

Appendix B

The County Council's Capital Financial Position

2023/24 Quarter 3



Capital Programme Monitoring – Quarter 3

1. Introduction

- 1.01 In February 2023 an indicative Capital Delivery Programme of £239.859m was agreed with Cabinet. This delivery programme figure has been revisited and, following confirmation of the final 2022/23 slipped delivery figures, subsequently approved additions and re-profiling of the programme have decreased the in-year programme to £159.123m.
- 1.02 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.
- 1.03 The project and programme managers are 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.
 - Use of the budgetary control facilities in the new Oracle Fusion system.
 - 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

Table 1 – 2023/24 Capital delivery programme by block

Service Area	Delivery Programme agreed Feb 23	Changes to planned delivery	Total Delivery Plan for Monitoring
	£m	£m	£m
Schools (including DFC)	29.602	-0.953	28.649
Highways	48.650	-1.698	46.952
Transport	22.001	-3.363	18.638
Externally Funded Schemes	0.934	4.173	5.107
Central Systems & ICT	6.555	-0.543	6.012
Adult Social Care	16.715	1.459	18.174
Corporate - Property	18.500	-8.675	9.825
Economic Development	77.250	-64.566	12.684
East Lancs Levelling Up Fund	0.000	6.783	6.783
Vehicles	4.500	-1.201	3.299
Transforming Cities Fund	15.152	-12.152	3.000
Grand Total	239.859	-80.736	159.123

2.01 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 £159.123m. The forecast spend for 2023/24 is £153.148m, giving a variance against the delivery programme of -£5.975m, c-3.75%. The variance is primarily the product of delayed delivery on some agreed schemes which has been offset where possible through earlier than originally planned delivery on some agreed schemes within the multi-year programme. Table 2 shows the delivery plan and forecast spend by block and a detailed narrative by block is provided in Section 4.

3. Delivery Programme

Table 2 – 2023/24 Capital outturn forecast by block

Service Area	Total delivery programme for 2023/24	Spend to date	Total Forecast spend	Forecast Variance
	£m	£m	£m	£m
Schools (exc DFC)	26.340	25.640	32.580	6.240
Schools DFC	2.309	2.677	3.569	1.260
Highways	46.952	33.012	44.800	-2.152
Transport	18.638	13.820	17.296	-1.342
Externally Funded	5.107	3.565	4.753	-0.354
Central Systems & ICT	6.012	1.597	2.004	-4.008
Adults Social Care	18.174	18.174	18.174	0.000
Corporate - Property	9.825	5.052	7.723	-2.102
Economic Development	12.684	6.147	7.978	-4.706
East Lancs Levelling Up Fund	6.783	1.116	4.116	-2.667
Vehicles	3.299	1.301	2.148	-1.151
Transforming Cities	3.000	5.018	8.007	5.007
Totals	159.123	117.119	153.148	-5.975

3.01 The forecast outturn spend for 2023/24 is £153.148m and funded from a combination of borrowing (£33.286m), Grants (£111.670m) and Contributions (£8.192m).

3.02 A summary analysis of the forecast variance by cause is shown in the table below.

Service Area	Forecast Variance	Underspends and potential underspends	Overspends and potential overspends	Slipped Delivery	Additional delivery
	£m	£m	£m	£m	£m
Schools (exc DFC)	6.240	-0.284	0.001	-2.291	8.814
Schools DFC	1.260	0.000	0.000	0.000	1.260
Highways	-2.152	0.000	0.000	-3.654	1.502
Transport	-1.342	-0.183	0.000	-5.473	4.314
Externally Funded	-0.354	-0.023	0.003	-0.745	0.409
Central Systems & ICT	-4.008	0.000	0.000	-1.187	0.000
Adults Social Care	0.000	0.000	0.000	0.000	0.000
Corporate - Property	-2.102	-0.060	0.000	-3.454	1.457
Economic Development	-4.706	0.000	0.552	-5.420	0.162
East Lancs levelling up Fund	-2.667	0.000	0.000	-2.667	0.000
Vehicles	-1.151	-0.007	0.004	-1.175	0.027
Transforming Cities	5.007	0.000	0.000	0.000	5.007
Totals	-5.975	-0.557	0.560	-26.066	22.952

3.03 The slipped delivery represents items which were agreed to be delivered in 2023/24 but have now been moved into future years and will require funding in those years. Additional delivery represents both items already approved for later years delivered early, which can compensate for the slippage above, and new items approved which represent additional funding requirements.

