

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



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Capital Programme Monitoring – September 2022

1. Introduction

In February 2022 an indicative Capital Delivery Programme of £208.263m was agreed with Cabinet. This delivery programme figure has been revisited and, following confirmation of the final 2021/22 slipped delivery figures, additions subsequently approved at cabinet re-profiling of the programme have increased the in-year programme to £222.069m. This figure will now form the basis of the capital programme monitoring throughout the financial year.

The delivery programme is shown in section 2 split by block. This is an ambitious delivery programme which has been agreed with service heads and corresponds to the additional monies requested through the February 2022 budget setting process. To achieve this high delivery plan, which is significantly higher than prior years actual delivery, it will require a substantial increase in the resource applied to delivery of the capital programme. Should this resource not be available then large slippage variances will likely be incurred.

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 to senior managers and cabinet 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 effect of price increases between project design and project delivery.
- Performance reports will be further developed to enable the capital board to undertake monitoring and challenge and escalate matters where required to the executive management team (EMT).



2. Delivery Programme

The current delivery programme was originally approved by Full Council in February 2022. It is made up of the Full Council 2022/23 budget, updated with subsequent cabinet decisions and programme manager reprofiling since June 2022, and an expected delivery amount for prior year schemes following the end of year report at March 2022. This will now form the basis of the monitoring reports for the year. The total delivery programme is £222.069m as set out in table 1 below:

Table 1 – 2022/23 Capital delivery programme by block

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	0.213	2.017
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	13.806	222.069



An analysis of the changes to planned delivery are shown below

Service Area	Changes to planned delivery	Additional Approvals	Changes to 21/22 Slippage figure	Feb22 figures now slipped into 23/24	23/24+ figures brought back to JUN22 delivery plan	22/23 Prior year additional delivery
	£m	£m	£m	£m	£m	£m
Schools (including DFC)	1.372	4.494	0.884	-2.967	0.523	-1.562
Highways	-0.296		-0.296			
Transport	0.003		0.003			
Externally Funded Schemes	0.213	0.415	-0.159			-0.043
Central Systems & ICT	8.802	5.800	3.056	-0.054		
Adult Social Care	1.255	0.715	0.540			
Corporate - Property	2.074	2.202		-0.128		
Economic Development	-0.959		0.041	-1.000		
South Lancaster Growth Catalyst	1.570		1.570			
Vehicles	-0.229		-0.229			
Transforming Cities Fund	0.000					
Grand Total	13.806	13.626	5.410	-4.149	0.523	-1.605



3. Variance Analysis

The forecast outturn as at September 2022 against this revised delivery plan of £222.069m is £172.135m, giving an expected variance of -£49.934m. A breakdown of the variance at block level is shown in table 2 below.

Table 2 – Summary Capital Delivery Programme Position as at 30th September 2022

Service Area	Total delivery programme for 2022/23	Spend to 30 th September 2022	Total Forecast spend 2022/23	Forecast Variance as at Sept 22	Forecast Variance as at Jun 22
	£m	£m	£m	£m	£m
Schools (exc DFC)	24.772	8.340	24.539	-0.233	0.733
Schools DFC	2.338	0.000	2.338	0.000	0.000
Highways	49.962	24.261	52.275	2.313	0.000
Transport	23.594	7.820	17.805	-5.789	0.000
Externally Funded	2.017	0.435	1.465	-0.552	0.000
Central Systems & ICT	13.989	3.633	13.550	-0.439	-0.001
Adults Social Care	17.255	16.715	17.255	0.000	0.000
Corporate - Property	22.285	5.173	9.230	-13.055	-14.670
Economic Development	41.567	5.644	13.138	-28.429	-11.000
South Lancaster Growth Catalyst	4.828	1.094	4.828	0.000	0.000
Vehicles	4.212	1.921	4.212	0.000	0.000
Transforming Cities	15.250	2.728	11.500	-3.750	0.000
Totals	222.069	77.764	172.135	-49.934	-24.938

The total forecast spend for 2022/23 is £172.135m and funded from a combination of Borrowing (£62.446m), Grants (£107.670m) and Developer and 3rd Party Contributions (£2.019m).

