



Money Matters
The County Council's Capital Financial Position
2022/23 Quarter 1

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Capital Programme Monitoring – June 2022

1. Introduction

In February 2022 an indicative Capital Delivery Programme for 2022/23 of £208.263m was agreed at Full Council. This delivery programme figure has been revisited following confirmation of the final 2021/22 outturn position and subsequently approved additions and re-profiling of the programme have increased the in-year delivery programme to £221.889m. 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. The delivery programme is ambitious, being significantly higher than prior years actual delivery.

The project and programme managers will be held accountable using the following actions:

- Detailed monitoring of the delivery programme throughout 2022/23 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.
- Monitoring of projects to measure the ongoing impact of price increases between project design and project delivery.
- Performance reports developed to enable the capital board to undertake this monitoring and challenge.

2. Delivery Programme

Table 1 – 2022/23 Delivery Programme

Service Area	Delivery Programme agreed Feb 22	Changes to planned delivery	Total Delivery Plan for Monitoring
	£m	£m	£m
Schools (including DFC)	25.738	1.372	27.110
Highways	50.258	-0.296	49.962
Transport	23.591	0.003	23.594
Externally Funded Schemes	1.804	0.033	1.837
Central Systems & ICT	5.187	8.802	13.989
Adult Social Care	16.000	1.255	17.255
Corporate - Property	20.211	2.074	22.285
Economic Development	42.526	-0.959	41.567
South Lancaster Growth Catalyst	3.258	1.570	4.828
Vehicles	4.441	-0.229	4.212
Transforming Cities Fund	15.250	0.000	15.250
Grand Total	208.263	13.626	221.889

The updated delivery programme for 2022/23 is £221.889m. The forecast outturn position is set out in table 2 below which shows the delivery plan and actual and forecast spend by block with the detailed narrative by block provided in section 3. There is a forecast variance against the delivery programme of £24.938m which equates to c11.2% of planned delivery.

Table 2 – 2022/23 Capital delivery programme by block

Service Area	Total delivery programme for 2022/23	Spend to date	Total Forecast spend	Forecast Variance
	£m	£m	£m	£m
Schools (exc DFC)	24.772	2.638	25.505	0.733
Schools DFC	2.338	0.000	2.338	0.000
Highways	49.962	11.485	49.962	0.000
Transport	23.594	2.180	23.594	0.000
Externally Funded	1.837	0.283	1.837	0.000
Central Systems & ICT	13.989	2.163	13.988	-0.001
Adults Social Care	17.255	16.715	17.255	0.000
Corporate - Property	22.285	2.487	7.615	-14.670
Economic Development	41.567	0.903	30.567	-11.000
South Lancaster Growth Catalyst	4.828	0.479	4.828	0.000
Vehicles	4.212	0.832	4.212	0.000
Transforming Cities	15.250	1.382	15.250	0.000
Totals	221.889	41.547	196.951	-24.938

3. Detailed Narrative

The forecast variance as at June 2022 is -£24.938m. 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 2022/23 delivery plan of £27.110m. Forecast outturn as at June 2022 is £27.843m, a variance of £0.733m.

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.

In addition to Basic Need allocations announced at £29.850m for 2023/24 and £5.975m for 2024/25, High Needs Provision Capital Allowance has been announced at £12.143m for 2022/23 and £13.948m for 2023/24. These are added to the capital programme and will be commissioned in relevant capital strategies in due course.

The 2022/23 delivery plan has 23 projects totalling £13.371m, which includes final payments on completed projects, projects under construction and forthcoming constructions. Notable projects include expansions at Colne Primet Academy, SS John Fisher and Thomas More High School, Burnley Campus, a new build school Clitheroe Higher Standen, and creation of a number of SEN units across the county.

There is a current forecast outturn of £13.504m which is a minimal additional delivery variance of £0.132m.

Condition Programme

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

The delivery plan for 2022/23 is £11.452m and includes 136 new projects approved by cabinet in March plus the continuation/conclusion of those from previous years.

There is a current forecast outturn of £11.978m giving an additional delivery variance of £0.598m. Work is planned and then undertaken when work programme can be accommodated during periods of school closure at summer/autumn breaks/ spring where possible to minimise disruption and maximise efficiencies. Planned delivery is liable to change once contractors are engaged and work timetables agreed.

