



Money Matters
The County Council's Capital Financial
Position
2020/21 June 2020 and 2020/21 Revised
Programme

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Capital Programme Monitoring – June 2020

1. Introduction

In February 2020 an indicative Capital Delivery Programme of £133.541m was agreed at Full Council. Subsequently approved additions and re-profiling of the programme have increased the in-year programme to £149.510m with a forecast outturn as at June 2020 of £149.709m, a variance of £0.199m or c0.1%.

The Delivery Programme is shown in section 2 split by block. This has been agreed by service heads as being deliverable with the caveat of the overarching risk detailed in section 3 of the report. The project and programme managers will be held accountable using the following actions:

- Detailed monitoring of the delivery programme through the remainder of 2020/21 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
- Performance reports developed to enable the Capital Board to undertake this monitoring and challenge.

2. Delivery Programme

The current delivery programme is made up of the Full Council agreed 2020/21 budget (updated for subsequent approved decisions and reprofiling) and an expected delivery amount for prior year schemes. The total delivery programme for 2020/21 is £149.510m as set out in table 1 below:

TABLE 1 – 2020/21 Capital delivery programme by block

Service Area	Delivery Programme agreed Feb 20	Decisions	Changes to planned delivery	Total Delivery Plan for Monitoring
	£m	£m	£m	£m
Schools (including DFC)	27.089	12.119	-12.326	26.882
Children and Young People	4.382	2.895	-5.728	1.549
Highways	40.121	34.013	-35.137	38.997
Transport	15.302	6.216	0.053	21.571
Externally Funded Schemes	6.574	0.086	1.314	7.974
Waste and Other	0.300	0.000	0.000	0.300
Adult Social Care	16.231	0.000	0.757	16.988
Corporate	19.243	18.398	-10.744	26.897
Vehicles	4.600	4.600	-4.277	4.923
Transforming Cities Fund	0.000	3.429	0.000	3.429
Grand Total	133.842	81.756	-66.088	149.510

3. Risks to the Delivery Programme – COVID19

The current delivery plan budget represents the estimated value of delivery during the financial year which the programme managers within each block have committed to delivering given a return to normal working conditions, and work then progressing as planned. The impact of the COVID19 pandemic on planned delivery over the year is uncertain and therefore cannot be robustly reflected in the delivery plan budget figure. The figure shows the projects in line to be delivered and ones that programme managers would strive to deliver under normal working conditions.

The continuing management of the pandemic provides a large risk across the capital programme. The likelihood and the effect of a 'second wave' on resources, supply chain and delivery are currently unclear.

The narrative for this monitoring report has been produced based on current conditions continuing, or improving slightly, for the remainder of the year. The risks on the delivery outturn due to any future 'second wave' have been omitted from the narrative with the acknowledgement in this section that the risk encompasses the whole Capital programme and that in future months the picture may become clearer of what can be expected going forward. With this in mind, the forecast outturn table (Table 2) includes a column to show a reduced forecast showing the level of delivery that could still be achieved should Lancashire experience another lockdown in this financial year similar to the March to May lockdown.

In light of the above risks, which are above and beyond the usual risks associated with capital delivery, we will from now on report the possible outturn position as a range. The topside of this range is the aggregate of all the project outturns rolled up through the programmes, the reduced forecast being based on both a reduction for the normal slippage that happens with complex capital programmes and a further reduction for the potential impact of any reduced activity through local lockdowns in the winter.

There is the possibility that costs may overrun on individual schemes due to Covid 19 issues affecting both supply and delivery methods, these will be monitored at a programme level using contingency budgets.

4. Variance Analysis

The forecast variance as at June 2020 is £0.199m. A breakdown of the variance to block level, along with the reduced forecast and variance is shown in table 2 below.

Table 2 – Summary Capital Delivery Programme Position as at 30th June 2020

Service Area	Total delivery programme for 2020/21	Spend to date	Total Forecast spend	Forecast Variance	Reduced Forecast	Reduced Forecast Variance
	£m	£m	£m	£m	£m	£m
Schools (exc DFC)	24.456	2.651	23.867	-0.589	16.707	-7.749
Schools DFC	2.426	0.382	2.426	0.000	1.698	-0.728
Children and Young People	1.549	0.027	1.544	-0.005	1.081	-0.468
Highways	38.997	8.352	39.001	0.004	29.248	-9.749
Transport	21.571	1.975	21.990	0.419	15.100	-6.471
Externally Funded	7.974	2.575	7.977	0.003	6.008	-1.966
Waste and Other	0.300	0.024	0.265	-0.035	0.115	-0.185
Adults Social Care	16.988	3.395	16.978	-0.010	15.289	-1.699
Corporate	26.897	1.342	27.309	0.412	21.518	-5.379
Vehicles	4.923	0.170	4.923	0.000	3.000	-1.923
Transforming Cities	3.429	0.116	3.429	0.000	3.429	0.000
Totals	149.510	21.009	149.709	0.199	113.193	-36.317

