



Appendix B

2023/24 Capital Programme



Capital Programme Monitoring – July 2023

1. Introduction

In February 2023 an indicative Capital Delivery Programme of £239.859m was agreed by Full Council. As normal the delivery programme figure has been revisited following confirmation of the final 2022/23 capital outturn position and subsequently approved additions and re-profiling of the programme have decreased the in-year programme to £151.796m. This figure will form the basis of the capital programme monitoring throughout the financial year.

The delivery programme is shown in section 2 split by block. The delivery programme has been agreed with service heads and corresponds to the additional monies requested through the February 2023 budget setting process as well as reflecting current issues around the delivery of large-scale projects.

The project and programme managers will be held accountable using the following actions:

- Detailed monitoring of the delivery programme throughout 2023/24 to ensure variances are reported in a timely manner and a robust level of challenge is provided to programme and project managers to ensure delivery remains on track.
- Monitoring of projects to measure the ongoing effect of price increases between project design and project delivery.
- Performance reports developed to enable the capital board to undertake this monitoring and challenge.

2. Delivery Programme

The current delivery programme has been set and is made up of the Cabinet agreed 2023/24 budget and an expected delivery amount for prior year schemes. The total delivery programme is £151.796m as set out in table 1 below, and a narrative overview by block of what is included in this year's delivery plan is given in section 5.

Key projects in the current delivery plan include:–

- Work progressing on the new M55 link road to improve motorway access to the Fylde coast.
- Investment as part of the East Lancashire levelling up fund.
- Large scale schools basic needs projects including a new primary school in Clitheroe and major expansion works at Colne Primet academy.
- Continuing works on the Samlesbury Enterprise zone, which will be a national centre of excellence for advanced engineering.
- An earmarked budget of £11m for the highways structural defect programme.



TABLE 1 – 2023/24 Capital delivery programme by block

Service Area	Feb 23 approved 2023/24 delivery plan	Changes to planned delivery	Q1 Amended 2023/24 delivery plan
	£m	£m	£m
Schools (exc DFC)	25.115	1.205	26.320
Schools DFC	4.487	-2.178	2.309
Highways	48.650	-3.690	44.960
Transport	22.001	-3.633	18.368
Externally Funded	0.934	3.006	3.940
Central Systems & ICT	6.555	-0.544	6.011
Adults Social Care	16.715	0.000	16.715
Corporate - Property	18.500	-9.095	9.405
Economic Development	77.250	-64.564	12.686
Vehicles	4.500	-1.201	3.299
East Lancs Levelling Up Fund	0.000	6.783	6.783
Transforming Cities	15.152	-12.152	3.000
Totals	239.859	-86.063	153.796

The delivery programme agreed in February 2023 included the 2023/24 in year budget plus a forecast delivery of slipped prior year schemes. Changes to planned delivery includes any Cabinet approved decisions since February 2023, budget reprofiling along with the change in delivery due to the final outturn of slipped prior year schemes and taking into account the resource requirements to deliver the programme. This delivery programme is therefore best used to monitor in year delivery against a multi-year budget.

The large reduction in the submitted 2023/24 delivery plan compared to the approved February 2023/24 budgets is due to the increased uncertainty around the delivery of a number of large projects. This includes the South Lancaster growth catalyst scheme and the transforming cities programme, both discussed further in the detailed narrative below.

3. Risks to the Delivery Programme

Specific risks to delivery within each individual reporting block are given in the narrative in section 5, however increases in the cost of materials and labour remain a key risk across the capital programme overall. The potential for further price increases remains a strong possibility and would have an effect on the cost of delivery which will also then have a knock on effect for the number of projects that can be delivered within the agreed funding envelope.



Further risk to the delivery programme for 2023/24 onwards relates to the potential for further increases to interest rates which would increase the cost of borrowing and impact on the capital financing revenue budget.

The delivery plan figures have been produced based on current (2023/24 quarter 1) prices. Costs and forecasts will be monitored throughout the year to ensure overspend risks are identified, and additional funding where required can be requested as soon as possible to ensure limited delays in project delivery.

4. Spend to date – July 2023

Table 2 below shows the spend across the capital programme for the financial year up until the end of July 2023.

