



Report to:	Finance, Resources and Corporate Committee
Date:	2 November 2023
Subject:	Finance 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:	
Are there implications for equality and diversity?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

1. Purpose of this Report

- 1.1 To advise of the final outturn position for the Combined Authority for 2022/23 (subject to external audit).
- 1.2 To advise of the Q1 financial position for 2023/24.

2. Information

Year End 2022/23 Financial Update – Revenue Expenditure

- 2.1 The revised forecast for 2022/23 approved by the Combined Authority in February set out the expectation that the final position for the year would be within the original budget set with two exceptions. There was the potential for some further bus funding from government, which, if received, would be set aside to the transport reserve along with the expected savings against concessionary travel reimbursement. This would then be used to offset the costs of bus services from 2023/24 onwards. There was also an expected surplus on bank interest due to the high interest rates and the level of cash balances due to the timing of receipt of government grants. It was agreed that this would help to offset the increased costs of capital projects as a result of inflation.

- 2.2 The table below confirms the final position for 2022/23 which is still subject to external audit. The Governance and Audit Committee will be considering the audited accounts in due course but there are currently significant delays nationally with concluding the audits for 2021/22 of local government bodies, and little progress on auditing 2022/23 accounts. Bank interest earned in the year was higher than forecast due to the continuing increase in interest rates which continued throughout the year and this will be applied to future years' capital programme as part of the budget setting process.

	Approved forecast	Draft final position
	Feb-23	Mar-23
	£000	£000
Transfer to bus reserve	3,194	5,788
Transfer to capital	4,870	5,719
Transfer to general reserve	145	525
	8,209	12,032

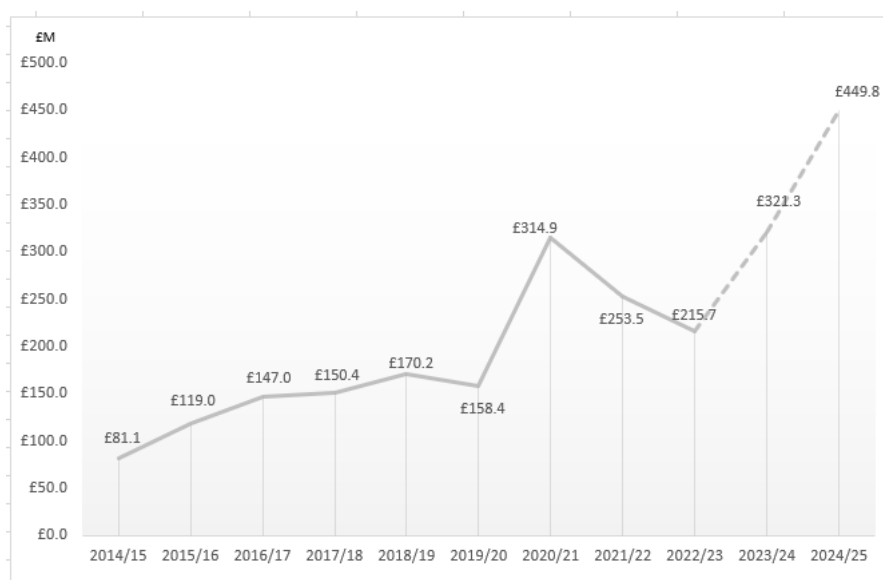
2022/23 Capital Programme Outturn

- 2.3 The table below summarises the total expenditure on the Combined Authority's capital programme in 2022/23 against the revised forecasts reported to the Combined Authority in February 2023.

Capital Programme Expenditure	Forecast as at Combined Authority February 2023	Expenditure as at Year End 2022/23	% of CA Forecast
Transport Programmes			
City Region Sustainable Transport Settlement	£66,059,941	£63,358,672	95.91%
Transforming Cities Fund (inc. Tranche 1) (non CRSTS)	£37,940,399	£32,771,129	86.38%
West Yorkshire plus Transport Fund	£58,626,946	£69,401,743	118.38%
Zero Emissions Bus Regional Areas*	£3,818,701	£0	0.00%
Leeds Public Transport Investment Programme	£2,870,000	£1,961,965	68.36%
Integrated Transport Block (CA legacy projects)	£4,666,883	£4,871,529	104.39%
Active Travel	£6,856,529	£4,845,573	70.67%
New Station Fund	£3,687,541	£3,687,541	100.00%
Economic Development Programmes			
Getting Building Fund	£11,377,575	£11,377,575	100.00%
Brownfield Housing Fund	£9,000,000	£2,730,673	30.34%
Social Housing Decarbonisation Fund	£4,661,627	£2,967,488	63.66%
British Library North	£6,000	£5,311	88.51%
Corporate Projects	£1,897,281	£1,475,256	77.76%
Broadband	£1,204,119	£1,217,592	101.12%
Growth Deal - Economic Development	£123,300	£3,000	2.43%
Business Accelerator Fund	£2,301,895	£2,428,655	105.51%
Flood Alleviation Scheme	£12,565,000	£12,565,000	100.00%
Total Capital Spend	£227,663,737	£215,668,701	94.73%