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 DFC 2022/23 delivery plan is £2.338m. No variance against budget is currently forecasted.

Highways

The Highways capital programme has a 2022/23 delivery plan of £49.962m. Forecast outturn as at June 2022 is £49.962m, a variance of £0.000m.

Within the Highways programme there are over 600 schemes that will either be designed or constructed during 2022/23 with more to be added as work is programmed over the next few months.

The delivery programme includes plans to invest over £20.000m on Lancashire roads on schemes such as pre patching, surface dressing and resurfacing, some of these schemes will be recycling schemes which will result in carbon savings. A further £4.422m has been allocated for maintenance to bridges and structures including bridge inspections and £2.086m on improving Lancashire's footways. In 2022/23 the authority is investing over £3.658m on street lighting including replacing lanterns with LEDs in a bid to reduce the councils carbon footprint.

Drainage works estimated at £2.476m are planned and storm damage works continue valued at £0.731m. These works are difficult to plan and often are dependent on environmental constraints such as only being able to work in rivers at certain times of the year. In February 2021, an additional £5.000m for flood prevention work was approved, £1.435m was spent during 21/22 leaving a balance of £3.565m of works still to deliver, it is estimated that £1.268m of this will be delivered during 2022/23, focusing mainly on work on flood defences in areas that are most liable to repeat flooding. Following the evaluation of option reports it is likely that some schemes will now be reassessed for delivery in 2023/24.

Of the additional £2.000m for walking and cycling programmes, £1.381m has been programmed for completion this year. Other works amounting to £3.869m are programmed for traffic signals, vehicle restraint barriers, safety camera maintenance, corings and other smaller planned maintenance programmes.

£10.000m has been earmarked for reactive maintenance during the financial year. Following the significant overspend on structural defects in the last financial year a review has been carried out and new ways of workings introduced. At the end of Quarter 1 spend is £3.602m and although new ways of working have been introduced the spend continues to be high partly due to the impact of the fuel and bitumen price increases as well as the high number of defects. Should costs continue at the same level this would put other schemes within the Highways Block at risk. Teams are proactively reducing use of tarmac and dayworks subcontractors to reduce costs but materials and fuel costs are significantly rising. A forensic review of defect costs is being undertaken to determine if a change needs to be made to the method of delivery.

With an ambitious delivery plan set for the Highways block in 2022/23 there are risks to delivery, one being the availability of suitable sub-contractors to deliver some of the work. The huge increases in cost of living manifesting itself in labour, plant, material, energy and fuel increases is affecting the service, in particular bitumen availability and price. The current volatility in the market is very unpredictable and further price increases are highly likely and will impact on the delivery plan. The weather is also a risk, the uncertainty over weather forecasting means planning and budgeting for certain programmes is difficult, but it also impacts on road repairs as certain types of treatment can only be done within specific temperature ranges.

Transport

The Transport capital programme has a 2022/23 delivery plan of £23.594m. Forecast outturn as at June 2022 is £23.594m, a variance of £0.000m.

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

Ormskirk Eastern Gateway

A joint programme with West Lancs borough council (WLBC) to demolish the bus station building and create valuable open space in the town centre, along with new

routes to the town centre and railway station is progressing well. Actuals to June are £0.139m and forecast to rise to the forecast of £1.868m for 2022/23, the invoicing for the WLBC contribution has already been agreed for Quarter 1.

Safer Roads Scheme

The only work now remaining in the programme is the installation of average speed cameras for which a tender has been accepted. A delivery budget of £0.988m has been agreed for 2022/23 and forecast to be required in full. The outstanding work is expected to take 12 months from commencement of installation at the four sites with the remaining budget to meet final expenditure in 2023/24

M55 Link Road

The M55 to Heyhouses link road will create better connections between Lytham St Annes and the M55 motorway, relieving congestion on smaller local roads to support the development of housing and business opportunities. Construction commenced in June 2021 with the initial earthworks and utilities preparation estimated to take 18 months. Funded by the Shovel Ready funding scheme in addition to that from third party developers, it is still forecast that £7.000m will be spent in 2022/23.

