



Money Matters
The County Council's Capital Financial
Position
As at 31st December 2017

www.lancashire.gov.uk

1. Capital Programme 2017-18

1.1 The 2017-18 Position – Capital Programme LCC (excluding LEP / City Deal)

The 2017/18 Capital Programme for 2017/18 approved by the County Council in February 2017 originally totalled £126.184m, including slippage from previous years and relating to LCC (non-LEP) activity. Subsequently there have been a number of additions and changes to the programme totalling £45.427m which give an amended delivery programme for 2017/18 of £171.611m as set out in Table 1.

Table 1 -2017/18 Capital Programme breakdown by block.

| Service Area | 2017/18 Delivery Programme agreed at Feb 2017 | Changes to 2017/18 Capital programme including additions and reprofiling decisions | 2017/18 full year programme of delivery | 2017/18 full year forecast outturn | Forecast variance | Forecast variance as a percentage of delivery programme |
|---------------------------|---|--|---|------------------------------------|-------------------|---|
| | (£m) | (£m) | (£m) | (£m) | (£m) | |
| Schools (ex DFC) | 29.687 | -1.552 | 28.135 | 25.388 | -2.747 | -9.76% |
| Schools DFC | 2.633 | 2.260 | 4.893 | 7.523 | 2.630 | 53.75% |
| Children and Young People | 3.014 | 2.828 | 5.842 | 7.961 | 2.119 | 36.26% |
| Highways | 45.977 | 4.577 | 50.554 | 44.064 | -6.490 | -12.84% |
| Transport | 26.582 | 11.565 | 38.147 | 36.415 | -1.732 | -4.54% |
| Waste and Other | 2.023 | 4.412 | 6.435 | 2.899 | -3.536 | -54.95% |
| Adults Social Care | 0.562 | 13.508 | 14.070 | 12.769 | -1.301 | -9.25% |
| Corporate | 12.276 | 8.479 | 20.755 | 15.202 | -5.553 | -26.75% |
| Vehicles | 3.430 | -0.650 | 2.780 | 3.050 | 0.270 | 9.71% |
| Totals | 126.184 | 45.427 | 171.611 | 155.271 | -16.340 | -9.52% |

At December 2017, the 2017/18 capital programme is forecast to underspend by £16.341m, the analysis at Section 1.3 shows more detail of performance by block. Work is underway to ascertain how much of this variance will need to be spent in future years.

1.2 Analysis of 2017/18 Forecast Variance

The variance to expected delivery can be categorised into the following reasons;

- underspends or overspends – these are reported mainly on completed projects unless forecasts from project managers highlight issues within a scheme;

- slippage or under delivery – these occur when projects have stalled or experienced delivery delays;
- over-delivery – these occur where spend is in front of the anticipated programme. A summary by block is included at Table 2.

Table 2: Analysis of Forecast Variance

| Service Area | Forecast Variance (£m) | Forecast Underspend (£m) | Forecast Overspend (£m) | Slipped Delivery (£m) | Advance Delivery (£m) |
|---------------------------|------------------------|--------------------------|-------------------------|-----------------------|-----------------------|
| Schools (incl DFC) | -0.117 | -1.991 | 0.372 | -6.066 | 7.568 |
| Children and Young People | 2.119 | -0.143 | 0.003 | -2.330 | 4.589 |
| Highways | -6.490 | -0.460 | | -6.030 | |
| Transport | -1.732 | | 2.812 | -5.845 | 1.300 |
| Waste and Other | -3.536 | -3.161 | | -0.375 | |
| Adults Social Care | -1.301 | -0.007 | 0.134 | -1.428 | |
| Corporate | -5.553 | | 2.250 | -7.803 | |
| Vehicles | 0.270 | | 0.570 | -0.300 | |
| Totals | -16.341 | -5.762 | 6.141 | -30.177 | 13.457 |

1.3 Capital Outturn Variance Analysis detail - narrative for each block for 2017/18 Delivery Programme

Schools incl. DFC

The current total forecast spend for Schools is £32.911m. This represents a net spend less than delivery programme of -£0.117m. This can be summarised as follows:

- Slipped delivery to the value of **-£0.923m** is currently anticipated across the whole Schools Block.
- Potential over spends totalling **£0.025m** are flagged as a risk across a small number of projects due to complete in year.
- Potential under spends of **-£0.463m** are forecast on a number of projects due to complete in year.
- Advanced delivery of future years' programme to the value of **£4.173m** is forecast in 2017/18. £2.629m of this relates to the transferral of accrued unspent Devolved Formula Capital funding balances to Community, Foundation and Voluntary Controlled schools in September 2017. These balances were being held by LCC and were profiled for expenditure in future years.

Additionally, a total of 8 Basic Need projects are forecast to spend ahead of the phasing originally estimated at the outset of the project and are consequently forecast to incur a total of £0.958m of expenditure that was originally profiled to be spent in future years.

- The Condition led programme forecasts a net expenditure less than the delivery budget of **-£5.171m** regarding unallocated budgets.

