



Money Matters

The County Council's Capital Financial Position

2021/22 June 2021

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County
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Capital Programme Monitoring – June 2021

1. Introduction

In February 2021 an indicative Capital Delivery Programme of £152.439m was agreed at Full Council. This delivery programme figure has been revisited following confirmation of the final 2020/21 slipped delivery figures, subsequently approved additions and re-profiling of the programme, and has increased the in-year programme to £160.324m. This figure will form the basis of the capital programme monitoring throughout the financial year.

The delivery programme is shown in section 2 split by block. This is an ambitious delivery programme that is pushing to catch up on slipped delivery due to two lockdowns within 2020/21, as well as aiming to deliver schemes already programmed in for delivery this financial year. The delivery programme has been agreed by service heads and the project and programme managers will be held accountable using the following actions:

- Detailed monitoring of the delivery programme throughout 2021/22 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 has been set and is made up of the Full Council agreed 2021/22 budget and an expected delivery amount for prior year schemes. The total delivery programme is £160.324m. The forecast spend for 2021/22 is £160.558m, giving a variance against the delivery programme of £0.234m, c0.1%. Table 1 shows the delivery plan and forecast spend by block and a detailed narrative by block is provided in section 3.

The total delivery programme is £160.324m as set out in Table 1 below:

Table 1 – 2021/22 Capital delivery programme by block

Service Area	Total delivery programme for 2021/22	Spend to date	Total Forecast spend	Forecast Variance
	£m	£m	£m	£m
Schools (exc DFC)	23.576	5.509	24.120	0.544
Schools DFC	2.380	0.401	2.380	0.000
Children and Young People	0.000	0.000	0.000	0.000
Highways	53.293	12.132	52.474	-0.819
Transport	15.983	2.272	16.052	0.069
Externally Funded	7.155	2.731	7.173	0.018
Central Systems & ICT	7.656	1.239	8.156	0.500
Adults Social Care	17.313	16.715	17.313	0.000
Corporate - Property	11.191	1.181	11.113	-0.078
Economic Development	11.989	0.676	11.989	0.000
Vehicles	4.000	0.118	4.000	0.000
Transforming Cities	5.788	1.370	5.788	0.000
Totals	160.324	44.344	160.558	0.234

3. Detailed Narrative

The forecast variance as at June 2021 is £0.234m. Further information relating to the variances at a block level are detailed below.

Schools (including Devolved Formula Capital (DFC))

The Schools Capital Programme (including DFC) has a 2021/22 delivery plan of £25.956m. Forecast outturn at June 2021 is £26.500m, a variance of £0.544m.

The schools block is reporting a variance of £0.544m made up of additional delivery within the basic need programme of £0.531m and additional delivery within the condition programme of £0.013m.

A summary of the programmes within the Schools 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 forecast outturn position at June 2021 is £12.277m, an additional delivery variance of £0.531m on the delivery plan. This is due to recent approval to the

programme of the construction of a new primary school in Clitheroe, which is estimated to spend £0.531m on design work in the financial year.

Condition Programme

The Condition programme delivers a variety of grant funded works to address priority condition issues at school buildings. The current forecast at June 2021 is £11.824m, an additional delivery variance of £0.013m. This is due to additional final costs incurred on a number of closing projects. In addition to the usual annual programme of works, the delivery plan includes the continuation of the major project at Oswaldtwistle Rhyddings high school. The revised completion date for the new building is August 2021.

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 LCC education digital services. At June 2021 no variance is reported against the delivery plan.

Devolved Formula Capital (DFC)

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 Department for Education for schools to spend on capital projects within expenditure guidelines. At June 2021 no variance is reported against the delivery plan.

Highways

The Highways capital programme has a 2021/22 delivery plan of £53.293m. Forecast outturn at June 2021 is £52.474m, a variance of -£0.819m.

The Highways block is reporting a variance of -£0.819m. This is made up of forecast slippage of -£0.700m on bridges and structures storm damage works and a forecast underspend of -£0.200m on the Salix loan works. These are offset by additional delivery of £0.081m on prior year schemes. A summary of delivery in the main programmes within the block is given below:

Within the Salix programme there is a forecast underspend of -£0.200m. This is due to delays in materials being delivered and problems getting access to dwellings in West Lancashire. Salix are soon to become a non-departmental public body and the Salix loan scheme is ending on 31st March 2022. As a result, Salix have advised that whilst they are able to fund committed streetlighting works that are carried out in the 2021/22 financial year they are not able to fund works that roll-over beyond 31st March 2022.