Key items included within the variances are:

- Slipped delivery in the 3 year rolling program of operational buildings repairs and maintenance
- Slipped delivery for work on the Salmesbury Enterprise Zone



- Additional delivery in year on the replacement of Bowgreave Rise residential home.

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

Table 3 – Analysis of Forecast Variance

Service Area	Forecast Variance as at Sept 22	Underspends and potential underspends	Overspends and potential overspends	Slipped Delivery	Additional delivery
	£m	£m	£m	£m	£m
Schools (exc DFC)	-0.233	-0.155	0.000	-1.289	1.211
Schools DFC	0.000	0.000	0.000	0.000	0.000
Highways	2.313	0.000	2.313	0.000	0.000
Transport	-5.789	-0.070	0.000	-5.430	-0.289
Externally Funded	-0.552	-0.270	0.001	-0.283	0.000
Central Systems & ICT	-0.439	-0.439	0.000	0.000	0.000
Adults Social Care	0.000	0.000	0.000	0.000	0.000
Corporate - Property	-13.055	-0.299	0.001	-15.960	3.203
Economic Development	-28.429	0.000	0.000	-32.369	3.940
South Lancaster Growth Catalyst	0.000	0.000	0.000	0.000	0.000
Vehicles	0.000	0.000	0.000	0.000	0.000
Transforming Cities	-3.750	0.000	0.000	-3.750	0.000
Totals	-49.934	-1.233	2.315	-59.081	8.065



4. Detailed Narrative

The forecast variance as at September 2022 is -£49.934m. 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 September 2022 is £26.877m, a variance of -£0.233m.

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.

A new primary school commissioned to be built at the former Higher Standen site in Clitheroe. A programme of work is now confirmed and is to begin on 3 October and expected to finish in summer 2023 for the 2023/24 school year. Following the tender process which has enabled a more accurate profiling of the budget across the two years of delivery we now anticipate £0.263m additional delivery this year than was estimated in June 2022. The overall scheme remains on budget overall. Other smaller additional deliver variances are report against a number of other projects totalling £0.243m.

The largest delivery risks relate to the projects scheduled to commence construction post Q2, especially over the winter months where inclement weather can hinder progress. School expansion projects at Primet Academy in Colne and SS John Fisher and Thomas More high school are new constructions for 2022/23. The Primet High expansion is now separated into 2 separate phases of work, with the first phase completed during the summer. The second phase of the project which includes the construction of the new block is due to be tendered and potential completion dates will be confirmed once a detailed construction plan is developed. As such, costs originally planned for 2022/23 have now slipped to 2023/24 causing -£1.071m slipped delivery. Other slipped delivery variances totalling -£0.081m are forecast across a number of projects.

The expansion at Tom Finney high school has continued into 2022/23 and was successfully completed in time for the autumn 2022 term and within budget, with a projected saving of -£0.138m against the delivery plan. The project to provide a special educational needs unit at Ashton Science college was also successfully completed over during the summer as planned and within budget. Savings are also forecast at the Haven of -£0.018m and other smaller savings totalling -£0.017m are forecast across a number of closing projects.

Further areas of increased pupil place demand have been identified and recently reported to Cabinet as part of the school planning delivery strategy for 2023 to 2025. These include both primary and secondary place additional pupil places in North and West Preston, Goosnargh and Grimsargh, the Ribble Valley and others. The areas



where additional places are needed will require a range of building projects and consultations to deliver. As such, in the coming months a number of preliminary studies will be undertaken to identify suitable sites ahead of statutory consultation processes.

Condition Programme

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

Work is planned and then undertaken when the work can be accommodated during periods of school closure at summer/autumn breaks/ spring. Planned delivery is liable to change once contractors are engaged and work timetables agreed or when projects get to site and unforeseen issues are exposed.

There is an additional delivery forecast of £0.711m due to works progressing well over the summer, which included a number of flat roof renewal projects which have been undertaken without delay, such as at West Lancashire high school (£0.264m), Lathom high school (£0.216m) and Ormskirk West End primary school (£0.175m) with further scheduling of works in October and February half terms adding to the additional delivery forecast. Where work is scheduled but contractors are not yet engaged on site remains a risk to forecast delivery, with unanticipated site issues occasioning deferral or delay to works in some cases. If works can't be completed as expected in the autumn break the forecast additional delivery will reduce.