This can be further summarised as follows:

- £0.705m variance against the approved contingency relating to the £15.9m 2017/18 start Condition Led programme which, while committed is unlikely to be spend during 2017/18.
 - -£5.143m of the variance refers to the re-phasing of the £15.9m 2017/18 start Condition Led programme per the Condition Capital Strategy report of 10th August 2017 in accordance with projected delivery timeframes and is now scheduled to be delivered next year.
 - £1.500m refers to the advanced programming of unallocated budget originally phased for delivery in 2018/19 for phase 2 of the Colne Lord Street dry rot remedial project per the cabinet paper approved 25th July 2017. This will result in underspend in future years.
 - -£0.823m unallocated and contingency remaining from the 2015/16 start Condition led programme which is committed until the programme is completed, at which point it will be released for reallocation to new projects. It is not currently forecast to spend in 2017/18.
- The Basic Need programme further forecasts a net expenditure more than budget of **£2.242m** in reference to un-programmed budgets. Of this, £0.347m refers to the net overspend incurred in previous years which has been met from unallocated budgets in 2017/18. In addition, £1.895m refers to the proportion of 2017/18 approved £5.040m Basic need programme which is to be delivered in 2017/18. This is funded from the Basic Need unallocated budget previously phased for delivery in 2018/19 and will result in an equivalent underspend in future years. The remainder of the programme has been re-phased to 2018/19 and beyond in accordance with estimated delivery timeframes following design development and tender approval.

Children and Young People

The current total forecast spend for CYP is £7.961m. This represents a net spend greater than delivery programme of £2.119m. This can be summarised as follows:

- **£4.046m** forecast expenditure ahead of the 2017/18 profile relating to the contribution to City Deal budget re Preston Youth Zone. This profile will result in lower spend in later years.
- **-£2.330m** of slippage from the 2017/18 delivery budget into future years. The majority of this relates to an unallocated budget in the Residential Redesign programme of £2.091m for which no expenditure is forecast until revised plans are presented to and agreed by Cabinet regarding the development of a further Overnight Short Breaks unit. A further £0.560m is profiled for this project in the 2018/19 budget. The Tower Wood replacement jetties forecast remains forecast to slip by -£0.222m into 2018/19. A

contractor for the project has been agreed but the Environment Agency have advised that work cannot begin on site before the 1st May 2018 when the spawning season of the Arctic Char has ended. Other small slippage variances totalling £0.016m are forecast on two Residential Redesign projects.

- There are advanced delivery variances of **£0.543m** to unallocated budgets in year which act to reduce the unallocated funding profiled in future years. £0.382m refers to decisions to fund projects from unallocated funding budgeted and profiled for expenditure in future years (£0.122m for the Bungalow, £0.223m Tower Wood Jetties, £0.014m Belvedere Road windows, £0.023m Marsden Hall Road residential home bathroom refurbishment). £0.161m refers to the net cost to the unallocated funds of absorbing overspending incurred on completed projects from prior years where the budget for delivery was slipped to years 2018/19 onwards.
- The Farington Lynhurst Overnight Short Break unit delivered from the Residential Redesign programme is forecast to complete under budget resulting in an expected underspend of **-£0.143m**.
- An overspend of **£0.003m** has been incurred on a Residential Redesign project at Thornton Belvedere Road Children's home.

Highways

The current total forecast spend for Highways is £44.064m. This represents a net spend less than delivery programme of -£6.490m. This can be summarised as follows:

- A forecast projected underspend of DfT funding for Flood Damaged Roads and Bridges of **-£1.600m**. This is mostly due to the Dinckley Bridge project - there are insufficient funds available to deliver a completely new structure therefore a revised project is in the process of being designed. Due to the environmental restraints of working in the river the works are now programmed to start in April 2018. There will be some costs in 2017/18 for site clearance/preparation, however the majority of costs will now slip to 2018/19.
- A projected underspend of **-£0.460m** in the drainage programme. The projected underspend has arisen due to several 2017/18 schemes being forecast to slip into 2018/19. In addition, some older schemes have been cancelled, been less complex than anticipated or completed at no cost to LCC.
- A projected underspend in the Bridges programme of **-£0.430m**. This is due to a -£0.100m underspend for delay in works to "The Brig" resulting from a licence being required, a -£0.250m underspend relating to Pinder Hill due to complexities with Utilities meaning construction is now only due to commence April 2018 and a projected underspend of -£0.080m due to the lack of availability of key personnel causing the 2016/17 Holden Wood project not progressing as intended.
- A projected underspend of **-£4.000m** in the Roads programme. In July 2017 an additional £5m was approved for Highway Maintenance. This was split: £1.000m Responsive/Reactive Maintenance, £1.000m Early Intervention and £3.000m Projects

and Resources Planned Works. The £3.000m programme of works for Projects and Resources Planned works is currently on hold and therefore it is unlikely that any schemes will be delivered in the current financial year causing an in year underspend and of the remaining £2m it is unlikely that all schemes will be delivered before the end of March 2018 so slippage of £1.000m has been included in the forecast.

Transport

The current total forecast spend for Transport is £36.415m. This represents a net spend less than delivery programme of -£1.732m. This can be summarised as follows:

- Slippage in delivery of **-£5.844m**. This is due to either delays to delivery of projects or unallocated budgets where delivery projects have not yet been identified
- Overspends in year, including spend to complete projects from earlier years of **£2.812m**
- Advance delivery of future years project allocations of **£1.300m**
- Burnley Pendle Growth Corridor – This programme of works is a £13.000m scheme of alterations to junctions on the M65 and surrounding road networks. It is a multi-year programme due to fully complete by March 2020. Prior years have seen the improvements at Junction 12, Junction 7, Dunkenhalgh way and improvements to Rosegrove Station. In 2017/18 improvements to M65 Junction 13 and works on Hyndburn Road have been completed to date, further works already ongoing are due to complete by May 2018, whilst other later stages are currently at design or planning stage. Whilst ongoing works have met some budget pressures these have been met within the programme and later stages, that are yet to be designed, will be designed to remain within budget. The forecast spend in 2017/18 of £3.659m against a delivery programme of £6.348m represents slippage of works to future years – expected spend in 2018/19 is currently £3.290m. Whilst changes have been made to the original programme due to operational and weather related issues, there are currently no indications of risk in terms of time or cost that will have a further overall impact on the full multi-year programme.
- East Lancashire Strategic Cycleway - This programme of works is a £6.000m programme enhancing and creating cycle links in East Lancashire and Blackburn and creating leisure and cycle links to employment opportunities. The works started in 2016 and are due to complete by November 2018. Whilst there have been budget pressures identified through the project, mainly due to changes to design and intended treatments following public consultation, and additional funding was agreed to be budgeted for, the programme is not forecast to exceed the now increased budget over the project lifetime. This year has seen the completion of sections of the cycle way in the valley of Stone, continued works on parts of National Cycle Route 6 and the Weavers wheels section, with further works due to complete by the end of the financial year.

- Burnley Town Centre Works - This is a project of improvements works in and around Burnley town centre, with additional funding agreed the total increased project budget is £3.950m and works were completed in December 2017.
- National Productivity Investment Fund (NPIF) - The £4.655m received in year is being used to fund development works on business cases for future bids (£0.020m) with the remainder being allocated to schemes by year end. A business case namely, Design of M65 Growth Corridor Improvements at J8, 9, 10, 13 & North Valley Rd/ Vivary Way has been allocated £0.200m, however works are yet to start suggesting that there is a risk of slippage into 2018/19. The unallocated monies are budgeted in year but may be slipped into future years if not allocated.
- S106 M55 Heyhouses Link Road Design - This scheme of works has an estimated cost of £25.270m and requires several proposed funding partners, including but not limited to Fylde Borough Council, the Lancashire Enterprise Partnership, Highways England, the Department for Transport and Kensington Developments Limited.

The scheme is designed to connect the existing roundabout at Whitehills Road to the north with Heyhouses Lane near the Cyprus Point development site to the south. It is a multi-year programme due to be completed in 2021. The forecast spend in 2017/18 is £0.180m. The scheme has experienced some delays in the consultant design stage due to an engineering problem, however this has now been overcome and revised proposals are expected by the close of Quarter 4. Discussions with several funding partners are currently ongoing and likely to continue into 2018/19.

- Skelmersdale Rail link - The overall programme budget of £5.655m includes work on the station business case and the works to demolish Glenburn college campus. The delivery programme for 2017/18 for the programme was £3.380m and anticipated spend in 2017/18 is £1.729m which represents slippage to the programme of £1.651m in year. This is forecast to be spent in 2018/19 along with the remainder of the programme budget. Total spend in 2018/19 is forecast at £3.713m. The works at Glenburn College site have commenced with a contract end date of July 2018 and is currently forecast to be within the £1.380m project budget. The business case for the station is progressing through the GRIP stages with the GRIP 2 study being refreshed and GRIP 3a targeted by March 2020.
- Cycling Safety - Total Delivery Programme for 2017/18 is £0.761m with forecast spend in 2017/18 being £0.146m which represents an under delivery of £0.615m in the programme. This is due to the following; delivery expected in year but now delayed due to issues with scope or funding (slippage) £0.159m over 5 schemes, a programmed amount of £ 0.458m, underspends on completed projects of £0.012m and an over spend on a completed scheme of £0.014m.
- Contribution to City Deal - There is a recurring annual commitment of £2.500m from the integrated transport grant that is committed to City Deal as a funding source for the infrastructure delivered through City Deal. In 2017/18 this will be increased by £3.500m as there is a cabinet commitment to pay £6.000m over 2 years towards the costs of Preston Bus station refurbishment. This will need to be borrowed for, so while it is shown as spend on budget against delivery programme it is important to note the need to finance this commitment.

- Ormskirk Town Centre – The programme is forecasting an under spend in year of £0.632m. The remaining budget will be re-profiled into later years and is included in the risk to slippage over the block as a whole.
- Pennine Reach - The expected end date is now April 2018 after delays due to land negotiations. There is a potential overspend arising on the project of £0.300m.
- Master Planning works - Provision was made in the programme in 2017/18 for master planning activities through the county totalling £4.725m. To date, no expenditure has been incurred on these projects and whilst spend is forecast at budget levels, there remains a risk that this will slip into spend in future years.
- There are also £12.865m of budgets on projects which do not have any spend to date but are forecast to be spent fully in year. This represents a risk of slippage at this stage of the year.

Waste

The current total forecast spend for Waste is £2.899m. This represents a net spend less than delivery programme of -£3.536m. This can be summarised as follows:

- Fire Suppression Systems at Thornton and Farrington - The forecast cost of £0.830m reflects the spend to complete the fire risk mitigation project resulting in an underspend on the project in 2017/18 of **-£2.979m**
- Rowley Landfill Site - The forecast underspend of **-£0.182m** reflects the total tender price coming in under the original budgeted price agreed in 2016/17
- Jameson Road HWRC has a forecasted slippage amount of **-£0.321m** and is expected to be spent in 2018/19. There is also an expected overspend for the project of £0.015m due to increased costs which is expected to materialise in 2018/19
- The relocation of Metrology Service has a forecasted slippage amount of **-£0.054m**. The project is anticipated to start 30 October 2017 with a small slippage into 2018/19

