



## **Money Matters**

### **The County Council's Capital Financial Position**

**2021/22 December 2021, 2021/22 Revised**

**Programme and Draft Capital Delivery**

**Programme 2022/23 to 2024/25**

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## Capital Programme Monitoring –December 2021

### 1. Introduction

In February 2021 an indicative Capital Delivery Programme of £152.439m was agreed with Cabinet. This delivery programme figure has been revisited and, following confirmation of the final 2020/21 slipped delivery figures, subsequently approved additions and re-profiling of the programme have increased the in-year programme to £165.567m. A forecast outturn as at December 2021 has been set at £164.050m, a variance of -£1.517m or c-0.9%.

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 £165.567m 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	-19.376	25.958
Highways	43.970	64.471	-54.507	53.934
Transport	13.665	4.562	-2.269	15.958
Externally Funded Schemes	5.430	1.477	0.526	7.433

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	3.360	-6.620	11.438
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	-0.924	4.000
Transforming Cities Fund	14.348	0.000	-8.560	5.788
<b>Grand Total</b>	<b>152.439</b>	<b>99.454</b>	<b>-86.326</b>	<b>165.567</b>

### 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 years 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 December 2021 is £164.050m, giving an expected variance of -£1.517m. 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 31<sup>st</sup> December 2021**

Service Area	Total delivery programme for 2021/22	Spend to date	Total Forecast spend	Forecast Variance
	£m	£m	£m	£m
Schools (exc DFC)	23.579	19.773	22.549	-1.030
Schools DFC	2.379	2.177	3.075	0.696

Highways	53.934	47.388	59.428	5.494
Transport	15.958	12.134	14.771	-1.187
Externally Funded	7.433	6.483	7.275	-0.158
Central Systems & ICT	7.656	5.067	11.758	4.102
Adults Social Care	17.313	16.773	17.313	0.000
Corporate - Property	11.438	4.152	6.046	-5.392
Economic Development	11.989	5.732	8.752	-3.237
South Lancaster Growth Catalyst	4.100	1.019	4.100	0.000
Vehicles	4.000	4.294	4.530	0.530
Transforming Cities	5.788	1.784	4.453	-1.335
<b>Totals</b>	<b>165.567</b>	<b>126.776</b>	<b>164.050</b>	<b>-1.517</b>

The total forecast spend for 2021/22 is £164.050m and funded from a combination of Borrowing (£54.546m), Grants (£96.946m) and Developer and 3rd Party Contributions (£12.558m).

There is a variance currently forecast of -£1.517m and table 3 below summarises the breakdown of this forecast variance.

Key items included within the variances are:

- Additional delivery on highways structural defects following 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 progressing quicker than expected.

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)	-1.030	-0.943	0.000	-3.930	3.843
Schools DFC	0.696	0.000	0.000	0.000	0.696
Highways	5.494	-0.700	6.256	-3.664	3.602
Transport	-1.187	-0.788	0.019	-2.857	2.439
Externally Funded	-0.158	-0.001	0.016	-0.228	0.055
Central Systems & ICT	4.102	0.000	0.778	0.000	3.324
Adults Social Care	0.000	0.000	0.000	0.000	0.000
Corporate - Property	-5.392	-0.284	0.001	-5.455	0.346
Economic Development	-3.237	0.000	0.000	-3.539	0.302
South Lancaster Growth Catalyst	0.000	0.000	0.000	0.000	0.000
Vehicles	0.530	0.000	0.000	-0.538	1.068
Transforming Cities	-1.335	0.000	0.000	-1.335	0.000
<b>Totals</b>	<b>-1.517</b>	<b>-2.716</b>	<b>7.070</b>	<b>-21.546</b>	<b>15.675</b>

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 DFC) has a 2021/22 delivery plan of £25.958m. The current forecast outturn is £25.624m, a variance of -£0.334m. Spend to 31st December 2021 is £21.950m.**

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 £10.246mm with £11.764m currently forecasted to be spent in the financial year. This is a variance of £0.019m 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. Expansion projects to address areas of high pupil place demand forecast in future years have been approved at Colne Primet Academy, SS John Fisher, Thomas More RC High and Burnley Campus. These are all in early brief and design stages. A number of projects previously postponed during the height of the pandemic in 2020 have been restarted, including expansion work at Tom Finney High School and Ashton High School. Although few costs have been incurred on these projects in the year to date, it is anticipated that initial design and preliminary site costs will be incurred before March. The Tom Finney project in particular has advanced is now on site. The preliminary project programme financial forecast is included and will be updated once the conditions of the planning approval are received, and necessary design adjustments made.

