



Money Matters

The County Council's Capital Financial Position 2021/22 September 2021 and 2021/22 Revised Programme

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Capital Programme Monitoring – September 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 deliverables in year which have increased the in-year programme to £164.751m. A forecast outturn as at September 2021 has been set at £165.407m, a variance of £0.656m or c0.4%.

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 through the remainder of 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 was originally agreed in June 2021. It is made up of the Cabinet agreed 2021/22 budget, updated with any approved decisions and reprofiling since June 2021, and an expected delivery amount for prior year schemes. This will form the basis of the monitoring report. The total delivery programme is £164.751m as set out in table 1 below:

Table 1 – 2021/22 Capital delivery programme by block

Service Area	Delivery Programme agreed Feb 21	Decisions	Changes to planned delivery	Total Delivery Plan for Monitoring
	£m	£m	£m	£m
Schools (including DFC)	24.157	21.177	-19.378	25.956
Highways	43.970	63.832	-54.508	53.294
Transport	13.665	4.559	-2.266	15.958
Externally Funded Schemes	5.430	1.422	0.527	7.379

Central Systems & ICT	0.000	0.000	7.656	7.656
Adult Social Care	15.087	0.058	2.168	17.313
Corporate - Property	14.698	3.240	-6.619	11.319
Economic Development	16.160	0.250	-4.421	11.989
South Lancaster Growth Catalyst	0.000	4.100	0.000	4.100
Vehicles	4.924	0.000	-0.925	3.999
Transforming Cities Fund	14.348	0.000	-8.560	5.788
Grand Total	152.439	98.638	-86.326	164.751

3. Risks to the Delivery Programme – COVID19

The current delivery plan is an ambitious plan to deliver a normal years Capital programme along with the catchup of 2020/21 projects that slipped due to the pandemic.

There has been no allowance in this year's delivery plan for any future lockdowns, forecasts will be amended if further restrictions are implemented. There is still an overarching risk across the majority of the Capital programme that any future restrictions, and any lasting economic effects from previous restrictions, will impact on delivery and /or cost. This is difficult to forecast and quantify, and with that the figures in this report are caveated by this risk.

4. Variance Analysis

The forecast outturn as at September 2021 against this revised delivery plan of £164.751m is £165.407m, giving an expected variance of £0.656m. A breakdown of the variance at block level, along with the increased forecast and variance is shown in table 2 below.

Table 2 – Summary Capital Delivery Programme Position as at 30th September 2021

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	12.775	22.216	-1.360
Schools DFC	2.380	1.088	2.380	0.000
Highways	53.294	29.711	55.686	2.392

Transport	15.958	9.265	15.117	-0.841
Externally Funded	7.379	4.368	7.407	0.028
Central Systems & ICT	7.656	2.380	12.157	4.501
Adults Social Care	17.313	16.715	17.313	0.000
Corporate - Property	11.319	2.234	8.289	-3.030
Economic Development	11.989	5.016	12.140	0.151
South Lancaster Growth Catalyst	4.100	0.501	4.100	0.000
Vehicles	3.999	2.963	3.914	-0.085
Transforming Cities	5.788	1.129	4.688	-1.100
Totals	164.751	88.145	165.407	0.656

The total forecast spend for 2021/22 is £165.407m and funded from a combination of Borrowing (£63.926m), Grants (£93.942m) and Developer and 3rd Party Contributions (£7.539m).

There is a variance currently forecast of £0.656m and table 3 below summarises the breakdown of this forecast variance.

Key items included within the variances are:

- Additional delivery on highways structural defects addressing a backlog after a peak in demand late in 2020/21.
- The addition of a new reporting block following the signed collaboration agreement for the South Lancaster Growth Catalyst.
- Additional delivery of central systems and ICT projects due to projects spending at higher levels than anticipated in the delivery plan.