Adults Social Care

The current total forecast spend for Adults Social Care is £12.769m. This represents a net spend less than delivery programme of -£1.301m. This can be summarised as follows:

- A forecasted slippage amount of **-£0.213m** on the Libraries Regenerate monies not yet allocated. This will be spent on the Libraries Regenerate programme in future years, and will be managed within the Property portfolio within the Corporate block of the programme.
- The Improving Information Management for Social Care project is being forecast to partly slip into 2018/19 by an amount of **-£0.215m**

- Projects have been identified to be funded from the Social Care Capital grant but work is not expected to start until 2018/19. This causes a forecast slippage amount of **-£1.000m**
- Changing places for severely disabled adults pilots. A **£0.084m** tender has been received for completion in February 2018 for Preston Chapel Yard. These monies have come from prior year slippage
- An in year spend of **£0.050m** to fund a Preston Bus Station Changing Places project has been agreed from prior years Unallocated balances.
- There are also various small underspends on projects causing an in year underspend of **-£0.007m**

Corporate

A forecast net spend of -£5.553m less than budget is forecast on the current 2017/18 profiled delivery programme. This is explained as follows:

- A forecast overspend in 2017/18 of **£0.500m** on the County Hall refurbishment project. This is due to £0.100m of 2018/19 budget being spent in advance and a final forecasted project overspend of £0.400m
- A forecast overspend of **£0.040m** on Cuerden Strategic Site Masterplan. This is due to the final delivery costs expected to cost more than budget
- £1.500m has been allocated from the Economic Development unallocated budget to contribute towards the funding of Lomeshaye Industrial Estate. The funding has been allocated in 17/18 to enable the bids to be submitted for Growth Deal funding, but is likely to cause an **-£1.500m** in year underspend as delivery is likely to be in 2018/19.
- Forecast in year underspends of **-£3.303m** on a range of projects including the property programme, green energy programme and several ICT projects are due to delays in planned expenditure and are now forecast to be spent in future years.
- The Superfast Broadband project is forecasting approximately **-£3.000m** of the 2017/18 budget to slip into future years. The first payments for 2017/18 were only made in December 2017 so the majority of the 2017/18 delivery programme is expected to slip into 2018/19.
- A forecast overspend of **£1.710** on the Core System Transformation. This is due to the increased costs of the Oracle modules and other spend on projects which were already over budget in previous years.

Vehicles

Forecast overspend of **£0.270m** due to slippage of £0.300m due to longer than anticipated lead in times for some vehicles and an over spend of £0.570m on projects carried forward from prior years.

1.4 Capital Programme Financing

The Capital Programme is financed from a variety of sources and the breakdown of the anticipated spend by financing type is shown in Table 3 below. The current anticipated spend in the years 2017/18 to 2019/20 represents the budgets of projects identified to date and their year of delivery. Some projects (e.g. those financed by Department for transport grants in 2018/19) are not identified in the monitoring at this stage. Once the programme of works for these future years has been approved the grants anticipated will be applied to the delivery of them.

Table 3: Three year Capital Programme Financing

| Anticipated Spend | 2017/18 (£m) | 2018/19 (£m) | 2019/20 (£m) |
|---------------------------|-----------------|-----------------|-----------------|
| Schools (exl DFC) | 25.388 | 28.312 | 20.188 |
| Schools DFC | 7.523 | 2.629 | 0.000 |
| Children and Young People | 7.961 | 4.560 | 3.588 |
| Highways | 44.064 | 22.529 | 0.042 |
| Transport | 36.415 | 19.638 | 0.840 |
| Waste and Other | 2.899 | 0.100 | |
| Adults Social Care | 12.769 | 7.808 | 6.061 |
| Corporate | 15.202 | 28.139 | 24.700 |
| Vehicles | 3.050 | 3.910 | 0.000 |
| Totals | 155.271 | 117.625 | 55.419 |

Finance by:

| | | | |
|-------------------------------------|----------------|----------------|---------------|
| Borrowing | 84.719 | 65.155 | 35.189 |
| Grants | 66.108 | 50.343 | 20.230 |
| Developer contributions | 4.383 | 2.097 | 0.000 |
| 3 rd Party contributions | 0.062 | 0.031 | 0.000 |
| Total funding | 155.271 | 117.625 | 55.419 |

1.5 Future Years Capital Programme.

Based on Section 1.4 above and taking into account projects totalling £35.312m planned to utilise grants to be received in 2018/19 (see Appendix 1); the capital programme for the three years 2018-19 to 2020-21 will be as below. This does not include any slippage from 2017/18 delivery programme which will be added to the delivery programme for 2018/19 below to be monitored as delivery in 2018/19.

Should all the items in Appendix 1 be approved for delivery, the capital programme for monitoring in 2018/19 will be as below, along with the financing requirements to meet this commitment.

| 3 Year Capital Programme 2018/19 to 2020/2021 | 2018/19 (£m) | 2019/20 (£m) | 2020/21 (£m) |
|---|----------------|---------------|--------------|
| Schools (exl DFC) | 32.612 | 20.188 | |
| Schools DFC | 5.156 | 0.000 | |
| Children and Young People | 4.560 | 3.588 | |
| Highways | 53.415 | 4.551 | 4.797 |
| Transport | 25.692 | 0.840 | |
| Waste and Other | 0.100 | | |
| Adults Social Care | 7.808 | 6.061 | |
| Corporate | 28.139 | 24.700 | |
| Vehicles | 3.910 | 0.000 | |
| Totals | 161.392 | 59.928 | 4.797 |

Finance by:

| | | | |
|-------------------------------------|----------------|---------------|--------------|
| Borrowing | 73.610 | 38.644 | 3.455 |
| Grants | 85.655 | 21.284 | 1.342 |
| Developer contributions | 2.097 | 0.000 | 0.000 |
| 3 rd Party contributions | 0.031 | 0.000 | 0.000 |
| Total funding | 161.392 | 59.928 | 4.797 |

The additions to the approved programme for 2018/19 include the use of the 2018/19 grants for highways transport and schools and any cabinet decisions already made, this above does not include the potential requests for increased funding by borrowing which will be brought forward to cabinet for decisions in future months. If these are then approved they will be added to the approved programme for delivery and monitoring.