The total forecast spend for 2020/21 is £149.709m and funded from a combination of Borrowing (£63.314m), Grants (£74.595m) and Developer and 3rd Party Contributions (£11.800m).

There is a variance currently forecast of £0.199m and table 3 below summarises the breakdown of this forecast variance.

Key items included within the variances are-

- Slippage on schools condition led projects including Whitworth High School which is currently on hold.
- Additional delivery on the Skelmersdale rail link project following the final costs of the initial investigations coming through.
- Additional delivery of the Superfast Broadband project following a payment to BT.

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

Table 3 – Analysis of Forecast Variance

Service Area	Forecast Variance	Underspends and potential underspends	Overspends and potential overspends	Slipped Delivery	Additional delivery
	£m	£m	£m	£m	£m
Schools (exc DFC)	-0.589	-0.115	0.002	-0.748	0.272
Schools DFC	0.000	0.000	0.000	0.000	0.000
Children and Young People	-0.005	0.000	0.000	-0.006	0.001
Highways	0.004	0.000	0.000	-0.785	0.789
Transport	0.419	0.000	0.000	0.000	0.419
Externally Funded	0.003	0.000	0.003	0.000	0.000
Waste and Other	-0.035	-0.006	0.000	-0.029	0.000
Adults Social Care	-0.010	-0.010	0.000	0.000	0.000
Corporate	0.412	0.000	0.000	0.000	0.412
Vehicles	0.000	0.000	0.000	0.000	0.000
Transforming Cities	0.000	0.000	0.000	0.000	0.000
Totals	0.199	-0.131	0.005	-1.568	1.893

Underspends and potential underspends cover schemes that are forecast to be completed under budget. As per the capital financial regulations, these underspends can be repurposed within the same programme to allow for additional spend on other projects.

Overspends and potential overspends cover schemes that are forecast to be completed over budget. As per the capital financial regulations, these underspends can be covered through repurposed monies within the same programme.

Slipped delivery covers expenditure that was originally forecast to be incurred in 2020/21 but is now forecast to be slipped into later years.

Earlier than profiled delivery covers expenditure on schemes within the approved multi-year programme but not originally scheduled in the current year delivery programme.

5. Detailed Narrative

Schools

The schools capital programme (including devolved formula capital (DFC)) has a 2020/21 delivery plan of £26.882m. The delivery plan (excluding DFC) has 150 schemes that will be worked on this year. The current forecast outturn is £26.293m, a variance of -£0.589m.

A summary of the main variations within the block is given below

Basic Need Programme

The purpose of the Basic Need programme is to increase school pupil places in targeted areas via grant funded school expansions or new school build projects. The 2020/21 delivery plan for this programme is £13.529m. There are currently 15 active schemes and 6 in final financial closure processes. Of the active schemes, 5 are continued delivery from prior years including notably the Lytham St Annes high school, Barrow primary school and Ribblesdale high school projects. The other 10 projects are recently approved proposals which are undergoing design and development including a number of projects to increase pupil places in Burnley and a number of recent approvals to increase special educational needs provision utilising Special Provision Fund grant funding. The only variance to the delivery plan at present is a saving of -£0.035m in a project entering closure phases.

Condition Programme

The Condition Programme delivers a variety of grant funded works to address priority condition issues at school buildings. The works are usually undertaken over the summer to minimise disruption and includes works to replace boilers, flat roofs, windows, electrical wiring, plus legionella and asbestos remedials. The delivery plan for 2020/21 is £10.831m. This includes the major project at Oswaldtwistle Rhyddings high school which comprises on-going condition remedial work and rebuilding work to areas found to be structurally compromised.