3.04 A more detailed narrative on the key items making up the variances by block can be found below in section 4 of the report.

4. Detailed Narrative

4.01 The forecast outturn variances by block from the budget for delivery in 2023/24, with comments by programme or significant project are as follows:

Schools (including Devolved Formula Capital (DFC))

4.02 The Schools capital programme (including DFC) has a 2023/24 delivery plan of £28.649m. Forecast outturn as at December 2023 is £36.149m, a variance of £7.500m.

4.03 A summary of the programmes within the Schools block is given below.

4.04 Basic need programme - There is an expectation of high delivery across basic need schemes in 2023/24, with the majority of projects progressing well. A conservative delivery plan was entered, with a contingency amount moved into next year, however with great strides made by colleagues to ensure timely delivery, along with favourable weather conditions and no serious delays, there is an expected £5.301m of additional delivery in this financial year.

4.05 The new primary school built at the former Higher Standen site in Clitheroe opened to schedule in September 2023, with the project now in the defects liability period, with an additional delivery variance of £0.614m forecast. The expansion at Colne Primet academy is also due for completion within this financial year and has seen no delays. This has resulted in an additional delivery variance of £1.941m. The construction works at Broughton-in-Amounderness CE primary school have been completed and the project is now in the defects period. This is ahead of the conservative delivery estimate and so has an additional delivery variance of £0.536m. Works at Clitheroe Bowland high school are due to complete on time and within the agreed maximum price. The main risk to this project is the weather, which could result in the required crane being unable to operate, however the new block is progressing well.

4.06 There are 2 2023/24 commissioned projects still working through early design and tender approval phases. Of these basic need feasibility projects, there is a forecasted slipped delivery variance of -£0.417m. There has been a delay in the feasibility works at Lea community primary school as planning consent is required, which has pushed back planned commencement from October 2023 to a target of January 2024. Works at Longridge high school are also delayed with works to start on site in mid-January 2024, resulting in a slipped delivery variance of -£0.150m.

4.07 Feasibility works for the demolition of Tulketh High School have been completed, with work starting on the 44-week project at the end of October 2023. This has caused an additional delivery variance of £0.454m.

4.08 Condition programme - Following a push on basic need schemes in this financial year, the expectation is that work on the condition programme will need to reduce and so a lower forecast has been agreed.

- 4.09 Condition programme work is undertaken during periods of school closure at termly breaks. Many projects progressed well over the summer and autumn termly breaks, resulting in an overall forecasted advanced delivery variance of £0.859m. Planned delivery is liable to change once contractors are engaged and work timetables agreed or when projects get to site, and unforeseen issues are exposed.
- 4.10 Roof replacement works at Morecambe Sandylands primary school are expected to incur a saving of -£0.284m. The project is currently in the defects stage with costs yet to be finalised.
- 4.11 High needs programme - A number of high needs provision projects have recently been added to the capital programme, with works anticipated for 2024/25. Whilst feasibility studies are being undertaken at the majority of sites, a few projects have started on design work, causing an additional delivery variance of £0.351m.
- 4.12 Devolved formula capital (DFC) - The DFC 2023/24 allocation has been passed onto schools, with spend exceeding the delivery plan, and a forecasted £1.260m additional delivery variance reported.

