

Money Matters

The County Council's Capital Financial Position 2022/23 December 2022 and delivery plan 2023/24



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Capital Programme Monitoring – December 2022

1. Introduction

In February 2022 an indicative Capital Delivery Programme of £208.264m was agreed at Full Council. This delivery programme figure has been revisited and, following confirmation of the final 2021/22 slipped delivery figures, additions subsequently approved by Cabinet and re-profiling of the programme the in-year programme has increased to £222.900m. This figure now forms 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. The agreed delivery plan was significantly higher than prior years actual delivery, requiring a substantial increase in the level of resources required to implement the capital programme with the risk flagged that, any issues with resource capacity could lead to slippage on the programme.

The project and programme managers are 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 on-going 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 executive management team.

Oracle Fusion upgrade – As part of the upgrade to the Oracle HR & Finance system, the finance system was closed down from late November until the beginning of January to allow for the accurate transfer of data into the new system. Due to this, large volumes of transactions that would have been processed during that time, and any emergency payments made in the system downtime are not showing in the actuals in this report. Forecasts have been updated where possible since quarter 2 based on the best information available and in discussion with project and programme managers.



2. Delivery Programme

The total delivery programme is £222.900m as set out in Table 1 below:

Table 1 – 2022/23 Capital delivery programme by block

Service Area	Delivery Programme 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	1.044	2.848
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	208.264	14.636	222.900



3. Variance Analysis

The forecast outturn as at December 2022 against this revised delivery plan of £222.900m is £163.566m, giving an expected variance of -£59.334m. A breakdown of the variance at block level is shown in table 2 below.

Table 2 – Summary Capital Delivery Programme Position as at 31st December 2022

Service Area	Total delivery programme for 2022/23	Spend to December 2022	Total Forecast spend 2022/23	Forecast Variance as at Dec 22	Forecast Variance as at Sep 22
	£m	£m	£m	£m	£m
Schools (exc DFC)	24.772	13.039	22.019	-2.753	-0.233
Schools DFC	2.338	1.106	1.959	-0.379	0.000
Highways	49.962	33.268	49.465	-0.497	2.313
Transport	23.594	9.499	16.366	-7.228	-5.789
Externally Funded	2.848	1.018	2.109	-0.739	-0.552
Central Systems & ICT	13.989	5.420	13.555	-0.434	-0.439
Adults Social Care	17.255	16.715	17.255	0.000	0.000
Corporate - Property	22.285	6.853	9.026	-13.259	-13.055
Economic Development	41.567	6.231	11.272	-30.295	-28.429
South Lancaster Growth Catalyst	4.828	1.185	4.828	0.000	0.000
Vehicles	4.212	2.379	4.212	0.000	0.000
Transforming Cities	15.250	4.084	11.500	-3.750	-3.750
Totals	222.900	100.797	163.566	-59.334	-49.934

The total forecast spend for 2022/23 is £163.566m, funded from a combination of Borrowing (£53.877m), 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 Jan 23	Underspends and potential underspends	Overspends and potential overspends	Slipped Delivery	Additional delivery
	£m	£m	£m	£m	£m
Schools (exc DFC)	-2.753	-0.457	0.000	-8.096	5.800
Schools DFC	-0.379	0.000	0.000	-0.379	0.000
Highways	-0.497	0.000	2.253	-3.167	0.417
Transport	-7.228	-0.070	0.000	-9.121	1.963
Externally Funded	-0.739	-0.270	0.006	-0.476	0.001
Central Systems & ICT	-0.434	-0.438	0.000	0.000	0.004
Adults Social Care	0.000	0.000	0.000	0.000	0.000
Corporate - Property	-13.259	-0.299	0.001	-16.252	3.291
Economic Development	-30.295	0.000	0.000	-34.259	3.964
Transforming Cities	-3.750	0.000	0.000	-3.750	0.000
Totals	-59.334	-1.534	2.260	-75.500	15.440



4. Detailed Narrative

The forecast variance as at December 2022 is -£59.334m. 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 December 2022 is £23.978, a variance of -£3.132.

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 commenced on site on 3 October and is expected to finish in summer 2023 for the 2023/24 school year and is currently progressing well against the reprofiled budget.