The current forecast expenditure has a variance of -£0.557m on the delivery plan. There is forecast slipped delivery of -£0.748m on a number of schemes including -£0.213m on a project at Whitworth high school which is currently on hold. Rhyddings Rebuild reports slippage of -£0.108m. New year schemes have not yet called upon contingency funding meaning a budget variance of -£0.421m. Additional delivery of £0.270m is reported across a number of projects, comprising mainly of small adjustments to final project costs. Small underspends of -£0.082m are identified along with minor overspends of £0.003m.

Local Full Fibre Networks

Funding has been awarded from the Department for Digital, Culture, Media and Sport to a number of schools across the county that were identified as premises that would benefit from the installation of high speed fibre. The installation will be managed by BTLS and most of the works are underway. The delivery plan for 2020/21 is £0.95m.

Devolved Formula Capital

The DFC programme is a grant funded programme for small to medium capital projects. It is allocated to schools on a formula basis by the DfE in order for schools to spend on capital projects within expenditure guidelines.

The DFC 2020/21 delivery plan is £2.426m, although it is difficult to estimate likely expenditure as projects are not commissioned centrally.

Children and Young People (CYP)

The CYP capital programme has a 2020/21 delivery plan of £1.549m. The delivery plan has 2 schemes that will be worked on this year. The current forecast outturn is £1.544m, a variance of -£0.005m.

Residential Overnight Short Breaks

There is a long standing commitment by Lancashire County Council to provide 3 new overnight short break units for children with disabilities in accessible locations across the county. The strategy was the result of an extensive consultation in 2013 and the new units will replace 8 old units which will be closed over a phased period.

In May 2019 a further unit was approved to be built on the former North Cliffe special school site in Great Harwood, with a budget of £3.386m. This will allow the closure of the existing Hargreaves House unit which is in extremely poor condition and expensive to maintain.

In February 2020 a further proposal was approved by cabinet to develop a purpose built short break unit for adults with disabilities and complex needs alongside the previously approved children's unit on the former North Cliffe site. A budget of £2.895m was approved including a contribution of £0.300m from Hyndburn Borough council.

The first project tackles the demolition of the former North Cliffe special school in Great Harwood. This was originally planned for 2019/20 but was delayed due to complications disconnecting the existing gas supply to the building and site clearance has been impacted by the current government working restrictions in response to Covid 19. Demolition is currently planned over a 6 week programme between June and August and the planned delivery budget of £0.219m will be expended.

The second project refers to the build of the new units, which will be delivered together. The project is currently undergoing design and planning processes and is anticipated to begin in September 2020 subject to timely completion of the demolition works and all approvals being in place. Delivery is anticipated to take between 18 and 24 months costing £1.330m in 2020/21.

Highways

The Highways capital programme has a 2020/21 delivery plan of £38.997m. The delivery plan has over 500 schemes that will be worked on this year. The current forecast outturn is £39.001m, a variance of £0.004m.

The delivery programme includes plans to invest over £10.000m on Lancashire roads on schemes such as pre patching, surface dressing and resurfacing. £4.700m has been allocated for maintenance to bridges and structures including bridge inspections, and £2.600m on improving footways and drainage. In 2020/21 the authority is investing over £7.000m on street lighting including replacing lanterns with LEDs. In addition to the Councils planned maintenance, over £8.000m has been earmarked for reactive maintenance during the financial year.

In May 2020, Lancashire County Council was allocated £15.891m from the Department of Transport under the heading Transport Infrastructure Investment Fund. This funding pulls together a number of previously announced funding streams including the 2020/21 Challenge Fund and the Pothole Action Fund. It is not ring-fenced and authorities can spend it on capital projects such as preventative maintenance and storm damage. The allocation of the £15.891m funding was agreed at July Cabinet and these amounts will be added to the 3 year Capital programme once the phasing of the work is known.

The forecast variance is due to the net effect of additional delivery and forecasted slippage due to ongoing changes in priorities due to the current situation.

Transport

The Transport capital programme has a 2020/21 delivery plan of £21.571m. The delivery plan has 157 schemes that will be worked on this year. The current forecast outturn is £21.990m, a variance of £0.419m.

Safer Roads Scheme

The Programme is now waiting to go to Cabinet and for approval of the tender procedure. The process was held up by the lockdown and the subsequent delays mean that this process will not now be completed until quarter 2 at the earliest and is at risk of finding suitable contractors.

Road safety

A delivery budget of £0.884m has been set for 2020/21, which includes delivery of schemes slipped from prior years. A further £0.500m from the integrated transport grant has been allocated against 10 projects including major schemes on Oxcliffe Road Morecambe and Plungington Road Preston. As demand for temporary road changes has increased in the last couple of months there may be a risk that resources in both demand and operational functions may not have the capacity to complete this planned work.