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 delivery plan for 2022/23 is £0.016m. This is fully spent.

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 forecast.

Highways

The Highways capital programme has a 2022/23 delivery plan of £49.962m. Forecast outturn as at September 2022 is £52.275m, a variance of £2.313m.

Delivery of the highways programme is progressing well, in particular the drainage programme. However, the challenging economic environment and inflationary pressures has led to significant labour, plant, material, energy and fuel increases which are affecting the whole service. This is having a particularly large impact on bitumen availability and price, resulting in several programmes now forecasting overspends.

Following the significant overspend on structural defects last financial year a review has been carried out and new ways of workings introduced. As a direct result of this



the spend has reduced significantly in the last couple of months, at the end of quarter 2 spend is £5.970m. However, the impact of the fuel and bitumen price increases and the likelihood of increased numbers of defects during the winter period suggests that the forecast spend is likely to be £11.800m, an overspend of £1.800m. The situation is being kept under review. The drainage defect programme is also under pressure due to rising costs and the forecast is currently an overspend of £0.113m.

Within the street lighting column replacement programme, higher material costs for electrical components and steel have led to increases in the cost of columns. This has reduced the quantity of replacements highways can carry out this year and has led to works being suspended.

The budget to replace columns identified through the testing programme is under pressure with a high proportion of structural failures being identified. An overspend of £0.200m to replace the columns identified is forecast with management actions being identified to mitigate against any further pressures.

There is a risk of slippage in the footway and traffic signal programmes due to contractors programming the works for later in the financial year. 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 September 2022 is £17.805m, a variance of -£5.789m.

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, the project is being funded in part by WLBC with external grants. As the design and tender process as well as funding arrangements with WLBC have been completed a more informed delivery timescale can now be profiled meaning that -£0.300m more of the expenditure may now slip into 2023/24. The invoicing for the WLBC contribution has already been agreed for the year to date as per the funding agreements and the scheme is forecast to be on budget overall over the multi-year programme.

Safer Roads Scheme

The remaining outstanding work in the programme is the installation of average speed cameras for which a tender has been accepted. Now the work plan has been agreed, there is more detailed knowledge of the spend required this year, so delivery is forecast to be £0.236m more than in the original delivery plan set in June for 2022/23. The remaining work is expected to take 12 months from commencement of installation at the sites with the remaining budget to meet final expenditure in 2023/24.



M55 Link Road

The M55 to Heyhouses link road will create a much improved connection 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 estimated to take 18 months. Delays encountered by the contractor undertaking this work have meant that LCC Highways staff are now expected to be on site from Mar-Dec 2023 rather than the initial Sept 2022 causing a slippage variance of -£1.500m.

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. These delays are still ongoing and slippage of -£2.000m is forecast as a result though the full budget is still estimated to be required.

City Deal

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

East Lancs Strategic Cycleway

The aim is to create a joined-up network that provides access to workplaces, schools, as well as providing tourism and recreation opportunities. The routes will be based on old disused railway lines, including tunnels and will mainly be off road greenways. The programme had an agreed budget of £0.834m for 2022/23 but it has now been agreed that the majority of the scheme will be completed next year, a forecast slippage variance of -£0.634m is reported due to ecological survey results on the tunnels in the scheme resulting in delays to works starts by a season

Public Rights of Way (PROW)

A number of the schemes in this year's PROW delivery plan have already been completed, including the additional approval for improvements to Mitton Sisters Pennine Bridleway which created £0.063m of additional delivery. The resurfacing work on the footpath FP51 in Mellor, which was originally approved some years ago but had never been programmed for delivery, created a further £0.016m of additional delivery variance from the June delivery plan. The progress already made on the remaining projects has led to an additional delivery forecast of £0.411m as projects are advanced from their original planned 23/24 start dates whilst work on the Capitol Centre is now predicted to slip into 2023/24, with a variance of -£0.100m. These changes reflect the changes following design processes and

Cycling Safety

Although only a small delivery budget of £0.215m was initially agreed the forecast has already been increased to £0.817m, a forecast additional delivery variance of £0.602m. The majority of this expenditure was the final safety audit and defects for the Clifton Drive cycleway £0.618m supported by funding from Sustrans.