TABLE 2- Spend by block as at 31st July 2023

Service Area	Total delivery programme for 2023/24	Spend Apr 23 - Jul23	% of delivery plan
	£m	£m	£m
Schools (inc DFC)	28.629	5.351	18.7%
Highways	44.960	13.467	30.0%
Transport	18.368	5.238	28.5%
Externally Funded	3.940	1.034	26.2%
Central Systems & ICT	6.011	1.073	17.8%
Adults Social Care	16.715	16.715	100.0%
Corporate - Property	9.405	2.596	27.6%
Economic Development	12.686	3.168	25.0%
Vehicles	3.299	1.068	32.4%
East Lancs Levelling Up Fund	6.783	0.000	0.0%
Transforming Cities	3.000	1.792	59.7%
Total	153.796	51.501	



5. Detailed Narrative

Schools

The schools capital programme (including devolved formula capital (DFC)) has a 2023/24 delivery plan of £28.629m.

The schools capital programme is split into three sections summarised below.

The basic need programme is to increase school pupil places in targeted areas via grant funded school expansions or new school build projects. The 2023/24 delivery plan has 19 projects totalling £17.053m. Of these 19 projects, 6 are complete and the delivery plan figure refers to potential defects and final retention payments. There are 3 projects currently under construction, these are the new Clitheroe Higher Standen primary school, Colne Primet academy expansion and basic need works at Preston Cottam primary school.

The remaining 10 projects in the delivery plan are newly commissioned projects which are still working through early design and tender approval phases. A delivery plan of £8.711m is included for these schemes based on the delivery timeframe set for them at outset. There is a risk around the delivery of these projects with delays including supply chain issues, prohibitive tender returns, contractor unavailability and poor site conditions. There is an expectation of high delivery across basic need schemes in 2023/24, however a conservative delivery plan has been entered due to the risks above, with a contingency amount moved into the following year. Should all these projects run smoothly there is a possibility of additional approved delivery spend of c£3m.

The condition programme delivers a variety of grant funded works to address priority condition issues at school buildings. The delivery plan for 2023/24 is £9.274m, a lower figure than prior years due to the drive to deliver on basic need schemes. This year's delivery plan sees the inclusion of 104 projects: 62 projects in the early phases of planning, design, and tendering, 23 that continue to undergo construction and the remaining in the late phases of projects, where potential defects may be rectified and retention payments made. Work is usually planned and then undertaken during periods of school closure at summer/spring/autumn breaks. Performance to delivery plan will be refined during the year as work programmes are developed and finalised. It is not unusual for some schemes to slip into the following year pending further preparatory work or funding requests if required, and therefore a conservative contingency amount has been put into next year to cover this instance.

The devolved formula capital (DFC) programme is a grant funded programme for small to medium capital projects. It is allocated to schools on a formula basis by the department for education in order for schools to spend on capital projects within expenditure guidelines. The DFC 2023/24 delivery plan is £2.309m.

For 2024/25 and 2025/26, the agreed basic need grant allocation has dropped significantly which may cause issues for strategic planning. There is remaining grant unspent from prior years with some earmarked already for basic need schemes. The



DFC grant and the condition led grant is only approved annually just before the start of the financial year.

Highways

The Highways capital programme has a 2023/24 delivery plan of £44.960m.

Within the highways programme there are over 600 schemes that will either be designed or constructed during 2023/24 with more to be added as work is programmed over the next few months. The delivery programme includes plans to invest over £15.600m on Lancashire roads on schemes such as pre patching, surface dressing and resurfacing, some of these schemes will be recycling schemes which will result in carbon savings. Almost £4.900m has been allocated for maintenance to bridges and structures including bridge inspections and £1.215m on improving Lancashire's footways. In 2023/24 the authority is investing over £4.200m on street lighting including structural testing and replacing corroded columns.

Drainage works estimated at £2.513m are planned and storm damage works continue valued at £0.476m. These works are difficult to plan and often are dependent on environmental constraints such as only being able to work in rivers at certain times of the year. In February 2021, an additional £5.000m for flood prevention work was approved, it is estimated that £1.214m of this will be delivered during 2023/24, focusing mainly on work on flood defences in areas that are most liable to repeat flooding. Of the additional £2.000m for walking and cycling programmes, £0.604m has been programmed for completion this year. Other works amounting to £3.141m are programmed for traffic signals, vehicle restraint barriers, safety camera maintenance, core testing of roads and other smaller planned maintenance programmes. £11.000m has been earmarked for reactive maintenance during the financial year.