Due to environmental constraints it is forecast -£0.500m works in the 20/21 TIIF storm damage bridges and structures programme will slip into 2022/23.

The lead time from design to construction has been considerably lengthened on the 2021/22 bridges and structures storm damage programme. This is as a result of engaging with utility companies and consequential environmental constraints, causing slippage of -£0.200m.

Good progress has been made on the DFT challenge fund retaining walls programme and there is likely to be additional delivery in 2021/22, this will be reviewed next month.

The structural defect programme is at risk of an overspend in year. Quarter 1 2021/22 has seen a significant and sustained increase in CRN's and defects compared to quarter 1 in 2020/21. The peak in demand in quarter 4 2020/21 created a backlog of works which extended into the new financial year and as a result of this there has been an increased spend on sub-contractor resources. Increased use of contractors further down the dayworks framework are significantly more expensive and they have had to be used to keep up with demand. More work needs to be done to clarify the impact of this on the delivery programme this year and will be updated in the next report.

Overall works within the Highway's block are at risk due to the availability of suitable sub-contractors to deliver the work and the weather. The uncertainty over weather forecasting means planning and budgeting for certain programmes is difficult, certain types of treatment can only be done within specific temperature ranges.

Transport

The transport capital programme has a 2021/22 delivery plan of £15.983m. Forecast outturn at June 2021 is £16.052m, a variance of £0.069m.

Transport block is reporting an additional delivery variance of £0.069m within the Safer Roads programme. This is due to construction costs not included within the delivery plan.

A summary of delivery in the main programmes within the block is given below:

Safer Roads Scheme

LCC successfully secured full funding for 5 route lengths during the second round of the Safer Road Fund Bid process. The DfT has provided total funds of £7.942m over three financial years to cover changes to road layouts, speed cameras, better lighting, road studs etc.

National Productivity Investment Fund (NPIF)

NPIF provides for additional spending in areas that are key to boosting productivity: transport, digital communications, research and development, and housing.

Heysham

A delivery budget of £0.784m is in place for 2021/22 to cover mopping up work and settling Injurious affection disputes due to the length of time tribunals are taking to agree. These claims plus the linked legal cost have already incurred £0.239m in Q1 and remaining cases being worked through.

Burnley Town Centre Improvements

A prudent delivery plan of £0.940m was established for work at Lower St James Street and Pioneer Place. Work on the latter can now be undertaken as Lower St James has spent £0.230m of the £0.240m that remained outstanding. It remains anticipated that now £0.700m can be achieved on the Pioneer Place project. This work is partly funded by Burnley Borough Council and the invoicing is monitored to minimise the risk of any failure of funding being claimed.

Skelmersdale Rail Link

The demolition of Newcastle Colleges Group buildings is ongoing and it is forecast that the whole of the delivery plan will be required with completion of the project expected in quarter 3 of 2021/22.

Externally Funded

The Externally Funded programme has a 2021/22 delivery plan of £7.155m. Forecast outturn at June 2021 is £7.173m, a variance of £0.018m.

The forecast variance on the externally funded programme is made up of forecast overspends of £0.017m and forecast additional delivery of £0.001m. An overview of the block is given below:

The largest scheme within the delivery plan is UCLan Masterplan (£4.500m) has so far spent £1.383m, with works due to be completed this year and remaining expenditure to be concluded the following year.

Spend on other notable schemes is also on track. The A584 Lytham Rd/Church Rd highway works project has year to date spend on statutory undertakers and associated supervision fees and is expected to spend as per the delivery plan this year.

There is a small additional delivery variance of £0.002m on the S278 Blackpool Road, Kirkham scheme.

There is a potential overspend variance of £0.017m. This is notably on the A6 Transport Strategy – Initiative 1 scheme (£0.009m) where funding may potentially be sought from revenue to finance this, however this is still pending approval. There is also a forecast overspend of £0.005m on the S106 Blackpool Road/Lea Road Crossing Facilities scheme, which also holds a potential risk as funding needs to be sought to cover this.