The large-scale project to expand Unity college has progressed well this year. Although a two week delay is now reported on site, the project has delivered £5.410m in valuations since April and is currently forecast to handover within budget in the spring.

### Condition programme

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

Spend to date is £9.508m, with a current outturn forecast of £10.764m, a delivery variance of -£1.048m. This is due to savings of -£0.634m forecast on a wide range of projects that will close after making final retentions payments later this financial year. A net slipped delivery of -£0.414m is forecast, largely on new projects that did not progress during the summer. Some are planned to progress during the autumn and winter but some of the higher value or more complex projects have been deferred until summer 2022.

The major rebuild of Oswaldwistle Rhyddings High School is complete and the project is now in defects with a few outstanding tasks for the contractor to attend to. The project has taken several years to complete and necessitated a full demolition of the previous building before rebuilding. The school operation had to be relocated to the empty Hamleton school site for the duration. Now the school is able to reopen, another project to relocate Broadfield Special school to the Hameldon site can commence.

### **Local full fibre networks**

Funding was 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 delivery plan for 2021/22 is £0.020m which is now spend fully spent, with the installation delivered by LCC Education Digital Services.

### **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 in order for schools to spend on capital projects within expenditure guidelines. The 2021/22 DFC delivery plan is £2.380m. At 31st December 2021 spend to date of £2.178m to date is reported. An additional delivery variance of £0.695m is forecast on the delivery plan as schools make use of accrued balances.

### **Highways**

**The Highways capital programme has a 2021/22 delivery plan of £53.934m. The current forecast outturn is £59.428m, a variance of £5.494m. Spend up to 31st December 2021 is £47.388m.**

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 £6.000m. It is planned to use £0.500m of the jet patching programme budget which remains uncommitted to contribute to this overspend and a revenue contribution of £5.000m has been agreed.

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 are likely to slip into 2022/23. This is causing a slippage variance of -£1.018m for bridge maintenance and -£0.200m for bridge structural maintenance.

It is forecast that -£0.331m of works in the 2020/21 transport infrastructure investment fund (TIIF) storm damage bridges and structures programme will 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 resulting in slippage of -£0.630m. The 2021/22 principal bridge Inspections are being delivered by consultants and it is anticipated that some of these will be carried out next year resulting in slippage of -£0.250m.

Works 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 £0.500m in 2021/22.

The Salix programme is 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 £0.218m and its likely that the column replacement programme will also be impacted.

Several schemes within the safer roads programme, safety camera maintenance programme, flood prevention programme and traffic signal programme are now forecast to be delivered in 2022/23 resulting in slippage of -£0.436m.

More schemes have been delivered than anticipated in the Residential Urban programme, the current forecast is £2.224m additional delivery.

There has been additional delivery on a number of prior year schemes amounting to £0.303m and some small overspends totalling £0.039m across the Highways Block.

## **Transport**

**The Transport capital programme has a 2021/22 delivery plan of £15.958m. The current forecast outturn is £14.771m, a variance of -£1.187m. Spend up to 31st December 2021 is £12.134m.**

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 £0.776m due to most of the work now being completed.

### **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 -£0.738m 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. There is forecast slipped delivery of -£0.317m within the programme with some works now slipping into 2022/23.

### **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 £0.442m additional delivery is forecast and will come from the next round of funding to be received in this financial year.

### **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 with the actuals to date coming in less than expected, there is a forecast slipped delivery of -£0.156m reported. The largest remaining scheme, Vivary Way has already incurred £0.425m of expenditure this year with the MOVA validation of Bluebell Way adding a further £0.040m.