There are risks to delivery of the programme, one being the availability of suitable sub-contractors to deliver some of the work. The huge increases in cost of living manifesting itself in labour, plant, material, energy and fuel increases is affecting the service, in particular bitumen availability and price. The current volatility in the market is very unpredictable and further price increases are highly likely and will impact on the delivery plan. Structural defect numbers remain high, although new ways of working were introduced in April 2022 the costs are being closely monitored. The weather is also a risk, the uncertainty over weather forecasting means planning and budgeting for certain programmes is difficult, but it also impacts on road repairs as certain types of treatment can only be done within specific temperature ranges.

In future years, the delivery plan for 2025/26 will be the first year of the 3rd phase of the transport asset management plan (TAMP), where the focus of the highways delivery plan will shift away from carriageway works and start focusing on bridges and structures and other assets. The focus of the TAMP over the past few years has predominantly been on maintaining road conditions. This is dependent on the level of grant from the department for transport being at a similar level to what has been achieved over the last few years. Phase 2 of the TAMP runs from 2022/23 to 2024/25 with a gradual shift to phase 3 in 2025/26.



Transport

The Transport capital programme has a 2023/24 delivery plan of £18.368m.

A summary of the main programmes within the block is given below.

Ormskirk eastern gateway is a joint programme with West Lancs borough council to replace the bus station building and create valuable open space in the town centre and is forecast to be completed in 2023/24. The programme will provide improved links for pedestrians and cyclists between the bus/ railway stations in addition to Edge Hill university and the hospital. Of the £1.581m remaining budget, £1.281m has been agreed for the 2023/24 delivery plan with £0.300m held for the 2024/25 budget to meet retention fees.

Lancashire County Council was successful in securing full funding for 5 route lengths during the second round of the safer road fund bid process. The majority of the outstanding work will be the installation of average speed cameras at the agreed sites. £1.9m has been agreed as the delivery plan for 2023/24 with the remaining £1.674m to be utilised in 2024/25 for the completion of the works.

The M55 link road programme to improve links between the motorway network and the Lytham St Annes area is now forecast to open in the first quarter of 2024/25. The new dual carriageway will relieve congestion upon the current smaller routes in addition to supporting both the areas tourism and Blackpool airport enterprise zone. This large scheme is funded by the county council with contributions from Fylde borough council, Highways England, the NPIF Grant, the Lancashire Enterprise Partnership and the 3rd party developers. £6m has been included for the 2023/24 delivery plan to move on from earthworks to construction with the residual funding to be required in 2024/25.

A delivery budget of £1m has been agreed for 2023/24 to continue to settle land disputes around the completed Heysham Link project. There is a risk of these settlement amounts increasing, but this is being monitored and the funding will be supported by the integrated transport grant from the Department for Transport (DfT).

The first instalment of the three-year DfT scheme awarded capital funding of £5.824m as part of the national bus strategy which sets out a vision to improve bus services in England. £1.400m of this has been included in the 2023/24 delivery plan as the majority of the work will be at the planning stage. The programme will aim to create more bus priority measures, better quality information for all passengers in more places and improved frequencies of service.

An initial delivery plan of £0.300m has been set for the cycling safety scheme programme concentrating on prior year schemes that have been delayed.

A delivery budget of £0.500m has been established for the road safety programme for 2023/24 supported by the integrated transport grant from the DfT. In addition to focusing on projects which have previously been delayed, new schemes have been approved for Duddle Lane traffic calming and Derby Street West.



Going forward, from 2024/25 onwards, the major schemes included in the future year's delivery plans are the completion of the M55 Heyhouses link road, continual investment into the roads safety and safer roads programmes, and significant investment on bus provision including new bus lanes and electronic bus shelters to tie in with the national strategy.

The main risk to the successful delivery of the transport delivery plan is the continual uncertainty around inflation increases. The risk being that schemes designed in prior years will quickly become outdated due to rising delivery costs exceeding the initial allocation plus contingency.

Externally funded schemes

The externally funded schemes capital programme has a 2023/24 delivery plan of £3.940m.

The largest scheme within the delivery plan is the section 278 (S278) funded Burnley Town2Turf project, which is £2.202m of the overall block. This is a scheme to redevelop the area between Burnley town centre and the Turf Moor football stadium. The project is estimated to be completed by March 2024 with a risk of an overspend due to the improvements costing more than originally expected. In addition to this scheme, there is also £0.239m in the 2023/24 delivery plan figure to deliver public realm works to support the Burnley Town2Turf project with traffic signals. It is estimated to complete in March 2024. This will also be funded from S278 contributions.

Another notable scheme is the works on S278 funded A584 Lytham Rd/Church Rd highways project with a 2023/24 delivery plan figure of £0.516m. Statutory undertakers' works are now completed with the highways works due to commence this year.