Highways

- 4.13 The Highways capital programme has a 2023/24 delivery plan of £46.952m. Forecast outturn as at December 2023 is £44.800m, a variance of -£2.152m**
- 4.14 Delivery of the Highways programme is progressing well, in-particular the roads programme where forecast additional delivery of £1.346m is being reported across the rural, urban and ABC programmes.
- 4.15 Works within the 2023/24 moss road programme are yet to be programmed and it is unlikely that this work will be done over the winter months due to the ground conditions. This is forecast to cause a slipped delivery variance of -£0.350m.
- 4.16 The 2023/24 footway slurry seal programme is now forecast to be delivered in 2024/25 due to contractor availability, this forecasts slipped delivery at -£0.486m.
- 4.17 Four schemes in the walking and cycling programme have operational delays due to having to obtain consent from the Environment Agency and also complications with landowners, slipping -£0.237m into future years.
- 4.18 Issues with the tender have caused a delay to works on the vehicle restraint barriers programme causing -£0.234m of delivery forecast to slip into 2024/25.
- 4.19 A review of how bridge inspections are carried out has led to a pause in the work being commissioned, resulting in slippage of -£0.400m. There is also slippage of -£0.500m within the bridge maintenance programme due to access issues and the postponement of works to Lark Hill Lane bridge due to a

dangerous building nearby. Works to Hammerton Street Lower and Hugh Mill retaining wall have been paused while priorities in the storm damage programme are assessed, resulting in forecast slipped delivery of -£0.180m.

- 4.20 Within the storm damage programme slippage of -£0.559m is forecast across 3 schemes whilst drainage solutions and permissions are obtained. Works at Ackhurst Lodge are to be reprogrammed to 2024/25 as the opportunity to work in the river has passed, exploratory works at Bank Brow have been completed but construction works are awaiting a drainage solution. Work at Rams Clough culvert is awaiting the design to be finalised.
- 4.21 Works are currently being programmed to use the additional department for transport funding of £3.661m received for 2023/24. A total of £0.750m is now forecast to be spent on ageing infrastructure in the drainage programme thus averting the previously forecast overspend on that programme and £0.500m is forecast to be spent on replacing street lighting.
- 4.22 There are risks to the delivery across the whole programme with inflationary pressures still affecting the service. Structural defect numbers remain high, the costs of which 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.

Transport

- 4.23 The Transport capital programme has a 2023/24 delivery plan of £18.638m. Forecast outturn as at December 2023 is £17.296m, a variance of -£1.342m.**
- 4.24 The safer roads schemes programme will see the installation of average speed cameras on five classified dangerous A roads in Lancashire. In partnership with Jenopitk, the highways teams have made excellent progress and it is expected that several of the cameras will be in use this year including those on the A581 and A588, testing permitting, ahead of schedule. This creates a forecast creating additional delivery variance of £0.343m.
- 4.25 A joint programme with West Lancs CC and Historic England to create the Ormskirk eastern gateway is almost complete with the 2023/24 delivery plan figure of £1.281m forecast to be spent in year which would then leave the remaining budget for the programme to cover retention fee payments in 2024/25.
- 4.26 In May 2023 the active travel programme was awarded a further £5.500m due to the successes to date and the quality of future plans, but it is anticipated the majority of this funding will be utilised in 2024/25. The 2023/24 delivery plan for the programme has a forecast additional delivery variance of £0.318m due to the faster than expected delivery on the Sandylands Morecambe scheme.

- 4.27 The bus service improvement plan programme will aim to create more bus priority measures, better quality information for all passengers in more places and improved frequencies of service including evenings and weekends. A budget of £1.400m was included in the 2023/24 delivery plan, but the programme has a forecast slippage variance of -£0.405m as a number of schemes are still waiting to progress beyond the advertisement/public engagement phase. These will now be delivered in 2024/25.
- 4.28 The M55 link road programme is designed to improve links between the motorway network and the Lytham St Annes area and 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 area's tourism and Blackpool airport enterprise zone. £6.000m was included for the 2023/24 delivery plan to move on from earthworks to construction with the residual funding to be required in 2024/25 and expenditure continues to be in line with that forecast.