Skelmersdale Rail Link

The delivery budget of £3.114m was agreed for 2020/21, the majority of which related to assessing the technical feasibility of constructing a rail link between the Wigan to Kirkby line and Skelmersdale. Initial studies have been completed and Network Rail have completed a higher level design, costing and impact assessments. The final

costs of these investigations have been completed causing additional delivery of £0.408m. In addition the purchase of the Skelmersdale College has been completed and a budget of £1.967m has been established for the demolition of Newcastle Colleges Group buildings and its former 3G Sports facility on the former Glenburn College campus. Differing Central Government priorities could now put such a large Capital project at risk

East Lancs Strategic Cycleway

Work was ceased due to resources been directed elsewhere but has since restarted in June. Delays that affected larger sections of the programme have been overcome and Hud Hey Road and Hill End Lane are forecast to be completed. The Quarter one delay is expected to push some of the work back to early 2021/22.

Public Rights of Way

Seven further projects have been added for 2020/21 with £0.300m of grant funding from the Integrated Transport allocation. The delivery budget for the year however has been set at £0.286m with an element of the new budget carried forward to 2021/22 to reflect delays over consent issues with various statutory bodies. Projects that had previously slipped at the Capitol Centre and Cribden End Lane are both expected to be completed early in this financial year.

NPIF

A delivery budget of £1.319m has been agreed for the 6 outstanding projects with the majority of the work expected on the larger North Valley Way and Riversway Corridor. The remaining unallocated budget of the NPIF has been utilised to pay for work of the Transforming Cities Fund.

Burnley Pendle Growth Corridor

It has been forecast that 8 of the remaining projects will be worked on in this financial year and a delivery budget for this has been agreed at £2.052m. The majority of this is covers the Rose Grove junction £1.452m and the Manchester Road station car park £0.354m. The agreements with partner Councils have been signed and invoices for appropriate funding have now been issued.

Bus Stop Compliance

A delivery budget of £1.112m for the scheme has been agreed with the majority to be utilised on the quality bus shelter replacement programme.

Keeping Traffic Moving

The refurbishment of Ormskirk bus station has seen delays and although it now passed to the design stage it is not anticipated that work will begin prior to 2021/22. It is forecast however that Smart bus ticket machine procurement will spend the remaining budget as contactless machines become a priority.

Externally Funded Schemes

The Externally Funded schemes capital programme has a 2020/21 delivery plan of £7.974m. The delivery plan has 21 schemes that will be worked on this year. The current forecast outturn is £7.977m, a variance of £0.003m.

The delivery plan is fully funded via contributions, with works on schemes being delivered both in house and contracted out. The largest scheme within the delivery plan is UCLan Masterplan, which is forecasted to be £5.500m of the overall block, with works continuing into next year.

Other notable schemes include works on S278 A584 Lytham Rd/Church Rd Highway Works (£0.948m) for statutory undertakers and associated supervision fees, and Traffic Calming work at Lightfoot and Hoyles Lane which is forecasted at £0.122m.

There is a small potential overspend variance of £0.002m between the S278 Asda Store Chorley and Catforth & Woodplumpton villages traffic calming schemes.

There are risks associated with the Whalley King Street Zebra Crossing and Footways (£0.118m) and Whalley Town Centre Footway and Bus Stop Improvements (£0.112m) schemes, which are currently delayed due to a hold on formal advertising from Legal following lockdown. The main works on these projects are due to commence in January 2021. There is also risk surrounding S106 M55 Heyhouses Link Road Design (£0.343m) where questions have previously been raised as to whether the scheme is going ahead.

Waste and Others

The Waste and Others capital programme has a 2020/21 delivery plan of £0.300m. The delivery plan has 4 schemes that will be worked on this year. The current forecast outturn is £0.265m, a variance of -£0.035m.

The schemes within the Waste and Other capital programme are the ISSIS replacement/resolution Adult ICT project which comprises £0.150m of the overall delivery programme. The other projects are the capital contribution to Lancashire Environment Fund (£0.080m) the works on Lytham household waste recycling centre (£0.054m) and the relocation of the metrology service (£0.016m).

The current forecast spend is £0.265m mainly due to anticipated delays to the works at Lytham HWRC.