The S278 Blackpool Road scheme is included in the delivery plan at £0.210m. This is an adaption of public highway to promote housebuilding and economic development. The project is estimated to complete in February 2024. There are risks associated with the project as it has been delayed due to discrepancies in ownership/adoptions to the underpass of the A585. There are current legal proceedings in place trying to resolve these matters.

Central Systems & ICT

The Central systems & ICT capital programme has a 2023/24 delivery plan of £6.011m.

The Oracle Fusion programme is now live with a delivery plan of £4.321m, the remaining approved budget, to cover work scheduled to be completed post-implementation.

In July 2022, capital board approved the replacement of the Genesys telephony platform contact centre for which a delivery budget for 2023/24 of £0.899m is in place.



A number of on-going schemes are expected to be finalised in 2023/24, the residual amounts of their funding has therefore been included in the delivery plan including an upgrade for the social care reform Lancashire patients record service scheme which links in with the NHS on shared records (£0.441m) and the document handling service replacement of hardware and new software (£0.186m).

At present, there are no new projects earmarked for 2024/25 onwards. A review of the current ICT provision will be done to flag up any areas which will need investment to ensure the county council's ICT strategy remains up to date and in line with any rising security/data protection risks.

Adult Social Care

The Adult social care capital programme has a 2023/24 delivery plan of £16.715m.

The disabled facilities grant (DFG) is capital funding for the provision of home adaptations to help older and disabled people to live as independently and safely as possible in their homes.

The 2023/24 DFG allocation from the department for levelling up, housing & communities and has remained the same as previous years at £16.715m and has been fully passported to district councils to distribute.

Corporate Property

The corporate property capital programme has a 2023/24 delivery plan of £9.405m.

A summary of the main programmes with the corporate block is given below.

The largest scheme within the delivery plan is the Bowgreave Rise residential care home project, which is £0.933m of the overall block. The purpose of the scheme is to increase the housing and care options available to Lancashire residents by developing more affordable extra care schemes for older people and supported housing apartments for younger adults with disabilities. The project is estimated to be completed this year.

Another notable scheme is the refurbishment works on Hyndburn and Ribble Valley short break Gloucester Avenue building with a 2023/24 delivery plan figure of £0.756m. The scheme is repurposing the building into an adolescent support unit as part of the "Where our children live" (WOCL) programme of works. Contracts have been issued and wardens started on site in June 2023 with an approximate completion date of December 2023. Also, part of the WOCL programme of works is the scheme at Chorley Wordsworth terrace residential home with a delivery plan figure of £0.472m. This scheme is set to repurpose the property as part of the WOCL programme plan to expand the county councils in-house children's home service to include an increased number of adolescent support units and smaller children's homes able to care for children with more complex behaviours/needs.



A project to repair the bell turret at Preston County Hall has been included with expected delivery of £0.319m. A scope review meeting was held on 26th July to confirm the extent of rescope. The project manager will now obtain revised costs and submit to the asset manager for consideration. The project is expected to complete in July 2024.

A programme of works on the Councils homes for older people buildings includes a project for the installation of medical nurse call systems which is included in the delivery plan at £0.550m. There are 15 buildings included within the project. The project is due to start installation in August 2023 and is due to complete in April 2025.

The project for construction works in Preston County Hall for the value of £0.752m was included in the 2023/24 delivery plan. This work has now been completed on time and on budget. Some additional works are now being considered and will be added to the delivery plan if approved.

The general risks within the corporate property block are delays caused by unforeseen issues such as asbestos or structural damage. There are also risks of overspends due to price increase from materials and labour.

Economic Development

The economic development capital programme has a 2023/24 delivery plan of £12.686m.

Samlesbury enterprise zone will be a national centre of excellence for advanced engineering and manufacturing related companies. Works on zones B & C earthworks can now to be progressed following the removal and recycling of the coal tar. Additionally, United Utilities are yet to respond to the county council's proposals for the foul drainage works which can then progress to detailed design. It is forecast that these works plus other ongoing elements of the programme will require a delivery budget of £6.500m for 2023/24.

The Farington programme which in partnership with Lancashire cricket club hopes to see the building of a cricket centre of excellence which will include two full-sized cricket pitches with training facilities as well as a new pavilion which will include a gym, changing rooms, hospitality space, and associated car parking. Whilst final approval is awaited on the project, a delivery budget of just £1.702m has been approved to undertake further necessary planning and the initial site clearance with the remaining approved funding slipped to 2024/25 and later years. The project is in the design stage and funding gaps have been identified, work is ongoing to bring the project back within the approved funding envelope or to source additional funding.