* Note all expenditure transferred to CRSTS in 22/23

- 2.4 Total expenditure achieved by the Combined Authority's capital programme in 2022/23 is £215.67 million representing almost 95% of the revised budget. In general, the programme continues to perform well but is not as high as total expenditure in 2020/21 and 2021/22. This reflects the early stages of development of some of the biggest programmes. For example, 2022/23 is first year of the City Region Sustainable Transport Settlement (CRSTS) and the majority of projects are at a very early stage. The graph below shows the annual capital spend of the Combined Authority since its inception.



- 2.5 The majority of Combined Authority's capital spend continues to be on the transport related activity, with 84% of the total on the transport funding programmes. Actual expenditure in 2022/23 is concentrated on four major programmes: CRSTS, the Transforming Cities Fund (TCF), the Transport Fund and the Getting Building Fund (GBF). The following summarises the performance of these programmes.

City Region Sustainable Transport Settlement

- 2.6 Expenditure on the CRSTS programme is in line with forecast and relates principally to the Network and Assets Improvements sub-programme (which covers activity by partner councils previously funded under Highways Maintenance, Pothole funding and the Integrated Transport Block) and Mass Transit which spent just over £7 million on development activities, over £1 million higher than forecast.

Transforming Cities Fund

- 2.7 The TCF and Transport Fund inflation review was undertaken during quarters 2 and 3 of 2022/23. Whilst it was necessary to undertake this review to ensure that both programmes could deliver in full within the budget available it did have an impact in year on progress and spend in particular on the TCF programme, with activity being delayed or paused during this period. The review introduced uncertainty around if and how the

schemes would progress leading to delays in decision making in several areas including, procurement initiations and contract awards, progression of planning, land purchase and other statutory processes and consents as well as diverting resource away from project and programme management to undertake the review process itself. It is unlikely that this delay can be 'caught up' during the remainder of the programme's duration. However, the programme is now in a more viable financial position which has enabled prioritised schemes to continue with increased financial certainty and therefore there is renewed confidence in delivery in the future.

- 2.8 Despite these delays more projects are heading into delivery phases and expenditure will escalate in future years. There are now six projects in delivery, across the three thematic areas, and a further 11 are due to commence delivery in 2023. The following projects are due to complete in 2023/24: Halifax Bus Station, Leeds City Centre Cycle Improvements, Leeds City Bikes, Tadcaster Road and White Rose Station.

Transport Fund

- 2.9 In its eighth year of delivery, the Transport Fund continued to perform well, and expenditure exceeded the forecast for the year. This is down to 15 projects being in delivery. At delivery state there is less risk of expenditure slipping as projects are less likely to experience significant delays than those in development. In total the Transport Fund has now spent £398 million of the £1 billion of funding available.
- 2.10 Schemes completed in 2022/23 include:
- Harrogate Road - New Line
 - East Leeds Orbital Route (ELOR)
 - Rail Parking Package - Hebden Bridge
 - CityConnect Phase 3 Canals – Huddersfield Narrow Canal Phase 2 and Leeds Liverpool Canal - Shipley
 - Leeds City Centre Network and Interchange Package - Regent Street
- 2.11. These schemes take the total number of completed Transport Fund projects to 24 with a total value of £229 million.
- 2.12 A further 10 schemes are currently on site and are expected to be completed in 2023/24:
- A629 (Phase 1B) - Elland Wood Bottom to Jubilee Road
 - Corridor Improvement Programme - Calderdale - A646 - A6033 Corridor
 - Corridor Improvement Programme - Kirklees - A62 Smart Corridor
 - Corridor Improvement Programme - Leeds - Dyneley Arms
 - Corridor Improvement Programme - Leeds - Fink Hill
 - Corridor Improvement Programme - Wakefield - A650 Newton Bar
 - Leeds City Centre Network and Interchange Package
 - Leeds City Centre Network and Interchange Package - Armley Gyratory
 - Rail Parking Package - Steeton and Silsden
 - West Yorkshire Integrated Urban Traffic Management Control