Adult Social Care

The Adult Social Care (ACS) capital programme has a 2020/21 delivery plan of £16.988m. The delivery plan has 8 schemes that will be worked on this year. The current forecast outturn is £16.978m, a variance of -£0.010m.

The Disabled Facilities Grant money (£14.731m), which makes up the majority of the delivery plan, is in the process of being fully passported to district councils with £3.323m paid over in June.

The Extra Care Grant was separated out into 3 projects covering Preston, Chorley and Fleetwood. The Scheme at Chorley has previously been completed and it is forecast that this year will see the completion of the Preston project with a forecast underspend of -£0.010m.

The Libraries ICT project has a 2020/21 budget of £0.900m and slippage brought forward of £0.240m. A dispute between BTLS and a supplier had slowed the purchase of further self-service machines but it is now anticipated the entire remainder of this budget will be used in 2020/21 with an order for £0.603m already established. Further disputes in the delay chain or compatibility issues with the new software are causes of potential concern. The on-going Liquid Logic system improvements for the Lancashire person record exchange service is forecast to spend a further £0.262m in 2020/21 following slippage from previous years.

A project to improve the capacity of the Burnley adults short breaks unit to meet the increasing demand for the service has been agreed with a budget of £0.250m forecast to be fully utilised in 2020/21. The delivery on this project is the highest risk within the block as it will require work to be completed on site and could potentially be affected by any further lockdown/ self-isolating instructions.

The Changing Places programme to install accessible toilets for those severely disabled is forecast to incur a further £0.054m with a new installation in Rawtenstall and completion of the Preston work.

Corporate

The Corporate capital programme has a 2020/21 delivery plan of £26.897m. The delivery plan has 169 schemes that will be worked on this year. The current forecast outturn is £27.309m, a variance of £0.412m.

The Economic Development programme has a budget of £10.408m including contributions to strategic sites of £5.100m and to City Deal of a further £2.500m. In addition to these are contributions to both Brierfield Mill and Lomeshaye industrial estate adding a further £1.054m and £1.500m respectively. The main risks to these contributions is unforeseen contractual disagreements between the parties involved over scope, expectations or delays to the timeframe.

Central systems and ICT has a delivery budget of £8.500m for 2020/21, with £6.919m of purchase orders created in Quarter 1 since approval. The majority of this is the forecast £7.000m on the migration to the Oracle Cloud system. Further work on upgrade/replacement of the electronic and document records management systems is due to add a further £0.750m, and £0.300m to improve council chamber webcasting. Work on these schemes is still on target although compatibility issues with current ICT systems poses potential risks.

The budget for the programme of building condition works has been set at £4.518m over 70 active projects. Larger projects include work to the building fabric of Lancaster

castle £0.508m, various lift upgrades and repairs totalling £0.561m and work to Christ Church chiller units costing £0.654m.

Works to operational premises has a delivery budget for the year of £2.237m over 30 active projects. Larger projects include Burnley Queen Street Mill Chimney Repairs of £0.495m and remedial work at St Annes Library of £0.192m.

Work at White Cross Mill 14 is near completion and the remaining funding of £0.056m has been included as the delivery budget with potential for a small underspend.

The only project remaining in the Service Challenge programme is the replacement parking services computer system which has its 2020/21 funding of £0.320m included as the delivery budget.

A payment to BT for the Superfast Broadband programme has seen additional delivery on the project of £0.412m.

Vehicles

The Vehicles capital programme has a 2020/21 delivery plan of £4.923m. The delivery plan has over 20 vehicles to be delivered this year. The current forecast outturn is £4.923m, a variance of £0.000m.

The most significant items being procured this year include 9 salt spreading vehicles, 3 mobile libraries, 15 travel care minibuses, 3 excavators and ancillary equipment for Waste and 2 tailored vehicles and a trailer for trading standards. This is in addition to a number of vans and other specialised vehicles for Highways and other services.

To date a wheeled paving machine for Highways has been delivered at a cost of £0.170m. There is currently a delay of 2 to 3 months on some orders but in the current climate they are still forecast to be delivered in this financial year.

Transforming Cities Fund (TCF)

The TCF capital programme has a 2020/21 delivery plan of £3.429m. The delivery plan has 3 schemes that will be worked on this year. The current forecast outturn is £3.429m, a variance of £0.000m.

Lancashire County Council had their revised proposal for TCF investment in the Preston City Region approved late on in June 2020 and as such the £3.429m scheduled delivery for 2020/21 has been added to the Capital delivery programme.