A more detailed narrative on the key items making up the variances by block can be found in the section 5 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)	-1.360	-0.583	0.000	-4.439	3.662
Schools DFC	0.000	0.000	0.000	0.000	0.000
Highways	2.392	-0.700	5.127	-2.568	0.533

Transport	-0.841	-0.649	0.020	-1.442	1.230
Externally Funded	0.028	0.000	0.044	-0.020	0.004
Central Systems & ICT	4.501	0.000	1.053	0.000	3.448
Adults Social Care	0.000	0.000	0.000	0.000	0.000
Corporate - Property	-3.030	-0.154	0.001	-2.943	0.066
Economic Development	0.151	0.000	0.000	-0.100	0.251
South Lancaster Growth Catalyst	0.000	0.000	0.000	0.000	0.000
Vehicles	-0.085	0.000	0.000	-0.510	0.425
Transforming Cities	-1.100	0.000	0.000	-1.100	0.000
Totals	0.656	-2.086	6.245	-13.122	9.619

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 2021/22 delivery plan of £25.956m. The current forecast outturn is £24.596, a variance of -£1.360m.

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. Spend to date is £6.888m, with £11.753m currently forecasted to be spent in the financial year. This is a variance of -£0.007m on the delivery plan.

In recent months a number of new projects have been commissioned, including a number of SEN units to support the Authority's SEND strategy as well as a number of large scale expansions to address areas of high pupil place demand forecast in future years, particularly in East Lancashire. Additionally, a number of projects previously postponed have been restarted, including expansion work at Tom Finney High School. Although few costs have been incurred on these projects in the year to date, it is anticipated that initial design and associated costs will be incurred before March. The Tom Finney project in particular has advanced and is now at the stage of agreeing contracts. A preliminary forecast has been included in reporting to date, but an informed forecast will follow when the programme is agreed, which may increase the overall spend forecast on the basic need programme.

Condition programme

The condition programme delivers a variety of grant funded works to address priority condition issues at school buildings.

Spend to date is £5.884m with a current outturn forecast of £10.438m, a delivery variance of -£1.373m. This is due to savings of -£0.532m forecast on a wide range of projects that will close after making final retentions payments later this financial year. Slipped delivery of -£0.842m is forecast, largely on new projects that did not progress during the summer. While some of the higher value or more complex projects have been deferred until next year (usually because they are bigger in scope than first anticipated) some are rescheduled to autumn half term. If these necessitate deferral to next year, the overall slippage from delivery plan may increase although it is noted that the majority of works are progressing well and to their project budgets.

Elsewhere, the Rhyddings rebuild continues to progress through the final stages although the planned completion date has slipped due to the effect of earlier problems encountered and COVID19 related issues, but several areas have been successfully handed back over to the school.

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. The delivery plan for 2021/22 is £0.020m and no variance is reported. There has been no spend in the financial year to date.

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 DfE for schools to spend on capital projects within expenditure guidelines. The DFC 2021/22 delivery plan is £2.380m. At September 2021 no variance is forecast against the delivery plan and spend of £1.088m is reported.

Highways

The Highways capital programme has a 2021/22 delivery plan of £53.294m. The current forecast outturn is £55.686m, a variance of £2.392m.

The number of structural defects reported in the first half of 2021/22 has seen a significant and sustained increase compared to the same period in previous years. The peak in demand in quarter four of 2020/21 created a backlog of works which extended into this financial year. 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 are having to be used to keep up with demand. If the demand and the current ways of working continue the forecast overspend could reach £5.000m. It is planned to use an element of the jet patching programme budget (£0.500m) which currently remains uncommitted to a delivery project to fund part of this overspend on structural defects. This reflects the changing delivery processes through this period.

Due to the prioritisation of flood damage schemes because of their impact on the road network a number of schemes within the bridge maintenance programme and the bridge structural maintenance programme previously scheduled for delivery in 2021/22 are likely to slip into 2022/23. This is causing a slippage variance of -£0.618m for bridge maintenance and -£0.200m for bridge structural maintenance.