Heysham

A delivery budget of £4.000m, supported by the Integrated Transport Grant, was agreed for 2022/23 to finalise land disputes caused by the length of time tribunals have taken to resolve. For quarter 1 it is agreed that this forecast will remain on target with the situation carefully monitored as more claims are settled.

City Deal

The annual contribution towards the City Deal programme of £2.500m will be completed in quarter 2 to correspond to the agreed delivery budget, this will also be funded by the 2022/23 integrated transport grant from the DFT.

Externally Funded

The externally funded capital programme has a 2022/23 delivery plan of £1.837m. Forecast outturn as at June 2022 is £1.837m, a variance of £0.000m.

The externally funded schemes block are projects funded from external contributions, predominately S106 and S278 contributions from developers.

The largest scheme within the delivery plan is UCLan Masterplan (£0.646m) is due to be completed this year with main contract payments now agreed and closed.

Other notable schemes include works on the Longridge bus stop infrastructure improvements (£0.235m) where a recent housing development required improvements to public transport to meet corporate priorities, Section 278 works on Blackpool Road, Kirkham (0.236m) to adapt a public highway to promote housebuilding / economic development, and Padiham THI where 95% of the

construction phase has been completed to develop Padiham town centre, with £0.261m included in the 2022/23 delivery plan for the remaining works.

There are risks associated with the Section 278 works on Blackpool Road, Kirkham scheme as there could be a delay due to ecological issues. Other risks include Highways Ops not having the available capacity for the programme of works on the S106 Rosslyn Avenue, Preesall scheme and a potential delay and additional spend to the S278 Pendle View Fisheries scheme due to safety concerns.

Central Systems and ICT

The central systems and ICT capital programme has a 2022/23 delivery plan of £13.989m. Forecast outturn as at June 2022 is £13.988m, a variance of -£0.001m.

The largest scheme within the delivery plan is the migration to Oracle cloud programme, which is forecasted to be £13.366m of the overall block delivery plan. Of this, £3.048m is a contingency budget. The project is aiming to upgrade the councils existing Oracle system by autumn of the 2022/23 financial year. So far this financial year £2.128m has been spent on this programme.

There are several smaller schemes making up the remainder of the delivery plan. These include an upgrade for Libraries ICT (£0.156m), the social care reform LpRes scheme which links in with the NHS on shared records (£0.150m) and the document handling service replacement hardware and new software (£0.150m).

Although the migration to Oracle cloud is expected to be rolled out in autumn, risks of technical issues or specification/design changes could result in delays and additional funding being required.

Adults Social Care (ACS)

The ACS capital programme has a 2022/23 delivery plan of £17.255m. Forecast outturn as at June 2022 is £17.255m, a variance of £0.000m.

The disabled facilities grant (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. This year the DFG allocation from the department for levelling up, housing & communities has remained the same as last year at £16.715m and has been fully passported to district councils to distribute.

The extra care grant allocation for Preston was designed to contribute to new independent living homes specifically for people over the age of 55 with varying care needs. The legal agreement was due to be executed in 2021/22 however due to delays it is now expected that the contribution £0.540m will be finalised in this financial year.

Corporate – Property

The corporate property capital programme has a 2022/23 delivery plan of £22.285m. Forecast outturn as at June 2022 is £7.615m, a variance of -£14.670m.

The new rolling programme of operational buildings repairs and maintenance of £51.000m over the next three years will now begin in 2023/24 to allow the adequate allocation of staff resources and a structured agenda of inspections. The £14.670m planned for 2022/23 will be rolled forward to meet these assessment costs and any remedial condition work that is highlighted through the procedure causing a slippage variance.

The project to replace Bowgreave Rise residential care home to increase affordable extra care schemes for older people in addition to supported housing apartments for younger adults with disabilities remains forecast to spend its £2.500m delivery budget in 2022/23. The year-to-date actuals to June were £1.205m and a refinement in the costs has seen Cabinet agree an increase in the budget for the scheme from £5.500m to £7.800m.

The changing places programme to install accessible toilets for those severely disabled has agreed a new scheme to be undertaken at Lancaster train station in 2022/23. The project is a collaboration with Avanti and it is agreed £0.050m will be the LCC contribution, which has been included as the delivery budget. The contribution is fixed at this price and therefore not subject to the risks affecting other projects. The legal agreement has now been forwarded and it hoped the contribution can be made in quarter 2.