Appendix 1: Proposed Additions to 2018/19 included above

1. Highways

The total value of the 2018/19 new start highway maintenance programme is anticipated to be £25.886 million comprising of:

- Department for Transport (DfT) Highways Maintenance Block 'needs' allocation funding. The indicative value in 2018-19 is £18.564 million
- Anticipated DfT Local Highways Maintenance Incentive funding of £3.867 million. This level of funding is dependent on the county council maintaining its Band 3 status. The final allocation is not anticipated until April 2018
- Cabinet approved budget options with a value of £3.455 million to capitalise a number of revenue funded activities that will be funded by borrowing

Details of the proposed apportionment of these resources is outlined in tables 1- 5 below.

Proposed apportionment of the Department for Transport (DfT) Highways Maintenance Block 'Needs' Allocation

Table 1 below sets out the proposed apportionment of the Department for Transport (DfT) Highways Maintenance Block 'Needs' allocation. The first priority has been to ensure that the level of funding for each asset type is aligned with the level of funding outlined in the approved Transport Asset Management Plan (TAMP). As the indicative DfT Highway Maintenance Block Needs allocation will not be sufficient to maintain this level of funding for each asset type it is proposed that the shortfall of £1.6 million is the first call on the anticipated Incentive funding as detailed in Table 2.

Table 1

| Programme | Proposed Allocation (£m) |
|--------------------|--|
| | Department for Transport Highways Maintenance Block 'needs' funding (£m) |
| TAMP Priorities | |
| ABC | 8.000 |
| Rural Unclassified | 0.800 |
| Urban Unclassified | 1.000 |
| Footways | 2.600 |
| Street Lighting | 1.000 |
| Bridges | 3.000 |
| Drainage | 1.000 |
| Structural Defects | 1.000 |
| Traffic Signals | 0.100 |
| Geotech\Surveys | 0.064 |
| Total | 18.564 |

Proposed apportionment of the anticipated Local Highways Maintenance Incentive funding

The Asset Management Team is confident that service improvements will ensure that the county council maintains Band 3 status in 2018/19. If so, this will realise an indicative allocation of £3.867 million. Confirmation is expected in spring 2018. Apportionment proposals have been developed for receipt of Band 2 and Band 3 status and are described in Table 2 below.

Table 2

| Project Name | Project Description | Incentive Fund - Band 3 Proposed programme (£m) | Incentive Fund - Band 2 Proposed programme (£m) | Justification |
|----------------------------------|--|--|--|---|
| TAMP Priorities | Rural Unclassified - £0.200m Footways -£0.400m Structural Defects - £1.000m | 1.600 | 1.600 | As the indicative DfT Highway Maintenance Block Needs allocation will not be sufficient to maintain the level of funding recommended by TAMP for each asset type, it is proposed that the shortfall is the first call on the anticipated Incentive funding. |
| Moss Roads | Tackling the deterioration using the most appropriate treatments | 0.200 | 0 | Due to funding pressures, this asset classification has not been awarded funding since 2013/14 and the condition of this part of the network has further deteriorated. A strategy for Moss Roads is under development including a prioritised hierarchy of need which will determine the proposed 2018/19 programme |
| Risk based condition assessments | Bridge assessments (Risk Based approach) Lighting Columns (Risk Based approach) Restraint Barriers | 0.974 | 0.064 | <p>The new Code of Practice relating to Well Managed Highway Infrastructure (Oct 16) encourages highway authorities to adopt risk based condition assessments. This approach has been embedded into recently approved Lifecycle Plans. The recently adopted Structures and Street Lighting Lifecycle Plans indicate two areas where high risks have been identified but are currently not funded, namely bridge and lighting column assessments. The DfT has also confirmed that from January 2019 the Self-Assessment will be heavily weighted towards evidence for a risk based approach.</p> <p>In addition it has been identified that the county council has not been undertaking any checks on Vehicle Restraint Barriers, which are recommended to be checked every two years.</p> |

| Project Name | Project Description | Incentive Fund - Band 3 Proposed programme (£m) | Incentive Fund - Band 2 Proposed programme (£m) | Justification |
|---------------------------|--|---|---|--|
| Advanced Design | To enable pipeline design work to be developed | 0.100 | 0.050 | This will allow the development of pipeline projects enabling the county council to take advantage of external funding opportunities. |
| Emerging Priorities | Salter Fell Road, Ribble Valley - repair embankment and surfacing | 0.250 | 0.250 | A number of emerging priority repairs have been identified for funding in 2018/19. Without repair in 2018/19, further deterioration is anticipated which is likely to cause greater network disruption and increase repair costs in the long term. |
| | Burnley Road, Altham, Hyndburn - to address embankment and land slip issues. | 0.100 | 0.100 | |
| | King St Culvert, Ribble Valley - a contribution to an approved drainage scheme to enable identified repairs to be progressed | 0.050 | 0.050 | |
| Supporting Winter Service | Purchase and installation of a weighbridge at Singleton Depot to manage salt and grit stock levels to support the winter service | 0.055 | 0.055 | Managing the salt stock is a key component in delivering an effective and resilient winter service for the highway users of Lancashire, and this can only be done effectively with the use of a weighbridge. The new code of practice for highway maintenance, "Well Managed Highway Infrastructure," recommends that all highway authorities hold an accurate record of how much salt and grit is used on each gritting run, as well as |