Central Systems and ICT

The Central Systems & ICT programme has a 2021/22 delivery plan of £7.656m. Forecast outturn at June 2021 is £8.156m, a variance of £0.500m.

The central systems and ICT block is forecasting an additional delivery variance of £0.500m, details given below along with an overview of the block.

There is forecast additional delivery of £0.500m across 2 schemes. The social care reform Lancashire patient records service (Lpres) scheme has an additional delivery variance of £0.350m, to fund a change programme linked to Adult services which include reviewing all processes and system interactions with our partners and the third sector. Forecast additional delivery of £0.150m on the Microsoft Office 365 scheme is due to advanced plans on the delivery of the project.

The largest scheme within the delivery plan is the migration to Oracle cloud from the current e-business suite Oracle platform which has so far spent £1.354m of its £7.500m delivery plan figure. There have been a number of factors which have led to a delay in the proposed go-live dates for the HR/Payroll and Finance modules of the system. The delays have arisen due to unforeseen issues in migrating data into the system to allow effective design and demonstration, some additional design and planning to support the requirements of Lancashire Constabulary and the need to deconflict demonstrations of modules which span service areas to allow appropriate review and challenge. The system is now anticipated to roll out in June/July 2022 and the implications, in terms of level of increase in cost, are in the process of being identified and will be reported to Cabinet in the quarter 2 money matters update report.

Adults Social Care (ACS)

The ACS programme has a 2021/22 delivery plan of £17.313m. Forecast outturn at June 2021 is £17.313m, a variance of £0.000m.

The Disabled Facilities Grant 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. This £16.715m allocation has been fully passported to district councils to distribute.

The Extra Care Grant for Preston at £0.540m is due to have its legal agreement executed in July 2021. Building work has already been completed previously so payment is expected to be made for this scheme imminently and with minimal risk of delay presently, though any further legal disputes could potentially cause delays in the delivery of this scheme.

The Inpatient Detoxification Grant is a one-year funding scheme aiming to increase medically managed inpatient detoxification capacity and to stabilise this component of provision in the treatment system for drug and alcohol users. Funding of £0.058m is expected to be received in July 2021 and spent in full very shortly thereafter, therefore

it is anticipated that this scheme will be delivered in year. There are potential risks relating to the uncertainty around COVID-19 as restrictions are lifted, as we are currently unsure what impact this will have on the procurement of the required equipment for this scheme.

Corporate – Property

The Corporate – Property capital programme has a 2021/22 delivery plan of £11.191m. Forecast outturn at June 2021 is £11.113, a variance of -£0.078m.

The corporate property capital programme has a slipped delivery variance of -£0.078m on the Preston sunshine centre remodelling works project as the project has been put on hold and is expected to be delivered in 2022/23. An overview of the programmes within the block is given below:

Building condition programme

The Delivery Plan for the programme of Building Condition has been set at £2.162m with 62 projects forecast to be worked on in the year. The major projects within the programme are the Mechanical Works at Chorley Neighbourhood Centre, now on track following the removal of asbestos in May. The repairs to Lancaster Castle, a Grade 1 listed property, have been successfully completed. These projects are currently forecast to spend as per the delivery plan but the risk of rising prices for building materials could adversely affect the final costs.

Works to operational premises programme

The works to operational premises has a delivery budget for the year of £1.018m with 20 projects forecast to be active. The major projects within the programme include a plan to improve the Security at Bamber Bridge fleet depot including CCTV, corporate door access and intruder alarm has been approved and is forecast to be spent in 2021/22. The final cost of the repairs to Burnley Queen Street Mill chimney is forecast at £0.160m in 2021/22, the project is now completed and just awaiting the final invoices from contractors. However, the project to remodel the Sunshine Centre is yet to commence and has been put on hold and -£0.078m of the work is now forecast to slip to 2022/23. With the exception of this project, the remainder are currently forecast to spend as per the delivery plan, however, the risk of staffing resources being stretched in both design and construction as more projects are approved may see some projects facing further delays.