### **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 £2.328m to December raising the forecast to give an additional delivery variance of £0.062m. All the agreements are now in place to offset any risk of disputes between the parties, but it will face issues of materials supply chain and price increases.

### **Burnley Town Centre Improvements**

A 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 work on Lower St James is complete. Delays on the commencement of the Pioneer Place project have resulted in -£0.550m now forecast to slip into 2021/22. This work is partly funded by Burnley Borough Council and the invoicing is monitored to minimise risk of any failure of funding being claimed.

### **Heysham**

A delivery budget of £0.784m is in place for 2021/22 to cover mopping up work and settling claims for land adversely affected by the programme. These claims plus the linked legal cost have already incurred £1.209m to December, further funding will need to be approved to cover the final costs which could be a further £5m

### **Externally Funded Schemes**

**The externally funded schemes capital programme has a 2021/22 delivery plan of £7.433m. The current forecast outturn is £7.275m, a variance of -£0.158m. Spend up to 31st December 2021 is £6.483m.**

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 has increased to £4.528m giving an additional delivery variance of £0.028m, however as yet the cost implications for legacy matters is unknown. Discussions are being held with UCLan to provide cost certainty and eliminate any cost risks.

There is further additional delivery within this block on the S278 Blackpool Road, Kirkham project, totalling £0.025m. This is to complete the design and tender documents by the middle of February 2022, with the remainder of works being delivered in 2022/23. There is also an overspend of £0.016m 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 a forecast slipped delivery variance of -£0.228m. This is mainly on the A584 Lytham Rd Highways works scheme (-£0.085m) where statutory undertaker diversions were delayed starting on site due to resources being unavailable and site supervision also hasn't been as intense as anticipated. Other notable slipped delivery variances include the public right of way scheme at Kiddrow Lane (-£0.040m) where

expenditure is now expected in 2022/23 and the S278 Padiham THI (-£0.060m), which has experienced delays due to supplier issues.

### **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 £11.758m, a variance of £4.102m. Spend up to 31<sup>st</sup> December 2021 is £5.067m.**

The central systems and ICT block is forecasting an additional delivery variance of £0.406m across 3 schemes. The social care reform Lancashire patient records service (Lpres) scheme has an additional delivery variance of £0.350m, the project is 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 £0.026m 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 (DMS) 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 2021/22 delivery budget of £7.500m. Delays on the programme were reported in the quarter 2 report due to a number of factors with roll out still anticipated in June / July 2022. Forecast spend in 2021/22 is £11.196m which utilises all the original budget on the project, leading to an increase in spend on the programme that has previously been reported.

Other risks on this project include the pandemic leading to staff reductions across all partners and LCC leading to delays, remote delivery of the programme leading to issues with such items as quality of training and reduced processing power for testing and data validation, and accessing sufficient resource to allow appropriate design, development and testing alongside business as usual activities.

### **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 31<sup>st</sup> December 2021 is £16.773m.**

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 was due to have its legal agreement executed in July 2021, however, there have been additional delays in the agreement being signed. Building work has been completed previously and the contractors'

invoice is expected to be received and paid following the signing of the legal agreement. Although there has been a delay in getting the agreement signed, this scheme is still anticipated to be delivered this financial year.

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 has now been paid in full to the provider as of October 2021.

### **Corporate – Property**

**The Corporate Property capital programme has a 2021/22 delivery plan of £11.438m. The current forecast outturn is £6.046m, a variance of -£5.392m. Spend up to 31st December 2021 is £4.152m.**

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 include roofing works at County Hall for which the contractor is completing snagging work spending £0.126m to date. The mechanical works at Chorley neighbourhood centre which has now been completed and handed overspending £0.093m to date and forecast to utilise its remaining £0.102m budget fully. The replacement of chiller units within the CCP site is also nearing completion with the system now in operation, £0.071m has been incurred to date and the forecast lowered to reflect a small underspend. All the programmes budget has been allocated but there is a remaining contingency of £1.439m. A small number of projects are still restricted by access issues and overall and following a review some have been put on hold increasing the forecast slipped delivery to -£1.149m, offset slightly by additional work on projects not previously forecast of £0.136m.