Externally Funded

- 4.29 The externally funded capital programme has a 2023/24 delivery plan of £5.107m. Forecast outturn as at December 2023 is £4.753m, a variance of -£0.354m.**
- 4.30 The UCLAN masterplan is a project which is set to remodel the Adelphi roundabout area to accommodate a new large public square and a change to the junctions which includes the removal of the traffic signals. It is currently forecasting spend of £0.365m with a small slipped delivery variance falling into 2024/25. It is now expected the project will close in spring 2024.
- 4.31 The section 278 Burnley 'town2turf' project is set to improve pedestrian access from Burnley town centre to Burnley football club area. It is currently in the construction stage and is estimated to complete in July 2024. The scheme recently received an additional funding contribution of £1.063m to see it through to completion.
- 4.32 There are currently risks associated with the Longridge bus stop infrastructure improvements project with a forecasted figure of £0.094. It is planned for works to be underway towards the end of the 2023/24 financial year. However, if there are highway operational delays, it could mean that all works will be deferred to 2024/25.

Central Systems and ICT

- 4.33 The central systems and ICT capital programme has a 2023/24 delivery plan of £6.012m. Forecast outturn as at December 2023 is £2.004m, a variance of -£4.008m**
- 4.34 The Oracle fusion programme is now live, and the installation work formally closed. Future operations will concentrate on maintenance and continuous improvement and will be recognised as business-as-usual revenue

expenditure. The payments to suppliers up to the closedown of the capital project have been on budget for this year. No further payments are expected on the capital project and the final forecast expenditure amount is -£2.429m under the budgeted amount.

- 4.35 The project to upgrade the document handling service hardware, required as the previous system was no longer supported, is now completed, and utilised the full £0.031m budget for 2023/24. The ongoing project to upgrade the associated software has a delivery plan of £0.186m and it is forecast that -£0.136m of work will slip into 2024/25.
- 4.36 It is now forecast that the social care reform project to upgrade the Lancashire patient records system will progress in collaboration with the NHS to improve sharing of information. A delivery budget of £0.441m was included for 2023/24 although it expected that -£0.301m will slip into next year for the final completion.
- 4.37 The works on the customer contact centre system have been completed using the full delivery budget of £0.147m whilst it is anticipated the delivery of the replacement of the Genesys telephony platform will slip into 2024/25 causing a slipped delivery variance of -£0.744m.

Adults Social Care (ACS)

- 4.38 The ACS capital programme has a 2023/24 delivery plan of £18.174m. Forecast outturn as at December 2023 is £18.174m, a variance of £0.000m.**
- 4.39 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. An initial allocation of £16.715m was received for the year from the department for levelling up, housing and communities (DLUHC), however an additional £1.459m allocation was received from DLUHC in August 2023 increasing the full year allocation to £18.174m. The full amount for the DFG has now been fully passported to district councils to distribute.

Corporate – Property

- 4.40 The corporate property capital programme has a 2023/24 delivery plan of £9.825m. Forecast outturn as at December 2023 is £7.723m, a variance of -£2.102m.**
- 4.41 The Bowgreave rise residential care home project proposes to increase affordable extra care schemes for older people in addition to supported housing apartments for younger adults with disabilities. The construction has now come to an end and the property is currently being utilised. The forecasted spend of £0.933m is in line with the 2023/24 delivery plan. The project is due to complete this financial year.

- 4.42 The initial 3rd floor construction works at Preston County Hall has now completed on time, however additional works are now being considered with a forecasted -£0.060 expected to slip into 2024/25 to cover these.
- 4.43 The general condition works which sits within the homes for older people programme includes the fittings of medical alerting systems within 15 buildings. The project is currently forecasting slippage of -£0.177m into 2024/25 as it is currently in the construction stage and delayed completion is now due in spring 2025.
- 4.44 The 'where our children live' scheme has an overall slipped delivery of -£0.664m. This is due to an amended delivery plan causing major delays. It is forecasted that the majority of the spend will now fall into 2024/25.
- 4.45 Phase 1 of the pitched roof replacement project at Preston Ribblebank day care centre has an additional delivery of £0.208m. Works have now been handed over and the project is currently in the defects and liability stage.
- 4.46 The three main programmes of work within corporate property are all forecasting net slipped delivery variances. The operational premises programme has a forecast net slipped delivery variance of -£0.487m across 29 active projects, the building condition programme has a forecast net slipped delivery variance of -£0.439m across 24 active projects and the works to operational premises has a forecast net slipped delivery variance of -£0.449m across 11 active projects. This reflects the changing priorities within the corporate property block throughout the year.