Bowgreave Rise programme

The project to replace Bowgreave Rise residential care home will start on site in July 2021 and will spread across two financial years. Although there has only been minimal spend in quarter 1 work is expected to accelerate over the coming months.

Covid Secure Visiting Facilities

The programme of Covid related property works to install secure visitor facilities at care homes has remaining funding of £0.138m all of which has been included in the Delivery Plan and £0.106m has already been incurred to the end of quarter 1.

Salix Decarbonisation

A new programme has been established for de-carbonisation schemes at Burnley, Leyland and Garstang libraries, the scheme is forecast to spend £0.519m. As £0.167m is Grant supported with conditions to be spent in the financial year these schemes will be a priority. Tenders have now been approved and work is likely to commence in September 21 with work taking approximately two months.

Burnley Short Break Unit Extension

A project to improve the capacity of the Burnley adults short breaks unit, Haddon House, to meet the increasing demand for the service was agreed in 2020/21. Lockdown delays slowed the commencement of the building but work has now completed and is due to be inspected early July.

Economic Development

The Economic development capital programme has a 2021/22 delivery plan of £11.989m. Forecast outturn at June 2021 is £11.989m, a variance of £0.000m.

A summary of delivery within the block is given below:

A contribution to the Brierfield Mill scheme which has created offices, apartments and leisure schemes in the redeveloped site has incurred £0.193m in quarter 1 with the eventual contribution for 2021/22 forecasted at £0.783m. It is also expected that the remaining contribution towards the expansion of the Lomeshaye Industrial Estate of £1.500m will be made this financial year after been held up by the delays in progress on site due to lockdown. A contribution towards City Deal of £1.295m will again be made in 2021/22.

The majority of the economic development spend in 2021/22 is forecast to be on the Sablesbury Enterprise Zone. After being previously delayed, groundworks, tree felling and utilities works are underway in both Zones A & C and forecast to spend £7.547m on this preparation work this financial year. Apart from the usual risk of price increases of materials and labour an issue with the high level of coal tar on the site is currently being analysed to understand whether it has adverse cost implications.

Work on the submission of the business case for the Eden north project in Morecambe is forecast to utilise its remaining £0.382m in 2021/22 in completion of this first stage of the process, this figure also includes a £0.200m contribution to the planning stage. The work on the Lancaster housing infrastructure fund (HiF) programme has not yet been finalised although further funding from the HIF Grant may be agreed in the year.

Vehicles

The Vehicles capital programme has a 2021/22 delivery plan of £4.000m. Forecast outturn at June 2021 is £4.000m, a variance of £0.000m.

The delivery plan includes prior year projects of £1.921m consisting of the purchase of three mobile libraries, three excavators, and several vans and larger commercial vehicles. Some of these schemes were anticipated to be spent within the 2020/21 budget, however due to COVID-19 causing closures to part manufacturers and suppliers these have been brought forward into this year's budget. There are potentially further risks surrounding the uncertainty of another lockdown causing sourcing issues, however it is expected that these prior year schemes will be completed this year on the basis the vaccination rollout continues to drive down case numbers.

Eighteen accessible coach-built minibuses are planned for delivery in this financial year to assist disabled individuals with their transport needs around Lancashire. The agreed funding for this project is £1.487m. There is a potential risk of delays due to supply issues and parts shortages, but at this stage it is anticipated that these problems will be resolved in year. There are also fifteen van conversion minibuses planned costing at £0.910m which could potentially be subject to similar risks. The remainder of this year's budget is made up of several commercial vans along with two salt spreading vehicles, three trucks, a mini excavator and a mobile library.

Transforming Cities Fund (TCF)

The TCF capital programme has a 2021/22 delivery plan of £5.788m. Forecast outturn at June 2021 is £5.788m, a variance of £0.000m.

In June 2020, Lancashire County Council had their revised proposal for TCF investment in the Preston city region approved, with the schedule of works lasting until 2024/25. The delivery plan for 2021/22 is £5.788m with the majority of spend expected on the Transforming Ringway project.

With the delivery timescales set within the grant agreement, hitting the deadlines is the key risk within the block. Existing staff resources are stretched, so the project is trying to recruit staff with the necessary skillsets to take the work forward. The delivery programme is expected to be achieved this year with the potential for additional delivery if staff resources are found.