### **Works to operational premises programme**

The works to operational premises has a delivery budget for the year of £1.018m with 21 projects forecast to be active. The major schemes within the programme include the transfer of the Civil Enforcement Officers to LCC alternative accommodation at both Lancaster and County Hall have been completed and are nearing their forecasts of £0.060m and £0.067m respectively. The work to repair the Burnley Queen Street mill has been completed with £0.074m forecast for 2021/22 and the project to replace the sluice rooms at Bowgreave Rise has also been completed and awaiting the final invoice which should bring the spend to £0.091m for the year.

### **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 £0.236m as it is 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 £0.121m has already been incurred to the end of December.

### **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. Work at Garstang is now complete and with the remaining two tenders now been approved 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 extend into next financial year causing -£1.347m 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 affecting the build as the site is in a very exposed location.

### **Electric Vehicle charging points at LCC Sites**

A new programme of £0.215m to begin installing electric vehicle charging points at LCC sites has initially been approved. A budget of £0.120m was added to this year's delivery plan to cover the sites at Hapton Network fleet depot and Bamber Bridge of which £0.060m is forecast to be spent in 2021/22, the slippage variance of -£0.060m is now forecast to be spent in full in 2022/23 along with the remaining budget for the programme.

### **Economic Development**

**The Economic Development capital programme has a 2021/22 delivery plan of £11.989m. The current forecast outturn is £8.752m, a variance of -£3.237m. Spend up to 31st December 2021 is £5.732m.**

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 £0.030m. The bulk of the revised work remains forecast to take place in future years following the finalisation of the development agreement.

The work on the South Lancaster Growth Catalyst (SLGC) bid 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 £0.016m. The delivery of the projects within the SLGC will be reported within a separate block now that the programme has moved into the development and delivery phase.

With the ED 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 with waste material being removed and temporary drainage installed and forecast to spend £5.087m on this preparation work this financial year. Along with the risk of price increases of materials and labour, recent unfavourable weather conditions and various ecology and planting plans also have to be considered looking at risks to delay the scheme.

Work on the submission of the business case for the Eden North project in Morecambe is forecast to utilise its remaining £0.151m in 2021/22 in completion of this first stage of the planning process. 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.

A contribution to the Brierfield Mill scheme which has created offices, apartments and leisure schemes in the redeveloped site has incurred £0.193m, it is now forecast that remaining £0.590m contribution will be completed in 2022/23 following changes to the project by the external grant recipient. 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. The annual agreed contribution to City Deal of £1.295m has now been made for 2021/22.

### **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 31<sup>st</sup> December 2021 is £1.019m.**

In October 2021 a collaboration agreement was signed between Lancaster City Council and Lancashire County Council for a long term collaboration which will develop South Lancaster to stimulate housing growth in the region. The agreement plans to deliver c10,000 homes and use the developer contributions alongside agreed grant funding from Homes England (HE) to develop new and existing highways infrastructure for roads and sustainable travel interventions as well as education and health provision.

Work has been on-going on the design for the agreed early deliverable projects and HE have agreed a 2021/22 budget of £4.100m 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 and will be updated as design work is undertaken and the contractor is appointed for the delivery of the major road infrastructure

### **Vehicles**

**The vehicles capital programme has a 2021/22 delivery plan of £4.000m. The current forecast outturn is £4.530m, a variance of £0.530m. Spend up to 31st December 2021 is £4.294m.**

To date in 2021/22 there has been delivery of twenty seven vans, four cars, two pick up trucks, one semitrailer, three excavators, one tipper truck, one traffic management vehicle, three mobile library vehicles, four snowploughs, and several accessible minibuses and conversion minibuses. In total, this has increased the forecast outturn to £4.531m.

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 COVID19 continues to impact services and suppliers. Unallocated funding totalling £0.041m has now been allocated to schemes expected to be delivered in 2022/23, causing a slipped delivery variance.

The scheme for eighteen accessible minibuses has had additional delivery of £0.921m. 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. The same applies for the scheme for twelve vans, which has had additional delivery of £0.084m. There has also been additional delivery of £0.022m for four snowploughs and £0.055m for two pick-up trucks, which were initially anticipated to be delivered in 2022/23.