| Project Name | Project Description | Incentive Fund - Band 3 Proposed programme (£m) | Incentive Fund - Band 2 Proposed programme (£m) | Justification |
|-------------------------------|--|---|---|---|
| | | | | allowing improved stock control allowing restocking to be processed in a timely manner. |
| Derby Street Bridge, Ormskirk | Strengthening work to the bridge, design work will be under taken in 2018-19 | 0.288 | 0.288 | <p>Derby Street Bridge has been identified as an 'at risk' structure and is currently subject to an 18 tonne weight restriction that will expire in 2020-21. Failure to address the issues within this timeframe will lead to a lower weight restriction being applied that would affect access for HGV's, buses and emergency service vehicles, causing major transport issues in Ormskirk Town Centre. In order to ensure repairs are completed within the time frame (including gaining Network Rail permissions) design works need to be started in 2018-19.</p> <p>Although this is primarily a bridge maintenance project, it is also vital to the wider transport network in Ormskirk town centre, pending the outcomes of the proposed Town Centre movement strategy. It is therefore proposed to fund the project on a 50:50 basis between the Highways and Transport Capital Programmes. The total estimated cost is £2.684 million, resulting in a contribution of £1.342 million from each block.</p> <p>It is proposed that the highway maintenance contribution is funded from the 2018/19 and 19/20 anticipated Incentive Fund allocations to support the initial planning, design and development stages of the project. The integrated transport allocation would be a first call on the 2020/21 Integrated Transport allocation. Table 3 sets out the funding proposal and spend profile.</p> |

| Project Name | Project Description | Incentive Fund - Band 3 Proposed programme (£m) | Incentive Fund - Band 2 Proposed programme (£m) | Justification |
|--------------|--|---|---|---|
| A601(m) | Contribution to Challenge Fund bid (match funding) | 0.250 | 0.250 | A pipeline project is currently being developed with a view to submitting it to the DfT for funding through the Challenge Fund bid process (deadlines and timeframe not yet known). This funding process requires match funding, which cannot be wholly accommodated by the Bridges Programme. It is therefore proposed that the shortfall of £250k is funded from 2018-19 Incentive fund to be phased as follows (2018/19 - £160k, 2019/20 - £25k and 2020/21 - £65,000) and described in Table 3 below. |
| Total | | 3.867 | 2.707 | |

Table 3 - Derby Street Bridge funding proposal and spend profile

| | Total Budget Required (£m) | Spend Profile 2018-19 (£m) | Spend Profile 2019-20 (£m) | Spend Profile 2020-21 (£m) |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| Proposed Funding | | | | |
| 2018-19 Incentive Fund | 0.288 | 0.126 | 0.162 | |
| 2019-20 Incentive Fund | 1.054 | | 0.501 | 0.553 |
| 2020-21 Integrated Transport Fund | 1.342 | | | 1.342 |
| Derby Street Bridge Total Project Cost | 2.684 | 0.126 | 0.663 | 1.895 |

Cabinet approved budget options

On the 7th December 2017 Cabinet approved a series of budget options. A number of these options included the capitalisation of the following in 2018/19. Please note that the Drainage and Street Lighting savings detailed in the Cabinet report are net of the provision

needed to fund borrowing and therefore the figures given below are the gross values of the capital needed. However, the Traffic Signals saving was not reduced by the effect of borrowing, the minimal impact of £10k will be met within the revenue budget.

Table 4

| Programme | Programme Description | Borrowing Requirement (£m) |
|------------------|------------------------------|-----------------------------------|
| Drainage | Drainage repairs | 1.461 |
| Traffic Signals | Signal refurbishment work | 0.150 |
| Street Lighting | Fault repairs | 1.844 |
| Total | | 3.455 |

2. Transport

The indicative 2018-19 Integrated Transport allocation is £6.054 million. However, the new start 2018-19 capital requirements for transport have a total value of £10.161m and comprise;

- Approved 'first calls' with a value of £4.175 million
- Funding for the continuation of annual programmes of work with a value of £4.270 million
- Additional funding requirements for previously approved projects with a value of £0.136 million
- Proposed new projects to be delivered in 2018-19 and beyond with a value of £1.580 million

Details of these funding requirements are outlined in Tables 6-9 below.

It is proposed that the funding gap of £4.107 million is funded by re-purposing previously approved allocations for projects that cannot be delivered in 2018-19 as detailed in table 5.