Economic Development

The economic development capital programme has a 2022/23 delivery plan of £41.567m. Forecast outturn as at June 2022 is £30.567m, a variance of -£11.000m.

The new programme based at Farrington in conjunction with Lancashire Cricket Club, will create a new year-round sports facility for Lancashire. In addition to a number of county level matches the site will be a centre of excellence for women's cricket in the north west, comprising of two full-sized cricket pitches, training facilities, nets, a new pavilion including a gym, changing rooms, hospitality space, as well as cycle and car parking. A budget of £7.000m was approved for this year for more detailed planning and initial works to the site with a target date for project completion by 2024. These early works are considered to be less costly and the forecast for 2022/23 has been reduced £4.700m initially with more of the funding expected to be required once construction commences later in 2023.

Samlesbury enterprise zone, which on completion will be a national centre of excellence for advanced engineering and manufacturing has an agreed delivery

budget of £26.100m as work on the large Zone C area has begun. Groundworks, tree felling, utilities works and temporary drainage are all forecast to run in quarter 2 of 2022/23 with subsequent construction work following on from these preparations. Work on the Zone A area will continue to a close with Zone B to be proceeded dependant on current enquiries from potential occupants. Given the scale of the remaining work it has been considered prudent to expect completion to run into 2023/24 and £8.700m of the budget has been rolled forward, reducing the current forecast for 2022/23 to £17.400m and causing a slippage variance.

South Lancaster Growth Catalyst (SLGC)

The SLGC capital programme has a 2022/23 delivery plan of £4.828m. Forecast outturn as at June 2022 is £4.828m, a variance of £0.000m.

The SLGC programme is a programme of works to support housing delivery in south Lancaster , and was the result of a successful joint bid by Lancashire county council and Lancaster city council to Homes Englands' housing Infrastructure fund. Work is underway to design the major highways infrastructure that forms the part of the bid funded by the HIF grant, and discussions are underway on the detailed workings required to facilitate the delivery of the locally funded schemes which are part of the overall bid programme and are subject to a collaboration agreement between the two councils. Once agreed this will allow the profiling of funding for the local schemes to be profiled which are currently paused due to risks of repayment of the cash flow facility within the collaboration agreement.

Vehicles

The vehicles capital programme has a 2022/23 delivery plan of £4.212m. Forecast outturn as at June 2022 is £4.212m, a variance of £0.000m.

The delivery plan includes prior year projects of £0.999m comprising of thirteen vans, including one covid vaccine van and one fully electric van. There are also three trucks, one mobile library and twelve electric estate cars. These vehicles are now planned to be delivered during 2022/23 after delivery slipped from prior years.

This financial year, planned delivery of large value vehicles consists of 34 vans totalling £0.690m, 13 minibuses £0.499m, 7 telehandlers £0.481m, 2 wheeled loaders £0.384, 5 telescopic platform vehicles £0.366 and 1 gritter costing c£0.300m. The remainder of this year's delivery plan is made up of two salt spreading vehicles, four mini excavators, three tippers, one mini tractor, one flail collector, two ploughs and eleven trailers.

The main risk to the delivery of these vehicles in the current year is supply risks due to ongoing supply issues and parts shortages which could be further affected by the current situation in Ukraine. There are also the potential further risks surrounding possible fuel/energy supply issues on the horizon.

Transforming Cities Fund (TCF)

The TCF capital programme has a 2022/23 delivery plan of £15.250m. Forecast outturn as at June 2022 is £15.250m, 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. The Cottam Parkway Station project is currently in its early stages and expected to deliver £0.818m of work during the year with the majority of the work on the project expected in 2022/23 and 2023/24. The Future Mobility Platform (FMP) project is also in its early stages and expected to deliver £0.822m of works during the year. The FMP project will bring together industry and academic partners to create a state of the art urban traffic management control system which will use artificial intelligence technology to enable proactive management of the network with an emphasis on giving priority to sustainable modes, especially buses, through congested networks. The project will focus on Preston City Centre as a test case, but it is hoped that the system created will have potential for use across the county.

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.