There are ongoing Brexit-related issues and global chip shortages, along with supply chain issues due to factories reducing their operating hours as a result of a downturn in business caused by COVID19. However, this is unlikely to impact meeting the delivery plan figure at this stage. Although some schemes have slipped into next year, the delivery plan figure has been exceeded.

### **Transforming Cities Fund (TCF)**

**The TCF capital programme has a 2021/22 delivery plan of £5.788m. The current forecast outturn is £4.453m, a variance of -£1.335m. Spend up to 31<sup>st</sup> December 2021 is £1.784m.**

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 was submitted in early November 2021 and an initial response requesting further information was received in December and is being actioned. The delivery plan for 2021/22 is £5.788m with the majority of spend expected on the Transforming Ringway project which embarked on construction at the end of the 2021 calendar year on schedule. The first phase of the works (on Corporation Street) are now expected to take longer than planned due to unforeseen ground conditions under the carriageway which have necessitated full reconstruction. The next phase, which is the larger one, is not now expected to begin until Spring 2022 and this will delay some spend into 2022/23.

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. The TCF Board also agreed to repurpose budget originally intended for other projects within the programme if necessary in order to bridge any gap. A cabinet report has been prepared for consideration at the January 2022 meeting to request an additional capital contribution from Lancashire County Council to cover the remaining gap of up to £4.547m.

## Capital Delivery programme – 3 year programme 2022/23 to 2024/25

### 6. Introduction

An indicative Capital delivery programme has been drawn up for 2022/23 to 2024/25. This has been drawn up using agreed annual budgets in addition to the forecast delivery of any remaining prior year slippage less any future year budget already delivered. These figures are shown in table 1 below, with the funding streams for the delivery programme then shown in table 2. A brief supporting narrative for the 2022/23 delivery programme by block is shown in section 2 of the report.

The figures in this report will be revised in May 2022 following the completion of the year end accounts to allow for adjustment for final slippage and advanced delivery figures. Additional funding agreed between January 2022 and May 2022 will also be added to the report to be submitted in early June 2022. The delivery programme agreed in June 2022 will then be used as the basis for the Capital monitoring reports throughout 2022/23.

**TABLE 1 – 2022/23 Capital delivery programme by block**

Service Area	21/22 forecast	22/23 Delivery plan	23/24 Delivery Plan	24/25 Delivery plan
Schools (excl DFC)	22.549	23.361	25.115	29.107
Schools (DFC)	3.075	2.377	3.909	1.608
Highways	59.428	48.258	26.351	21.488
Transport	14.771	23.591	15.495	12.834
Externally Funded	7.275	1.804	0.000	0.000
Central Systems & ICT	11.758	5.187	3.064	3.017
Adults	17.313	16.000	16.000	16.000
Corporate - Property	6.046	20.211	18.600	17.700
Economic Development	8.752	42.526	41.295	39.995
South Lancaster Growth Catalyst	4.100	3.258	20.904	0.000
Vehicles	4.530	4.441	0.000	0.000
Transforming Cities Fund	4.453	15.250	16.152	6.939
<b>Totals</b>	<b>164.050</b>	<b>206.263</b>	<b>186.885</b>	<b>148.688</b>

**TABLE 2 – Funding streams by year**

Service Area		22/23 Delivery plan	23/24 Delivery Plan	24/25 Delivery plan
Borrowing	54.546	97.680	64.323	61.112
Grant	96.946	97.081	116.563	81.876
Contributions	12.558	11.503	6.000	5.700
<b>Totals</b>	<b>164.05</b>	<b>206.263</b>	<b>186.885</b>	<b>148.688</b>

## 7. Detailed narrative

### Schools

**The schools capital programme has a 2022/23 delivery programme of £25.738m and contains approximately 300 projects to be worked on within the financial year.**

The schools delivery programme is split into three areas.

The basic need programme is to increase school pupil places in targeted areas via grant funded school expansions or new school build projects. An amount of £11.007m has been included in the delivery programme for 2022/23, including large projects such as the expansions of Burnley Unity college and Sir Tom Finney community high school.