Table 5 - Approved first calls on the 2018-19 Integrated Transport Block that have been previously approved by Cabinet.

| Project Name | Project Description | Approved Budgets (£m) | Justification |
|------------------------|---|---|--|
| Skelmersdale Rail Link | Additional funding for Skelmersdale Grip 2 refresh and Grip 3A study | 0.955 | In March 2017, the then Cabinet Member for Highways and Transport approved that the additional funding of £0.955 to complete the GRIP 2 refresh and GRIP 3A was a first call on the 2018-19 Integrated Transport allocation. The unallocated balance remaining after budget has been committed to acquire the Westbank site and the demolition of all buildings on this and the Glenburn High School site is not sufficient to cover the revised value of the study. This represents an LCC contribution of 85%, with 15% funded by Mersey Rail. |
| Skelmersdale Rail Link | To complete the project including the Grip 2 refresh and Grip 3A study | 0.430 | In August 2017/18 it was identified that an additional £0.430 million was required to demolish the Glenburn Road sports college as detailed investigations into the demolition methodology revealed that significantly more asbestos removal was needed than first envisaged. It was approved that this be funded from the wider Skelmersdale Rail Link project. This created a shortfall in the project budget. It was approved that this shortfall be the first call on the 2018/19 Department of Transport (DfT) transport allocation. |
| The Bay Gateway | Provision for final stages of scheme delivery (i.e. Landscaping/ Part One claims) | 4.274 2.790 in 2018-19 0.780 in 2019-20 0.352 in 2020-21 0.352 in 2021-22 | In October 2016 this project was allocated an additional £9.9 million with approval to increase the budget by a further £5 million should the mitigation of risks not be realised. Current projections are that an additional £4.274 million will be required to complete the project including the funding of landscaping, Part One claims and settling the final accounts with the contractor. |
| 2018/19 Total | | 4.175 | |

Table 6 - Proposed continuation of annual programmes of work in 2018-19

| Project Name | Project Description | Forecast Budget Required (£m) | Justification |
|-------------------------------------|---|--------------------------------------|--|
| City Deal | Annual Contribution to City Deal | 3.000 | The £3.000m is made up of the £2.5m annual LCC contribution into the wider City Deal project to support transport projects and an additional £0.500m for Preston Bus Station. During the repairing and refurbishment it has been necessary to undertake a number of additional works that are beyond the original scope and have been identified as being essential through surveys. This work will include; subway infills, replacement on a 'like for like' basis of the ramp bearings, repairs to the flying walkways and ensuring that the approach to fire risk is more robust (in response to the Grenfell Fire on the 14 th June). |
| 2018/19 Road Safety | Design and delivery of projects, identified through analysis of collision data to reduce the occurrence of road accidents. | 0.500 | As a highway authority the county council has a statutory duty to implement engineering solutions to improve the safety of the highway network |
| 2018/19 Cycle Safety | Design and delivery of projects, identified through analysis of collision data to reduce the occurrence of road accidents involving cyclists. | 0.500 | This is an annual allocation to specifically reduce cycling casualties and address wider objectives including perception of safety |
| 2018/19 Public Rights Of Way (PROW) | A programme of work addressing issues with our PROW network in urban areas. | 0.250 | This annual allocation aims to improve the PROW network in urban areas, helping to encourage the use of this network as an alternative to vehicles and promoting healthy choices/encouraging exercise. This allocation supports the aims of the draft Cycling and Walking Strategy. |

| Project Name | Project Description | Forecast Budget Required (£m) | Justification |
|-----------------------------|--|--------------------------------------|--|
| 2018/19 Bus Stop Compliance | A programme of improvements at bus stops | 0.020 | The Equality Act places a statutory duty on the county council to improve the accessibility of public transport, in terms of bus stops. This includes raising kerbs to ensure that boarding a bus is on the same level, reducing the risks for visually impaired people and people with reduced motor skills and co-ordination and older road users. |
| Total | | 4.270 | |

Table 7 – Additional funding required for previously approved programmes

| Project Name | Project Description | Forecast Budget Required (£m) | Justification |
|---|---|--------------------------------------|--|
| Lancaster Congestion Relief Movement Strategy | Undertake a movement strategy in Lancaster to establish the future development works in the city centre to manage congestion. | 0.136 | This work was identified as part of the Lancaster Masterplan and an allocation of £0.250m was approved in 2016/17, which has been used in part to fund the Park and Ride Facility at Caton Road. However, the remaining £0.114m is not sufficient to complete the Movement Strategy. This in turn will identify physical works to improve congestion in Lancaster City Centre and the major routes, supporting economic growth in and around Lancaster, for example the Bailrigg Garden Village Development. The additional funding requested will increase the overall allocation to £0.386m. |

Table 8 - Proposed new projects to be delivered in 2018-19 and beyond

| Project Name | Project Description | Forecast Budget Required) (£m) | Justification |
|--|---|---------------------------------------|--|
| Smart enabled bus ticket machines | Replace approximately 60 bus ticket machines with new smart enabled bus ticket machines. | 0.270 | From June 2018, the bus ticket machines supplied by LCC to a number of operators will no longer be ITSO certified. Replacement machines will be required to enable English National Concessionary Travel Passes to be used on bus services and accurate reimbursement given. Without this upgrade to the machines there is a risk of inaccurate concessionary travel payments and increased fraud, as well as being unable to engage in Transport for North Smart and Integrated Travel programme. |
| Quality Bus Route - Shelter repair/replacement | A programme of repair and replacement for the 700+ bus shelters on the Quality Bus Routes over 5 years, ensuring all works are Equality Act Compliant. Allowing for £5k per bus shelter – a total of £3,500,000 | 1.000 | The bus shelters that were introduced on the Quality Bus Routes are starting to reach their given life span and a programme of repair and replacement is needed to ensure they continue to be safe for users. The capital investment required will be over 5 years, but will have to be front loaded in order to ensure the worst shelters are addressed early. |
| Chorley/Nelson Interchanges - amendments to operating procedures | Provide bus stands outside the main building | 0.100 | This capital infrastructure provision will allow the main building to open just for the core hours and have other provision (bus stands) to be used at either end of the day, therefore reducing the running costs of the facility. |
| Bus Station Information Displays | Introduce up to date bus station displays that can interact with smart phones. | 0.060 | The will allow instantaneous access to information to inform travel choices and will provide a uniform service across the county. |