Other Programmes

2.13 **Brownfield Housing Fund**

Actual spend was lower than anticipated primarily due to the forecast including spend on projects scheduled to secure approval to proceed in the late stages of the financial year. During 2022/23 progress was made towards finalising key areas such as security, due diligence, spend profiles, match funding arrangements and draft grant funding agreements. However, fulfilment of all conditions associated with approval was not practical for some projects by March 2023. Due to significant numbers of internal vacancies, there is also limited capacity within the programme team to support multiple partners and projects.

2.14 **Getting Building Fund**

In 2022/23 the GBF programme successfully achieved full spend of the funding awarded (£52.60 million). A number of project sites including Knottingley Business and Services Hub, Dewsbury Arcade, Huddersfield George Hotel, Bradford One City Park and Bradford City Village continue with delivery utilising match funding contributions. All others have now progressed to output monitoring only and closure reports either have, or are, in the process of being completed. Post delivery activities are still ongoing although recent project updates and draft closure reports have highlighted successes particularly for Wakefield Warm Homes, Holbeck Phase 2 Victorian Terrace Retrofit and Business Growth Programme where in some cases the actual outputs declared exceed target values agreed with government. The table below details outputs achieved by the programme to date, these will continue to be monitored and will be reported to Government every six months until the end of 2024/25.

Output	Target	Actual (as at quarter 4 2022/23)	% Achieved (as at quarter 4 2022/23)
Additional construction jobs	440	879	200%
Housing units unlocked	400	-	0%
Jobs created	1,945	925	48%
Jobs safeguarded	530	-	0%
KG of CO2 emissions avoided	69,000,000	72,024,261	104%
KM of roads, cycle lanes and walkways maintained and built	5	5	98%
Number of businesses or institutions assisted	218	258	118%
Number of new learners assisted	200	-	0%
Number of new retrofits delivered	401	563	140%
Sqm commercial floor space	14,500	-	0%
Sqm of new or improved learning/training floor space	142	-	0%
Sqm public realm or green space improved or created	6,800	6,700	99%

2.15 Whilst funding was forecast on the **Zero Emissions Bus Regional Area** programme this activity is joint funded by CRSTS and consequently all spend to date has been transferred to that programme. The **Social Housing Decarbonisation Fund** was originally due to complete by the end of March 2023 and was expecting to spend the majority of funding. However due to performance across the country the programme has

been extended until June 2023 and the Combined Authority is on track to achieve spend of the full grant allocation.

Devolution Gainshare

- 2.16 Details of the projects funded through the Devolution Gainshare monies of £38 million per annum have previously been shared with the Finance, Resources and Corporate Committee. Attached as **Appendix 1** is the full details of all approved projects under each of the Combined Authority's Investment Priorities along the value of proposed projects currently in pipeline.
- 2.17 The share of monies for each Investment Priority includes all of the funding for 2020/21 to 2024/25 (£38 million x five years = £190 million) plus £35 million overprogramming which totals £225 million.
- 2.18 To date 42 projects have received approval for funding totalling £142.23 million. Whilst a number of these projects are in full delivery others have approval for development spend and will require approval of further funding before progressing into full delivery. Allocation of a further £78.62 million is currently in the pipeline.
- 2.19 A total of £13.44 million was spent in 2022/23 with Gainshare expenditure to date of £24.88 million.

2023/24 Q1 Reporting

- 2.20 The Combined Authority is reporting a Quarter 1 overall revenue position materially in line with budget, with the net revenue position being expenditure of £6k. This compares to a budgeted position of net income of £23k.
- 2.21 The variations in both income and expenditure are predominantly driven by the project portfolio, where the incidence of income and expenditure varies throughout the financial year, in contrast to budgets which are phased equally across 12 months. The significant variances have been reviewed in detail and all arise from timing differences, for example where expenditure is recovered from third parties and this is only invoiced after expenditure occurs. It is expected that the introduction of the new finance system will facilitate improved phasing of budgets and thereby reduce temporary timing differences.