The condition programme delivers a variety of grant funded works to address priority condition issues at school buildings. An amount of £4.637m has been included in the delivery programme for 2022/23, including projects to improve the condition of Leyland Methodist junior school and Staining CofE primary school. This programme is created on the basis of fixing worse first and is tailored to the amount of funding available through the grant funding.

The devolved formula capital 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 and a delivery programme amount of £2.377m has been included for 2022/23.

### Highways

**The Highways capital programme has a 2022/23 delivery programme of £48.258m and contains approximately 700 projects to be worked on within the financial year.**

The Highways delivery programme contains c£16.000m of projects planned prior to 2022 which are expected to be delivered within 2022/23. This includes £2.000m programmed for bridge maintenance work and £3.200m for detrunking the A601M, including bridge maintenance and demolition and remodelling of the road to permit development of the local area. £2.700m is programmed to continue storm damage repairs and flood prevention work.

An indicative amount of £20.167m has been included as anticipated funding from the Department for Transport (DfT). The actual amount received for the grant, along with a more detailed list of projects to be funded from the grant will be drawn up prior to the submission of the final 2022/23 delivery programme in May 2022.

A risk to the 2022/23 delivery programme is the continued high levels of expenditure on structural defects. This will be continued to be monitored in the

remaining months of 2021/22 and a decision will need to be made before submission of the final 2022/23 delivery programme as to how this expenditure will be funded going forward if it is to remain at such a high level potentially reducing the grant allocations to other highways programmes to fund this prioritised work.

### **Transport**

**The transport capital programme has a 2022/23 delivery programme of £23.591m and contains approximately 100 projects to be worked on within the financial year.**

The largest project within the Transport delivery programme is the M55 Heyhouses link road. This is a multi-year project which will connect the existing roundabout at Whitehills Road to the north with Heyhouses Lane near the Cyprus Point development site to the south. A delivery programme of £7.000m has been included for 2022/23 to reflect the expected delivery as per the grant agreements and the current position of the multi-year project, the remaining budget is shown in future years.

Other major projects within the 2022/23 delivery programme are the Ormskirk eastern gateway project, the completion of the Burnley town centre project and development of further schemes to promote safer travel across Lancashire whilst the Covid pandemic is ongoing. The £2.500m agreed contribution from the Transport block to the Lancashire City Deal is also included.

Provision has also been made for £5m increase to the budget for the Heysham M6 Link road to allow for the payment of the remaining land compensation claims and landscaping arrangements following the opening of the road several years ago. These are statutory or planning related payments and cannot be avoided.

### **Externally Funded Schemes**

**The externally funded schemes capital programme has a 2022/23 delivery programme of £1.804 and contains 11 projects to be worked on within the financial year.**

The externally funded schemes capital block is funded through contributions from external stakeholders. The S278 scheme covering the improvements to the area around the UCLAN campus is ongoing and is £0.629m of the 2022/23 delivery programme. A further £0.235m is included in the programme for the works on Blackpool Road, Kirkham.

The delivery programme will be increased as further agreements are made with private developers, with ongoing risks to the programme that works need to be completed as specified in the agreements otherwise funding may have to be returned.

## **Central Systems and ICT**

**The central systems and ICT capital programme has a 2022/23 delivery programme of £5.187m and contains 2 projects to be worked on within the financial year.**

The largest project within the delivery programme is the project to support the future proofing of the document handling service. £0.145m is included in the delivery programme for this which is predominantly to cover the cost of letter extraction and scanning software.

A provision of £5m additional budget has been made in 2022/23 following the review of the Oracle upgrade programme and related delays that have been identified and reported with roll out anticipated in June / July 2022.

Future years indicative provisions have been increased by £3m to reflect the capital investment that will be required in upgrading systems within the ICT roadmap.

## **Adult Social Care**

**The Adult social care capital programme has a 2022/23 delivery programme of £16.000m and contains 1 project to be worked on within the financial year.**

As at January 2022, the disabled facilities grant (DFG) is the only project included on the delivery programme for the Adult social care block. The DFG is capital funding for the provision of home adaptations to help older and disabled people to live as independently and safely as possible in their homes. The £16.000m amount included in the delivery programme is an indicative amount until the 2022/23 grant agreement is confirmed.