The largest delivery risks relate to the projects scheduled to commence construction 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 planned to commence during this period. 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. The project at Fisher-More High School has been beset by legal delays and delivery is to be managed by the school's diocese. It remains planned to commence early 2023, but some expenditure originally planned for 22/23 is now likely to slip into future financial years. Estimated slipped delivery across these 2 projects is -£2.248m.

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 -£0.134m 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.

While many projects have been completed in advance of schedule over the summer, an overall slipped delivery variance of -£0.973m is now forecast due to a number of projects originally planned for 2022/23 now being tendered for delivery in summer 2023 and as such are unlikely to incur any spend this financial year. Savings across several projects have been achieved, with a total forecast saving of -£0.293m.

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

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 Department for Education in order for schools to spend on capital projects within expenditure guidelines. The Devolved Formula Capital 2022/23 delivery plan is £2.338m. The current forecast is £1.959m, a slipped delivery variance of -£0.379m.

Highways

The Highways capital programme has a 2022/23 delivery plan of £49.962m. Forecast outturn as at December 2023 is £49.465m, a variance of -£0.497m.

Delivery of the highways programme is progressing well, however, the macro-economic inflation pressures are causing 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 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 reduced significantly over the summer, at the end of November spend is £7.371m. The impact of the fuel and bitumen price increases and the likelihood of increased numbers of defects meeting intervention levels during the winter period indicates that the forecast spend is likely to remain at £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 temporarily while the programme delivery is reassessed.

After a review of the traffic signal programme and additional schemes being added some of the works will now be delivered in the next financial year causing slippage of -£0.555m.

Slippage of -£1.000m in the localised deterioration programme and -£0.700m in the footway slurry seal programme could be required to fund the in year overspend on structural defects with the delayed work being funded from future years grant.

Some of the walking and cycling schemes will now be delivered next financial year resulting in slippage of -£0.419m. Within the Moss Road programme some of the works are programmed over the end of the financial year causing forecast spend to be less this year than originally anticipated -£0.400m.

Across several programmes within the Highways block additional delivery of £0.417m is being forecast.

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 December 2022 is £16.366m, a variance of -£7.228m.

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

Ormskirk eastern gateway

A joint programme with West Lancashire Borough Council to demolish the bus station building and create valuable open space in the town centre, the project is being funded



in part by the borough council using external grants. As the design and tender process as well as funding arrangements with the borough council have been completed a more informed delivery timescale can now be profiled meaning that -£0.403m more of the final expenditure may now slip into 2023/24 for delivery. The invoicing for the borough council 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 forecast to be £0.119m 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 and was estimated to take 18 months. Delays encountered by the contractor undertaking this work have meant that our Highways staff are now expected to be on site from March - December 2023 rather than the initial September 2022 causing a slippage variance of -£2.000m.

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 -£2.800m is forecast as a result although 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 Department for Transport.

East Lancashire 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 -£0.629m 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

A number of the schemes in this year's Public Rights of Way 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 £0.026m as projects are advanced from the original planned 2023/24 start dates whilst work on the Capitol Centre is now predicted to slip into 2023/24, with a variance of -£0.130m. These changes reflect the changes following design processes and delivery scheduling.

Cycling Safety

Although only a small delivery budget of £0.252m was initially agreed the forecast has already been increased to £0.889m, a forecast additional delivery variance of £0.637m. The majority of this expenditure was the final safety audit and defects for the Clifton Drive cycleway supported by funding from Sustrans.

Externally Funded

The externally funded capital programme has a 2022/23 delivery plan of £2.848m. Forecast outturn as at December 2022 is £2.109m, a variance of -£0.739m.

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

The delivery plan has seen additions to the S278 Catforth & Woodplumpton villages traffic calming schemes – design project of £0.252m and a new scheme S278 Burnley Town2Turf (£0.579m), where a further contribution from Burnley Borough Council of £0.975m is expected in the coming month.

The largest scheme within the delivery plan is the UCLan Masterplan which 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 -£0.476m across 7 schemes. The S278 Water Lane, Tulketh Brow, Fylde Road Junction, Preston project has slippage of -£0.116m, which is still at the very early design option and modelling stages. 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 Road/Church Road highway works scheme due to utility delays. The S106 Public Rights of Way Kiddrow Lane has slippage of -£0.040m as the county council awaits tenders to be returned from Burnley Borough Council.