It is forecast that -£0.700m of works in the 2020/21 transport infrastructure investment fund (TIIF) storm damage bridges and structures programme currently scheduled for delivery in 2021/22 will now slip into 2022/23 due to environmental constraints such as Environment Agency permission to access rivers.

Engaging with utility companies who are taking longer to respond to queries is lengthening the lead time from delivery to construction and therefore affecting the delivery of the 2021/22 bridges and structures storm damage programme causing a slippage variance of -£0.200m.

Construction on Derby Street bridge, Ormskirk, has been delayed several months resulting in slippage of -£0.500m. The 2021/22 principal bridge Inspections are being delivered by consultants and it is anticipated that some of these will now be carried out next year resulting in slippage of -£0.150m.

Work on the retaining wall at Sawley are delayed until Environment Agency permission is granted, this work is now likely to be delivered in summer of 2022 causing a slippage variance of -£0.100m, similarly work on the Rivington reservoir retaining wall has been put back causing additional slippage of -£0.100m. However, good progress has been made on the DFT challenge fund retaining walls programme and there is likely to be additional delivery of £0.300m in 2021/22.

Within the Salix programme we are forecasting an in-year 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.

Shortage of steel and increased costs are having an impact on some of the other street lighting programmes. Deliveries from suppliers have been affected and the price of columns has increased by 30%. Due to these increases the street lighting defects programme is now forecast to overspend by £0.118m and its likely that the column replacement programme will also be impacted.

There has been additional delivery on a number of prior year schemes amounting to £0.234m. Further compensation claims at a drainage scheme at Slyne with Hest have resulted in a forecast in year over spend of £0.009m, the scheme has overspent by £0.040m in total.

The drainage defects programme is at risk of an overspend if works continue at the same rate over the winter months. 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 £15.958m. The current forecast outturn is £15.117m, a variance of -£0.841m.

A summary of the main variances and 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 department for transport (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. The 2021/22 delivery plan was established to cover initial design work on all schemes, however the forecast has now increased causing an additional delivery variance of £0.794m to cover early anticipated construction.

Burnley Pendle Growth Corridor

The Burnley Pendle growth corridor investment programme is a key priority for the East Lancashire highways and transport masterplan. It is a collaborative agreement including Burnley, Pendle and Hyndburn councils. The scheme is now coming to a close and although the full remaining funding of £1.658m has been included in the delivery plan, underspends of -£0.621m against the full programme multi-year budget of £13.8m are now forecast. The two major remaining pieces of work are at Rose Grove and Manchester Road station car parking. To mitigate risks of this joint venture a full legal agreement is in place and the billing of partner councils is up to date.

Ormskirk Rail to Bus / Town Centre

A project to enhance the pedestrian and cycle routes linking the town centre and the University campus is continuing and was given a Delivery plan of £0.200m for 2021/22. Construction is now ahead of that target. A new forecast has been agreed showing an additional delivery variance of £0.117m.

Lancashire Safer Travel Restart

Lancashire was awarded £3.501m of a £250m emergency fund for COVID19 recovery. This is to be utilised for instant schemes reallocating road space for pop-up bike lanes, wider pavements, cycle, and bus-only streets alongside interventions to support schools, signing and messaging and communication. Only the £0.090m funding remaining from the initial tranche was included as the delivery plan but already £0.094m additional delivery is forecast to be funded from the next round of funding which is to be received in this financial year, this reflects the speed at which the services have responded for the need for this work and is partly responsible for other areas of slippage across the capital programme where resources have had to be redeployed.

National Productivity Investment Fund (NPIF)

The NPIF grant provides for additional spending in areas that are key to boosting productivity: transport, digital communications, research and development, and housing. A realistic delivery budget was agreed of £0.768m and the actuals to date of £0.423m are in line with expectations. The largest of these, Vivary Way has already incurred £0.383m with the MOVA validation of Bluebell Way adding a further £0.030m.