## **Corporate – Property**

**The corporate – property capital programme has a 2022/23 delivery programme of £20.211m and contains approximately 60 known projects to be worked on within the financial year plus 2 new programmes that are required.**

The corporate property programme is a rolling programme of works on the Councils property portfolio. The 2022/23 programme includes £1.145m for projects within the building condition programme, £1.019m on projects within the works to operational premises programme and £1.363m on projects within the residential redesign programme.

Following surveyor inspections of a fifth of the corporate property portfolio a large number of priority 1 conditions works has been identified, the works to address these has been costed at £35m and a third of this has been provided in this years delivery programme to reflect the amount of work that can be delivered this year.

This is not a sustainable position for the remainder of the corporate property portfolio going forward and a 6 month programme of works to review the corporate property portfolio will be required to reduce the number of assets held. This work should create a series of capital receipts to be used to reduce the borrowing required to maintain the remaining portfolio which receives no grant funding.

A detailed list of projects to be delivered during 2022/23 will be available with the resubmitted delivery programme in May 2022 once the detail of slipped projects is confirmed after year end with delivery priorities agreed for 2022/23.

The project to replace the Bowgreave Rise residential care home providing affordable extra care schemes for older people and supported housing apartments for younger adults with disabilities is also included in the delivery programme with delivery for the project slipping from prior years.

### **Economic Development**

**The economic development capital programme has a 2022/23 delivery programme of £42.526m and contains approximately 15 projects to be worked on within the financial year.**

The delivery of the Cuerden strategic site continues in 2022/23 and a £5.000m delivery programme has been set. It is expected that delivery will continue at pace throughout 2022/23, with the full site expected to be completed in 2025/26.

Work on the Samlesbury enterprise zone also continues into 2022/23 with a delivery programme of £23m, A loan to Lancashire County Developments for £7m to allow the investment in a new building is also included in the 2022/23 delivery programme. Annual contributions towards the Lancashire City Deal are also included.

A delivery amount of £1.000m has been included for the Low Carbon projects programme. This is a programme of work designed to properly understand and deliver carbon and cash savings across the buildings, assets and activities of the county council and the wider business community. A further £1.700m for this project has been earmarked for 2023/24 onwards.

The future years impacts of these projects is also included in the provision la programme for 2023/24 onwards

### **South Lancaster Growth Catalyst (SLGC)**

**The SLGC capital programme has a 2022/23 delivery programme of £3.258m and contains approximately 3 projects to be worked on within the financial year.**

In October 2021 a collaboration agreement was 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 Homes England (HE) to develop new and existing highways infrastructure. The delivery programme amount for 2022/23 covers the preliminary costs for the programme, including land acquisition fees, design fees and planning costs.

### **Vehicles**

**The vehicles capital programme has a 2022/23 delivery programme of £4.441m and contains approximately 37 projects to be worked on within the financial year.**

The delivery programme amount of £4.441m is to purchase 112 vehicles, the majority of which are pre-planned for 2022/23 delivery, however some vehicles will be slipped delivery from 2021/22. The 112 planned vehicles include 21 minibuses, 24 vans, 11 general purchase trailers and 9 tippers.

The supply chain issues experienced in the last couple of years have been considered when drawing up the expected delivery for 2022/23.

### **Transforming Cities Fund (TCF)**

**The TCF capital programme has a 2022/23 delivery programme of £15.250m and contains 3 projects to be worked on within the financial year.**

The delivery programme for TCF has been set in line with the budget amounts included as part of the grant agreement. Significant spend is expected as the 3 schemes approach critical delivery milestones. The largest scheme in 2022/23, Transforming Ringway, is forecast to spend £10.000m.

Discussions between the council and the Department for Transport (DfT) were held in December 2021 regarding the reprofiling of the budget due to forecasted slippage, the outcome of these discussions are still outstanding and should the budget profile change, this will be reflected in the finalised 2022/23 delivery programme agreed in May 2022.