| Project Name | Project Description | Forecast Budget Required) (£m) | Justification |
|--|--|--------------------------------|---|
| M6 Junction 31a Eastern Roundabout Improvement | Preliminary investigation and design to look at the congestion in this location – work may include widening of the slip road onto the M6 from the north east roundabout. | 0.050 | This location is a particular 'pinch point' for congestion for accessing the M6 motorway and traffic flow into Preston. It has been highlighted as a priority consideration as a result of a recent prioritisation of transport issues. |
| Pipeline Projects development allocation | Provide an allocation to develop potential schemes in readiness for funding bids | 0.100 | This allocation will allow the county council to develop pipeline projects In order to take advantage of future Central Government funding opportunities. |
| Total | | 1.580 | |

Table 9 – previously approved projects that could be re-purposed

| Project Name | Total value of the remaining budget (£m) | Proposed value to be re-purposed (£m) | Justification | Anticipated first call on future Integrated Transport Blocks |
|----------------------------|--|---------------------------------------|---|--|
| North Valley Road | 1.700 | 1.286 | The original scope of this scheme has been revised and this has reduced the budget required from £1.7 million to £1 million, of which £580k will be funded by the NPIF direct grant award of £4.655 million. Therefore a reduced allocation of £0.414 million is required from the previously approved allocation leaving £1.286million available to repurpose. | N/A |
| Ormskirk Congestion Relief | 0.990 | 0.840 | The original allocation was approved to undertake physical improvement to relieve congestion in Ormskirk town centre. However, until the Ormskirk Movement Strategy has been | 2021/22 |

| Project Name | Total value of the remaining budget (£m) | Proposed value to be re-purposed (£m) | Justification | Anticipated first call on future Integrated Transport Blocks |
|--|---|--|--|---|
| | | | completed, a programme of works cannot be developed. It is therefore proposed that the approved allocation is reduced to £0.150 million to fund the development of an Ormskirk Movement Strategy leaving £0.840 million available for re-purposing. It is proposed that physical works are considered for funding in future years. | |
| Skelmersdale Public Realm and Highway Improvements | 0.300 | 0.300 | This work cannot be programmed until the works relating to the Skelmersdale Rail Link have been completed. The impact of this is that any improvements cannot be programmed until 2023/24. | 2023/24 |
| Green Lane Link Tarleton | 1.090 | 1.090 | This scheme has been in the programme since 2012/13. Although not viewed as a transport priority from an officer perspective, there has been some political pressure to deliver this scheme. However, the latest estimated cost is approximately £5 million which is far in excess of the approved allocation. It is proposed that this funding is re-purposed and considered for future funding, subject to political approval. | 2022/23 |
| Tarleton Bridge | 0.500 | 0.500 | Surfacing improvements have been delivered to reduce accidents occurring at this location. The Highways team is satisfied that the immediate issues around collision incidents have been resolved by works to date. The long term issue concerning the capacity and resilience of this route as a major radial route serving Preston to the north and other towns and service centres to the south and west, still need addressing. Any likely solution will require significantly more funding in the future. It is therefore proposed to re-purpose this allocation and monitor. | 2022/23 |

| Project Name | Total value of the remaining budget (£m) | Proposed value to be re-purposed (£m) | Justification | Anticipated first call on future Integrated Transport Blocks |
|-------------------------------|---|--|--|---|
| Hala Road Junction | 0.700 | 0.600 | The approved allocation was intended to design and deliver junction improvements. However, the design of the junction will be affected by the proposed Bailrigg Garden Village development and this has delayed the design and delivery. It is proposed that the allocation be reduced to £100k to facilitate design and the allocation reduced by £0.600m as delivery is unlikely for a number of years. | 2020/21 |
| Ribble Valley Growth Corridor | 0.970 | 0.970 | Whilst the Ribble Valley Growth Corridor study has been completed and potential schemes identified, to date the study has not been reported to Members. A major improvement to the A678/A6068 Shuttleworth Mead junction will be delivered through the LEP's Growth Deal 3 programme, but will not require a financial contribution from the county council towards the works cost. The Ribble Valley Growth Corridor now lies within a much wider strategic east-west corridor study being undertaken by Transport for the North and is due to be completed in mid-2018. It would therefore be prudent to await the outcome of this work before committing scarce resources to improvements that may only deliver a short term benefit. | To be determined |
| Total | 6.250 | 5.586 | | |

The above table highlights that £5.586m is available for re-purposing from a delivery perspective. It is proposed that £4.107m be used to offset the additional funding required, over and above the Integrated Transport allocation. This would leave a transport contingency of £1.479m which would seem prudent considering the value of the transport programme and the fact that estimates are based on a desktop exercise.

There are also external funding opportunities for which bids are already in place. These are not built into the above tables and will be added to the programme as funding decisions are made.

3. Schools

The 2018/19 Basic needs and conditions programme will be delivered in line with the approved Schools capital Strategy, new Basic needs programmes of £4.3m have been added above and as the programme is further developed by asset management this will be included in the monitoring.

The DFC grant is now passported to schools and £2.527m is expected to be received in 2018/19 and therefore will be spent in year.