M55 Link Road

This programme covers the building of the proposed link road which will connect the existing roundabout at Whitehills Road to the north with Heyhouses Lane near the Cyprus Point development site to the south. This is a large project spanning a number of years funded by a number of different grants and contributions. For 2021/22 a delivery budget of £3.369m covers design work plus initial earth works and utilities work. Actual spending has now begun to ramp up sharply with actuals of £1.255m to September and the forecast remains on target. All the agreements are now in place to offset any risk of disputes between the parties, but it will potentially face issues of materials supply chain and price increases through the delivery stage.

Cycling schemes

A Delivery Plan of £0.453 has been set for the Cycling Safety Scheme covering 15 ongoing projects and the new annual projects approved June. The budget for the programme has been increased by allocation of 0.500m from the 2021/22 integrated transport grant. Work on Golden Hill Way, Chapel Brow, has been put on hold as South Ribble council are undertaking similar work which may result in a saving of up to £0.091m.

Heysham

A delivery budget of £0.784m is in place for 2021/22 to cover post build work and settling claims for land adversely affected by the programme. These claims plus the linked legal cost have already incurred £0.418m to September and a request for updated details on remaining cases has been forwarded to the Estates team due to the length of time taken by the tribunals.

Externally Funded Schemes

The externally funded schemes capital programme has a 2021/22 delivery plan of £7.379m. The current forecast outturn is £7.407m, a variance of £0.028m. Spend up to 30th September 2021 is £4.368m.

The largest scheme within the delivery plan is UCLan Masterplan with a 2021/22 delivery budget of £4.500m. Works are due to be completed this year and remaining expenditure to be concluded the following year. The forecast for 2021/22 remains at £4.500m, however there is a potential risk that Lancashire County Council do not have budget allowance for inflated costs to works, expected at £0.300m. Discussions are being held with UCLan to provide cost certainty and eliminate any cost risks.

There has been an increase to the delivery plan as additional funding has been received for the S278 Pilling Lane Chorley project, £0.186m funded equally by Redrow Homes Ltd and BDW Trading Ltd. Of this, £0.153 is an addition to the 2021/22 delivery plan as the project progresses onto the construction phase, with the remaining budget apportioned to 2022/23.

There is a forecast overspend variance of £0.044m within the block. There is an overspend variance on the s278 funded Lomeshaye Phase 2 - Barrowford Road

scheme of £0.025m due to design complications. Additional funding has already been agreed to cover this, and Lancashire County Council should be covered due to the nature of section 278 agreements. There is an overspend on the A6 transport strategy Catterall pedestrian refuge relocation scheme of £0.009m, funding may be sought from revenue to finance this, which is currently pending approval. There is also an overspend of £0.005m on the s106 funded Blackpool Road/Lea Road crossing facilities scheme, which holds a potential risk as funding needs to be found to cover this.

There is forecast slipped delivery variance of -£0.020m. The Section 278 Cottam Hall project (£0.010m) is currently on hold and expected to slip into 2022/23, however there is a risk the scheme may be closed. The Footpath 9-9-FP16 Clayton le Woods project (£0.010m) has hit a delay and spend will more than likely be pushed back to 2022/23, although a small amount of expenditure may be spent this winter.

There is a small additional delivery variance of £0.004m on the s278 funded Blackpool Road, Kirkham scheme.

Central Systems and ICT

The central systems and ICT capital programme has a 2021/22 delivery plan of £7.656m. The current forecast outturn is £12.157m, a variance of £4.501m.

The central systems and ICT block is forecasting an additional delivery variance of £0.530m across 3 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 includes 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. It is expected that spend will increase on all projects in the next couple of months. Furthermore, there is forecasted additional delivery of £0.030m on the replacement of the Document Management System following the current system no longer being supported.