Economic Development

- 4.47 The economic development capital programme has a 2023/24 delivery plan of £12.684m. Forecast outturn as at December 2023 is £7.978m, a variance of -£4.706m.**
- 4.48 Samlesbury Enterprise Zone will be a national centre of excellence for advanced engineering and manufacturing related companies. Work is continuing into 2023/24 with works on zone B and C earthworks now progressing, expected to run until May 2024. This has been made possible following the removal of the remaining 4,500 tonnes of coal tar, which is to be treated and recycled for use on the Heyhouses M55 project. Work on zone D and the creation of access to plot 9 is also now approved and commenced at the end of September. The lengthy commencement for the earthworks plus the delay in landscaping and tree planting has resulted in a forecast slippage variance of -£3.308m which will be required in 2024/25.
- 4.49 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 Samlesbury enterprise zone. Delays caused by heat pump installers being reticent to quote

have been resolved and it is expected that all projects will have a signed grant funding agreement by March 2024 with installation completed in 2024/25, creating a forecast of -£0.364m of slipped delivery.

- 4.50 The Farrington programme which in partnership with Lancashire cricket club will see the site host a number of county level cricket matches and become the centre of excellence for women's cricket in Lancashire. Whilst final approval was awaited a delivery budget of £1.702m has been approved to undertake further necessary planning and the initial site clearance. Actuals to date are £1.014m. against this budget. Planning has now been achieved and the build contract for the first phase has begun. The majority of the £12m for this phase will be in 2025/26 and we are working with consultants to detail the phasing of this spend.
- 4.51 Revised plans have been submitted for the Lancashire Central site at Cuerden in conjunction with Maple Grove Developments which will include commercial and housing areas on the site. The programme has a forecast slipped delivery variance of -£0.574m due to the delayed commencement and it is forecast that the programme will require significant increases in funding in 2024/25 as works progress to begin construction.
- 4.52 The annual contribution to the City Deal has been completed but those to Brierfield mill, and Lomeshaye industrial estate have not been drawn down by the projects so have slipped to be required in 2024/25 creating combined slippage of -£0.633m.

East Lancashire levelling up fund (East Lancs LUF)

- 4.53 **The East Lancs LUF capital programme has a 2023/24 delivery plan of £6.783m. Forecast outturn as at December 2023 is £4.116m, a variance of £2.667m.**
- 4.54 The East Lancs 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 May 2024 which will support the wider programme of c£50m. 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

- 4.55 **The vehicles capital programme has a 2023/24 delivery plan of £3.299m. Forecast outturn as at December 2023 is £2.148m, a variance of -£1.151m.**
- 4.56 Slippage of -£1.175m has been forecast within the vehicle replacement programme, largely due to procurement issues for electric fleet vehicles and manufacturing delays for the 10 Renault master minibuses on order.

- 4.57 Substantial orders totalling £5.903m are expected to be placed throughout the remainder of 2023/24 with anticipated vehicle delivery in 2024/25.
- 4.58 The delivery plans for 2023/24 onwards will continue to deliver LCC's vehicle replacement strategy to ensure that all LCC owned vehicles are fit for purpose and repaired or replaced at the most cost-effective time.

Transforming Cities Fund (TCF)

- 4.59 The TCF capital programme has a 2023/24 delivery plan of £3.000m. Forecast outturn as at December 2023 is £8.007m, a variance of £5.007m.**
- 4.60 There has been confirmation of support from the DfT to fund the development of the full business case for Cottam Parkway project, so work is forecasted to accelerate on this project from quarter 3 onwards. There is no agreement yet on the funding of the full delivery of this project due to the timescales anticipated for delivery no longer being co terminus with TCF programme and discussions with Dft around this will continue.
- 4.61 Discussions are also ongoing with the DfT regarding whether the delivery of the technology package can be achieved. Costs on the whole of the TCF project have materially increased since the original business case was presented, largely due to pressures caused by external price increases.
- 4.62 The transforming ringway scheme in Preston is due for completion in 2023/24.