Externally Funded

The externally funded capital programme has a 2022/23 delivery plan of £2.017m. Forecast outturn as at September 2022 is £1.465m, a variance of -£0.552m.

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 is due to be completed this year with main contract payments now agreed and closed. There is an expected underspend variance of -£0.270m, which is planned to be returned to UCLan.

There is a slipped delivery variance of -£0.283m across 6 schemes. The S106 Rosslyn Avenue, Preesall project has slippage of -£0.030m due to potential objections of the works being advertised, and deferred works on site so they can be grouped with bus stops to save on mobilisation costs. The Longridge bus stop infrastructure improvements scheme has slippage of -£0.095m with consultation delaying the progress. There is -£0.041m anticipated to be slipped on the S278 A584 Lytham Rd/Church Rd highway works scheme due to utility delays.

There are risks associated with the Section 278 works on Blackpool Road, Kirkham scheme as the tender process will take slightly longer for construction to commence on site, however we have confidence this can be completed in advance of the nesting birds issue arising again next year.

Central Systems and ICT

The central systems and ICT capital programme has a 2022/23 delivery plan of £13.989m. Forecast outturn as at September 2022 is £13.550m, a variance of -£0.439m.

The largest scheme within the delivery plan is the multi year programme for the migration to Oracle Fusion Cloud programme, which is forecast to be £12.928m of the overall block for 2022/23. The revised planned go-live dates for the two main workstreams have been agreed by the project Steering Committee as 1st December for the HR and payroll elements with finance and procurement set to go-live on the 12th December. This project is the subject of a separate report on this meeting's agenda. Risks remain in the programme as we go through final testing and data migration checks to deliver a safe implementation. The overall forecast includes a contingency of £2.000m to allow for any unexpected delays in the final run to go-live. There has been a reallocation in year of licencing costs which had been included in previous forecast expenditure but are now to be met by a revenue provision. This has resulted in the spend in year being an under spend variance of £0.439m whilst the overall programme is delayed from its original start date and forecast over its original cost estimate.

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). These projects are on track to spend the anticipated delivery budget in year.

Adults Social Care (ACS)

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

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 with the developer was due to be executed in 2021/22 however due to delays in the legal process it is now expected that the contribution £0.540m will be finalised in this financial year subject to the developer providing the necessary evidence to support the grant claim.

Corporate – Property

The corporate property capital programme has a 2022/23 delivery plan of £22.285m. Forecast outturn as at September 2022 is £9.230m, a variance of -£13.055m.

The new rolling program of operational buildings repairs and maintenance of £44.670m 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.

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 has increased its in year forecast to £5.500m in 2022/23 causing an additional in year delivery variance of £3.000m. This represents advanced delivery in 2022/23 from that originally bult into the delivery plan in June with the forecast brought forward from the 2023/24 profile. Previous cabinet reports had increased the overall budget on the project to £7.8m with completion still expected in 2023/24.

The programme to install electric vehicle charging points at county council sites where the vehicles either reside or visit was agreed with a budget of £1.000m from the creation of a reserve at the 2020/21 financial year end. The scheme is currently forecasting slipped delivery of -£0.016m but there is potential for additional delivery as tenders are already agreed for some locations.



The department for education's (DfE) new capital funding programme will support LCC service delivery through the establishment of new children's homes via refurbishment or new builds. The programme has now begun with the identification of the initial 4 sites, although delays in access to the buildings to complete the necessary surveys will see forecast slipped delivery in year of -£0.707m with some of the work now completed in 2023/24.