Revised plans have been submitted for the Lancashire Central site at Cuerden. Commercial areas of the site are expected to provide up to 5,600 new jobs, with opportunities for warehouses and logistics on the site adjacent to motorway links. The programme has an agreed delivery plan of £2.042m for 2023/24 with planning expected to be submitted in September 2023 but there is a risk that the budget will require significant increases in funding in 2024/25 as works progress to begin



construction. A Development agreement is in place with partners to deliver the site and repay the county council funding plus interest incurred over the medium term, the residual risk being any shortfall in this recovery.

The grant funded low carbon investment projects has a delivery plan of £0.463m as work progresses to identify energy savings options in council buildings, including White Cross and Lancashire business parks. Works will also include the early implementation of low carbon technologies as examples at key development sites including Lancashire Central and Samesbury enterprise zone, and installation of additional electric vehicle charging points at certain locations.

The delivery plan figures for 2023/24 onwards have the potential to increase significantly depending on whether final approval is granted for the schemes at Farrington cricket club and Lancashire Central. Decisions on the approvals for both schemes are due in 2023/24 and would be added to the relevant year delivery plan once the final decisions have been made should the delivery programme be such that it allows this advanced delivery, otherwise it will remain in future years.

The risks to the delivery plan figures are based around the rising costs due to increased cost of living and ongoing inflation issues. Delivery budgets previously approved need to be re-visited as the ongoing rising costs have gone above the levels originally forecasted including the inbuilt contingency.

The South Lancaster Growth Catalyst scheme has ceased and been removed from the delivery programme with no further capital works being undertaken.

East Lancashire Levelling Up Fund (East Lancs LUF)

The East Lancashire LUF capital programme has a 2023/24 delivery plan of £6.783m.

The East Lancashire LUF is a programme of works agreed in March 2023 as part of the national levelling up programme. Work in 2023/24 will be focused on development and case-making work as agreed with the department for levelling up, housing and communities (DLUHC), with a full business case to be submitted in January 2024 which will support the wider programme of c£50.000m. If the business case is approved, the delivery of this will be in later years and added onto the delivery plan when agreed and as per the agreed delivery profile.

Vehicles

The vehicles capital programme has a 2023/24 delivery plan of £3.299m.

Included in the delivery plan is £0.566m for new vehicles which includes 6 electric Ford transit vans and earmarked amounts for other electric vehicles and trading standards vehicles. The vehicle replacement programme will be funded mainly from borrowing with a contribution for other electric vehicles.

Prior years schemes totalling £2.733m are now anticipated to be delivered in 2023/24. These include 7 JCB telehandlers, 2 Mercedes gritter wagons, 10 Renault master minibuses, 4 arborist tippers and five Ford transit vans along with a number of other vehicles.



Significant supply chain issues have been experienced due to a number of factors including the war in the Ukraine. The hot temperatures in Italy have also caused a delay in the manufacturing of a specialised component needed for the gritter wagons.

The delivery plans for 2024/25 onwards will continue to deliver the county council's vehicle replacement strategy to ensure that all county council owned vehicles are fit for purpose and repaired or replaced at the most cost-effective time. The 2024/25 delivery plan includes a large amount of catch up from prior year slippage as supply chain issues are expected to ease off by that time.

Transforming Cities Fund (TCF)

The TCF capital programme has a 2023/24 delivery plan of £3.000m.

Works planned for 2023/24 in the TCF programme is the completion of the transforming ringway project. Initially works planned for 2023/24 included the mobility package and the commencement of work on the Cottam Parkway station, however there has been a national review of the TCF programmes and the department for transport (DfT) are re-evaluating whether grant conditions can be met given the timescales of certain projects, one of which is the Cottam Parkway project. Certain limited expenditure has been authorised in the interim where delays would be programme critical.

Discussions are ongoing with DfT and the transforming cities board around the funding and future security of the Cottam Parkway project focusing on a requested change on the delivery timescales of the project compared to the initial agreed dates and funding deadline. If accepted, the delivery plan for 2023/24 and future years will be amended to show the new approved delivery profile. Should the DfT grant be withdrawn, and the county council decided to continue to invest in the scheme there will be a large capital ask to bridge the funding gap if no further external funds can be secured. There is the ongoing risk of inflation causing costs to rise above and beyond even this increased estimate which would have to also be then met by county council capital funding.

