For example, land acquisition and the need for Compulsory Purchase Orders was identified as one of the highest risks. However, this risk has been monitored through questionnaires and other forms of regular engagement and mitigated through re-design where necessary and practical. Another risk is around inflation, which is being addressed through the inflation review reported later on this agenda.
- 2.11 Quality remains a key concern, with the Quality Panel Board meeting almost monthly to review and support schemes. Examples of the assessments this panel uses include those from Active Travel England, Equality Impact Assessments and Carbon Impact Assessments. One scheme being reviewed is Huddersfield Bus Station, where consideration has been given to Kirklees' dementia guidance, staff parking and green/ living walls / roof.

Transport Fund

2.12 The Transport Fund has been in operation since 2015 and is now in its eight year of delivery. It includes 101 individual projects, 26 of which are currently in delivery / onsite with 52 in development and 23 that have been completed. Therefore almost 50% of projects (by number) have either been completed or are being delivered. Of the £1 billion available currently £465 million has been approved for projects so far.

2.13 Project progress:

- The following projects have been completed over the past few months: the East Leeds Orbital Route (ELOR) opened in July, Huddersfield Narrow Canal towpath improvements brought into operational use in September and Rail Parking Package Hebden Bridge additional 45 spaces opened at the end of July.
- A number of key projects are currently on site:
Corridor Improvement Programme projects: Wakefield A650 Newton Bar, Kirklees A62 Smart Corridor, Calderdale A58 / A672 and A646-A6033 Corridors and Leeds Dyneley Arms. Also Armley Gyratory, A629 (Phase 1B) Elland Wood Bottom to Jubilee Road, Leeds City Square, Rail Parking Package Steeton and Silsden.

Getting Building Fund

2.14 The GBF is progressing towards closure of all projects. Six projects are on site using match funding but only four projects are still spending GBF (Business Growth Programme, Bradford One City Park, Wakefield Warm Homes and Wakefield Langthwaite Enterprise Zone).

2.15 The Combined Authority's Business Growth Programme (BGP), which provides grants to businesses to support growth and resilience, is fully committed and expects to spend the full amount by the end of the financial year. There was a slight reduction in applications from businesses over the spring and summer of 2022, but they have increased in the last two months and the budget is currently over-committed by circa 10%. Experience over recent years points to this being an appropriate level of over-commitment at this stage in the year.

Brownfield Housing Fund

2.16 Approval of new projects through the BHF continues with a total 10 projects now approved. The forecast expenditure on the programme is unlikely to be spent until the final quarter due to the way the payments to project sponsors will be made.

2.17 Other Programmes:

- **Leeds Public Transport Infrastructure Programme (LPTIP)** – Leeds Bus Station, the final project funded by LPTIP monies, completed on site at the beginning of September 2022. Another project in this programme, Stourton Park and Ride, has just been awarded the British Construction Industry Award for National Transport Project of the year.

3. 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

There are no background documents referenced in this report.

12. Appendices

Appendix 1 - Bus tendered services expenditure monitoring.