2023/2024 Quarter 1 Revenue Summary

	Actual to 30-Jun-23 £000s	Budget to 30-Jun-23 £000s	Difference 30-Jun-23 £000s	Difference 30-Jun-23 %
Income				
Transport Levy	23,050	23,050	-	0%
AEB Income	18,884	17,338	1,547	9%
Pre Paid Ticket Income	6,723	5,500	1,223	22%
Income - Operational	4,404	3,680	724	20%
Funding - Grants	2,540	15,694	(13,154)	(84%)
Tendered Services Income	1,952	1,580	371	24%
Total Income	57,552	66,841	(9,289)	(14%)
Expenditure				
AEB costs	18,854	17,307	(1,547)	(9%)
Concessions	11,191	11,544	353	3%
Consultancy and Professional Services	(210)	613	823	134%
Employee Costs	8,618	9,924	1,306	13%
Financing Charges	557	1,797	1,239	69%
ICT Related Costs	1,136	918	(218)	(24%)
Indirect Employee Costs	326	432	106	25%
Members Allowances & Expenses	58	93	35	37%
Non-staffing Project costs	2,400	13,020	10,620	82%
Premises Costs	1,028	1,846	818	44%
Prepaid Tickets Costs	5,863	5,500	(363)	(7%)
Supplies and Services	715	890	175	20%
Tendered Services	9,297	8,393	(904)	(11%)
Travel, Subsistence & Transport Costs	42	57	14	25%
Total Expenditure	59,874	72,333	12,458	17%
Indirect Contribution* (Capitalisation/ Internal recharges)	2,316	5,515	3,199	(58%)
Net Income / (Expenditure)	(6)	23	(29)	
Net Income / (Expenditure) as a % of Income	(0.01%)	0.04%		

2.22 The Combined Authority's capital programme at Quarter 1 shows expenditure of nearly 13% of the February 2023 forecast, with the majority concentrated across the City Region Sustainable Transport Settlement (CRSTS), the Transforming Cities Fund (TCF), the West Yorkshire plus Transport Fund and the Brownfield Housing Fund (BHF).

2023/2024 Quarter 1 Capital Summary

Capital Programme Expenditure	Indicative Forecast Combined Authority February 2023	Revised In-Year Forecast as at June 2023	Quarter 1 Expenditure 2023/24	% of in- year Forecast
Transport Programmes				
City Region Sustainable Transport Settlement	100,000,000	103,868,641	14,313,156	13.8%
Transforming Cities Fund (inc. Tranche 1) (non CRSTS)	78,618,210	76,561,367	10,317,227	13.5%
West Yorkshire plus Transport Fund	74,296,599	80,599,518	13,423,262	16.7%
Zero Emissions Bus Regional Areas	15,364,384	3,818,701	-	0.0%
Leeds Public Transport Investment Programme	-	875,007	35,000	4.0%
Integrated Transport Block (CA legacy projects)	3,628,138	3,671,222	168,106	4.6%
Active Travel	7,763,008	9,773,845	1,090,820	11.2%
New Station Fund	7,000,000	7,000,000	-	0.0%
Levelling Up Fund		1,100,863	-	0.0%
Economic Development Programmes				
Getting Building Fund	£0	£0	£0	n/a
Brownfield Housing Fund	£29,579,359	£22,427,115	£0	0.00%
Social Housing Decarbonisation Fund	£0	£7,292,727	£1,646,645	22.58%
British Library North	£100,000	£963,000	£0	0.00%
Corporate Projects	£1,805,649	£2,387,640	£182,043	7.62%
Broadband	£77,425	£25,000	£0	0.00%
Growth Deal - Economic Development	0	£120,000	0	0.00%
Business Accelerator Fund	£3,070,000	£3,070,000	£2,070,169	67.43%
Total Capital Spend	£321,302,772	£323,554,646	£41,176,259	12.73%

3. Tackling the Climate Emergency Implications

3.1 The Combined Authority's funding programmes support activities addressing climate change. All individual projects undertake Carbon Impact Assessments and many projects involve improvement of enhancement of public transport and/or cycling and walking infrastructure.

4. Inclusive Growth Implications

4.1 Equality impact assessments are undertaken on all projects.

5. Equality and Diversity Implications

5.1 There are no equality and diversity implications directly arising from this report. However, Equality Impact Assessments are completed for all Combined Authority projects, and taken into account in reaching decisions about funding.

6. Financial Implications

6.1 The financial implications are set out in 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 Committee notes the financial position as reported.

11. Background Documents

There are no background documents referenced in this report.

12. Appendices

Appendix 1 – Devolution Gainshare Programme