The largest scheme within the delivery plan is the migration to Oracle Cloud from the current e-business suite Oracle platform, which has a delivery budget of £7.500m. Forecast spend in 2021/22 is £11.471m which utilises all the remaining budget on the project, causing an additional 2021/22 delivery variance of £2.918m, as well as causing a forecast overspend on the overall project of £1.053m. There is an expected increase in spend due to various delays, 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 of this resulted in the increased overall forecast mentioned above.

Adult Social Care

The Adults Social Care capital programme has a 2021/22 delivery plan of £17.313m. The current forecast outturn is £17.313m, a variance of £0.000m. Spend up to 30th September 2021 is £16.715m.

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 had its legal agreement executed in July 2021. Building work has already been completed previously and the contractors' invoice is expected to be received imminently, which will be paid upon receipt. Although there is minimal risk to this scheme, complete delivery is reliant on receipt of the suppliers' invoice.

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 was received in August 2021 and work has now begun on the scheme. There has been a small delay in paying the funds out to the provider, but this is expected to be paid out imminently.

Corporate – Property

The Corporate Property capital programme has a 2021/22 delivery plan of £11.319m. The current forecast outturn is £8.289m, a variance of -£3.030m. Spend up to 30th September 2021 is £2.234m.

The corporate – property block covers a large number of projects so 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 which have now been completed. The replacement of chiller units within the Christ Church Precinct site is also nearing completion with the system now in operation and cooling the building. A small number of projects are still restricted by access issues and following a review, some of these projects have been put on hold. Overall the programme is forecasting slipped delivery of -£0.606m, offset slightly by additional delivery of £0.046m.

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 which has been approved and is forecast to spend its £0.147m budget 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. The project to remodel the Sunshine Centre is yet to commence and has been put on hold with -£0.078m of work forecast to slip to 2022/23, along with -£0.063m from the boiler replacement at Lancaster library where permission is still awaited from Lancaster City Council. There is a continued risk of staffing resources been stretched in both design and construction as more projects are approved may see some projects facing further delays on this programme.

Bowgreave Rise programme

The project to replace Bowgreave Rise residential care home providing affordable extra care schemes for older people and supported housing apartments for younger adults with disabilities will be spread across two financial years. The initial forecast of £2.500m has been reduced to £1.300m as it now anticipated that the majority of the construction will be completed in 2022/23.

Covid Secure Visiting Facilities

The programme of COVID19 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 £0.115m has already been incurred to the end of September.

Salix Decarbonisation

A new programme has been established for de-carbonisation schemes at Burnley, Leyland and Garstang libraries, with forecast spend of £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 January 2022.

Great Harwood North Cliffe, Overnight Short Break Unit

The construction of a new overnight short break unit providing purpose built units to meet the diverse needs of the users is progressing well, although it is now forecast that final construction may just extend into next financial year causing -£0.847m of the forecast to slip into 2022/23. With a delivery plan for the year of £4.313m the risk of rising prices for building materials could adversely affect the final costs, along with the risk of poor weather conditions effecting the build as the site is in a very exposed location.

Economic Development

The Economic Development capital programme has a 2021/22 delivery plan of £11.989m. The current forecast outturn is £12.140m, a variance of £0.151m. Spend up to 30th September 2021 is £5.016m.

The Cuerden strategic site programme was forecast to only require £0.200m in 2021/22 for consultancy, however internal design fees have been incurred and have created an additional delivery variance of £0.026m. The bulk of the revised work remains forecast to take place in future years.

The work on the South Lancaster Growth Catalyst (SLGC) collaboration agreement has now been finalised. A delivery plan of £0.281m was submitted but the increased spend on design and legal fees has led to an additional delivery forecast of £0.111m. The delivery of the infrastructure projects within the SLGC including the Homes England Housing Infrastructure Funding stream will be reported within a separate block.