There are risks associated with the S278 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 December 2023 is £13.555m, a variance of -£0.434m.

The largest scheme within the delivery plan is the multi-year programme for the migration to Oracle Fusion Cloud programme, which is forecasted to be £12.928m of the overall block. The HR and payroll element went live in December, however the finance and procurement workstream go-live date slipped into January 2023. Work is still expected on the system beyond the go-live date, with the forecast including a c£2m contingency in case of any further unexpected costs.

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 Lancashire Person Record Exchange Service 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. There is a small advanced delivery variance (£0.004m) on the Microsoft Office 365 project.

Adults Social Care

The Adult Social Care capital programme has a 2022/23 delivery plan of £17.255m. Forecast outturn as at December 2023 is £17.255m, a nil variance.

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 year the 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 of £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 December 2023 is £9.026m, a variance of -£13.259m.

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 causing an additional in year delivery variance of £3.000m. This represents advanced delivery in 2022/23 from that originally built into the delivery plan in June with the forecast brought forward from the 2023/24 profile. Previous Cabinet reports had approved increases in 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 additional delivery of £0.062m with work at County Hall and White Cross to be completed in January.

The Department for Education's new capital funding programme will support county council service delivery through the establishment of new children's homes provision 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 to be completed in 2023/24.

The delivery plan for the programme of works to a range of operational premises 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 has been given approval by the city council's conservation team and has already utilised the entire £0.106m agreed. 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 its 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 resulting in a modest saving that will be returned to the programme. Overall, the forecast variance for the programme is -0.622m:-£0.623m of forecast slipped delivery, £0.084m of additional delivery and -£0.085m of potential savings forecast.

Economic Development

The economic development capital programme has a 2022/23 delivery plan of £41.567m. Forecast outturn as at January 2023 is £11.272m, a variance of -£30.295m.

The new programme based at Farington 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 -£6.500m 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 and legal terms being agreed. 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 -£21.897m.

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 development by the external deliverer.

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 2,000 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 -£1.926m forecast on the scheme as work is expected to be completed in 2023/24.

South Lancaster Growth Catalyst

The South Lancaster Growth Catalyst capital programme has a 2022/23 delivery plan of £4.828m. Forecast outturn as at January 2023 is £4.828m, a nil variance.

The South Lancaster Growth Catalyst 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 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 January 2023 is £4.212m, a nil variance

The delivery plan includes prior year projects of £0.999m comprising of thirteen vans, including one COVID-19 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.



Transforming Cities Fund

The Transforming Cities Fund capital programme has a 2022/23 delivery plan of £15.250m. Forecast outturn as at January 2023 is £11.500m, a variance of -£3.750m.

In June 2020, Lancashire County Council had its revised proposal for Transforming Cities Fund 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 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 Transforming Cities Fund programme are showing a forecast underspend of -£3.750m for 2022/23.



5. Capital Delivery programme – 2023/24

5.1 Introduction

An indicative Capital delivery programme has been drawn up for 2023/24 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 2023/24 delivery programme by block is shown in section 2 of the report.

The figures in this report will be revised in May 2023 following the completion of the year end accounts to allow for adjustment for final slippage and advanced delivery figures. Additional funding agreed between January 2023 and May 2023 will also be added to the report to be submitted in early June 2023. The delivery programme agreed in June 2023 will then be used as the basis for the Capital monitoring reports throughout 2023/24.

TABLE 1 – 2023/24 Capital delivery programme by block

Service Area	22/23 outturn forecast	23/24 Delivery Plan
Schools (excluding DFC)	22.019	25.115
Schools (DFC)	1.960	4.487
Highways	49.465	48.650
Transport	16.366	22.001
Externally Funded Schemes	2.109	0.934
Central Systems & ICT	13.555	6.555
Adults	17.255	16.715
Corporate Property	9.026	18.500
Economic Development	11.272	51.267
South Lancaster Growth Catalyst - grant	4.828	20.983
SLGC - cash flow		5.000
Vehicles	4.212	4.500
Transforming Cities Fund	11.500	15.152
Totals	163.567	239.859



TABLE 2 – Funding streams

	22/23 Delivery plan	23/24 Delivery Plan
Funded by		
Grants	107.670	124.296
Other	2.019	11.245
Borrowing	53.878	104.318
Totals	163.567	239.859

Detailed narrative

Schools

The schools capital programme has a 2023/24 delivery programme of £29.602m and will contain approximately 300 projects to be worked on within the financial year.