The delivery plan for the programme of works to various operational premises (WtOP) was set at £0.956m with 20 projects forecast to be worked on in the year. Of the major schemes the work to replace the boiler in Lancaster Central Library in conjunction with Lancaster City Council have been given approval by their conservation team and has already utilised £0.065m of the £0.106m agreed with the remaining expected to be required this financial year. Overall, the forecast variance for the programme is -£0.245m with potential savings of -£0.153m and projects slipping to next year of -£0.220m offset by additional delivery on projects ahead of schedule of £0.128m.

The delivery plan for the building condition programme was agreed at £1.661m for 2022/23 initially covering 51 active projects. The larger projects include the re-roofing of the Leyland neighbourhood centre completed just under budget. The work on replacing both Data Centre UPS Units is finalised with installation successfully completed and now operational, forecast to use the full £0.89m previously forecast. Damp Repairs to the Basement at County Hall are now at the defects stage spending £0.055m in 2022/23 a modest saving that will be returned to the programme. Overall, the forecast variance for the programme is -£0.352m; -£0.227m of forecast slipped delivery, £0.077m of additional delivery and -£0.083m of potential savings forecast.

Economic Development

The economic development capital programme has a 2022/23 delivery plan of £41.567m. Forecast outturn as at September 2022 is £13.138m, a variance of -£28.429m.

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 northwest, 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, however a slippage variance of -£6.000m is forecast as the main volume of works is now expected to be done in 2023/24.

Samlesbury enterprise zone, which on completion will be a national centre of excellence for advanced engineering and manufacturing has an agreed in year delivery budget of £26.093m as work on the enabling infrastructure continues. Groundworks, tree felling, utilities works and temporary drainage are all forecast to complete in 2022/23 with subsequent construction work to allow specific plot accesses to follow on from these preparations. Work on particular plots will then commence 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 causing a slipped delivery variance of -£21.407m.

A contribution to the Brierfield Mill scheme, which has created offices, apartments, and leisure schemes in the redeveloped site, has been approved and the remaining funding of £0.407m is forecast to be paid over in 2022/23. The annual support to the City Deal of £1.295m from the Economic Development Programme has already been made and the contribution to the Eden North project of the current remaining budget of £0.231m is also forecast for 2022/23. The £1.5m funding contribution towards the expansion of the Lomeshaye industrial estate is forecast that £0.500m will be required this year with £1.000m slipping into 2023/24 following delays to the scheme commencement. t

The Lancashire Central site at Cuerden in conjunction with development partner Maple Grove have submitted revised plans for the site. Commercial areas of the site are expected to provide almost 2000 new jobs, with opportunities for warehouses and logistics on the site adjacent to motorway links. In addition, 116 additional homes are planned, and the site is to provide environmental infrastructure, based on sustainable initiatives. There is a slippage variance of -£1.051m forecast on the scheme as work is expected to be completed in 2023/24.

South Lancaster Growth Catalyst (SLGC)

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

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 England's Housing Infrastructure fund (HIF). Work is underway to design the major highways infrastructure that forms the part of the bid funded by the Housing Infrastructure Fund grant, and discussions are underway on the detailed workings required with the district council to facilitate the delivery of the locally funded schemes. Together these form the overall bid programme and are subject to a collaboration agreement between the two councils. Once the detailed workings are agreed this will allow the profiling of funding for the local schemes to be commenced 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 September 2022 is £4.212m, a nil variance

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 September 2022 is £11.500m, a variance of -£3.750m.

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. Following a formal change request to the Department for Transport in November 2021 it was agreed (in April 2022) to extend the overall programme end date to 2024/25. The delivery plan for 2022/23 is £15.250m with the majority of spend expected on the Transforming Ringway project, which is in construction. This project was due to be completed at the end of March 2023 but the latest programme review has identified that this is likely to slip to June 2023 due to the long lead in times for receipt of some materials.

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. On Cottam Parkway, Cabinet agreed in January to an additional financial contribution of £4.547m from LCC capital as the cost estimates indicated a potential excess over the agreed budget which was beyond the capacity of design changes and value engineering, as well as additional s106 monies identified, to bridge. Scope review and value engineering continues as design progresses and there is further work to be done here with the help of Network Rail, which is now engaged with the project under an asset protection agreement.

Current forecasts against the TCF programme are showing a forecast underspend of -£3.750m for 2022/23.