With the block, the majority of spend in 2021/22 is forecast to be spent on the Samlesbury enterprise zone project. 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. Along with the risks of price increases for materials and labour an issue with the high level of coal tar on the site has been costed and analysed, with an options paper pending. Unfavourable weather conditions and various ecology plans have to be taken into when analysing the risks to the scheme.

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. Risks to the programme comes from working with outside partners, in addition to the Eden project there is also involvement from Lancaster City Council and Lancaster University.

South Lancaster Growth Catalyst (SLGC)

The south Lancaster growth catalyst capital programme has a 2021/22 delivery plan of £4.100m. The current forecast outturn is £4.100m, a variance of £0.000m. Spend up to 30th September 2021 is £0.501m.

In early October 2021 a collaboration agreement was finally signed between Lancaster City Council and Lancashire County Council for a long term collaboration which will develop south Lancaster to stimulate growth in the region. The agreement plans to deliver c10,000 homes and use the developer contributions alongside agreed grant funding from the Homes England (HE) to develop new and existing highways infrastructure.

Work has been on-going on the design for the agreed infrastructure projects and HE have agreed a 2021/22 budget of £4.100m of the wider £ 140m HE funding to cover these initial costs.

The programme manager is working to develop a more detailed project plan which will be used to monitor against going forward, allowing variances to be reported against the individual projects within the SLGC programme.

Vehicles

The vehicles capital programme has a 2021/22 delivery plan of £3.999m. The current forecast outturn is £3.914m, a variance of -£0.085m. Spend up to 30th September 2021 is £2.963m.

There is a forecast slipped variance of -£0.510m due to four vehicles (three trucks and one mobile library) now forecast to be delivered in 2022/23. These schemes have slipped due to staff shortages and reduced factory operating hours as covid continues to impact services and suppliers. The scheme for eighteen accessible minibuses has had additional delivery of £0.425m. The full scheme was originally anticipated to be part-delivered this financial year and the remainder delivered in 2022/23, however we have received more deliveries against this scheme in this financial year than originally anticipated. So far in 2021/22 there has been delivery of eleven vans, one car, one semitrailer, three excavators, one tipper truck, one traffic management vehicle, three mobile library vehicles, and several accessible minibuses and conversion minibuses.

There is an ongoing risk of delay to all vehicles schemes while we continue to face brexit-related issues with ongoing global chip shortages remaining a problem. There is a continuing concern with supply chain issues due to factories reducing their operating hours as a result of a downturn in business caused by the pandemic. This will remain an ongoing risk for the foreseeable future and has already had a visible impact on existing schemes that have now slipped into the next financial year or cost more to deliver than budgeted.

Transforming Cities Fund (TCF)

The TCF capital programme has a 2021/22 delivery plan of £5.788m. The current forecast outturn is £4.688m, a variance of -£1.100m. Spend up to 30th September 2021 is £1.129m.

In June 2020, Lancashire County Council had its revised proposal for TCF investment in the Preston city region approved, with a schedule of works lasting until 2023/24. The latest delivery programme indicates works will now slip into 2024/25, specifically on the Cottam Parkway element and discussions are under way with the Department for Transport (DfT) regarding this point. A formal change request is to be submitted in early November 2021. The delivery plan for 2021/22 is £5.788m with the majority of spend expected on the Transforming Ringway project which is on schedule to complete the detailed design stage and embark on construction at the end of the 2021 calendar year.

With the maximum funding contribution and final delivery timescales set within the grant agreement, hitting the deadlines and remaining within budget are the key risks at programme level. Both Cottam Parkway and transforming ringway design teams

are aware of the need to design to budget and to apply value engineering or scope modifications. This has become necessary on Cottam Parkway where the cost estimates at the latest design stage indicated a potential excess over the current agreed budget. Scope review and value engineering has already identified a number of savings and there is further work to be done here, and increased request for partner contributions will be brought to future cabinet meetings once the TCF board has reviewed the individual project positions and allocated any in programme budgets between the projects where it is possible to do this . Risk remains that there may be an increased local contribution required.