The schools delivery programme is split into three areas.

The total funding for the basic need and condition programmes is £25.115m and will be used to meet the most urgent priorities.

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 £4.487m has been included for 2023/24.

Highways

The Highways capital programme has a 2023/24 delivery programme of £48.650m and contains approximately 700 projects to be worked on within the financial year.

An indicative amount of £28.811m has been included as anticipated funding from the Department for Transport. The actual amount to be received for the grant which will change due to the level of self-assessment 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 2023/24 delivery programme in May 2023/24.

This is supplemented by borrowing of £14.2m to deliver the level of work required to meet Transport Asset Management Plan priorities.



A risk to the 2023/24 delivery programme is the continued high levels of expenditure on structural defects. This will be continued to be monitored in the remaining months of 2022/23 and a decision will need to be made before submission of the final 2023/24 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.

The Highways delivery programme contains £5.639m of projects planned prior to 2023 which are expected to be delivered within 2023/24. This includes c£5.000m programmed for bridge maintenance work and detrunking the A601M, including bridge maintenance and demolition and remodelling of the road to permit development of the local area and continued flood prevention work.

Transport

The transport capital programme has a 2023/24 delivery programme of £22.001m 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 £7.500m has been included for 2023/24 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 2023/24 delivery programme are the continuation 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-19 pandemic is ongoing. The £2.500m agreed contribution from the Transport block to the Lancashire City Deal is also included.

There is also provision for cycling schemes, quality bus routes and other road safety projects, the detailed programmes for which will be brought for approval to future meetings of Cabinet.

Externally Funded Schemes

The externally funded schemes capital programme has a 2022/23 delivery programme of £0.934m and contains c 10 projects to be worked on within the financial year.

The externally funded schemes capital block is funded through contributions from external stakeholders.



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 2023/24 delivery programme of £6.555m.

The specific projects to be funded this year are improvements to the social care reform system and document handling system. An indicative provision has also been included to reflect the capital investment that will be required in upgrading systems within the ICT roadmap. Individual approvals will be sought for each item within this roadmap at future Cabinet meetings.

Adult Social Care

The Adult social care capital programme has a 2023/24 delivery programme of £16.715m.

As at January 2023, the Disabled Facilities Grant is the only project included on the delivery programme for the Adult social care block. The 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. The £16.715m amount included in the delivery programme is an indicative amount until the 2023/24 grant agreement is confirmed.

Corporate – Property

The corporate – property capital programme has a 2023/24 delivery programme of £18.500m containing programmes required to maintain the Council's property portfolio.

The 2023/24 programme includes £1.66m for named projects within the building condition programme, £1.7m on specific projects within the works to operational premises programme and £3.6m on projects within the residential redesign programme. 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.

Each year surveyors inspect around a fifth of the corporate property portfolio, last year a large number of priority 1 conditions works were identified, the works to address these were estimated at £35m and a third of this has been provided for in the 2023/24 delivery programme.



Economic Development

The economic development capital programme has a 2022/23 delivery programme of £51.267m and contains approximately 8 projects to be worked on within the financial year.

The delivery of the Cuerden strategic site design continues in 2023/24 with planning expected late spring 2023 and a £17.000m delivery programme has been set for delivery this year once development works start following a successful planning decision with the full site enabling works expected to be completed in 2026/27.

Work on the Samlesbury enterprise zone also continues into 2023/24 with a delivery programme of £13m.

Work is due to commence this year on the delivery of the Farrington Cricket facility with £7m of the £14.5m scheme profiled for spend this year which will commence following a planning decision in early spring 2023.

Annual contribution towards the Lancashire City Deal is also included in this block at £1.295m.

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 £0.700m for this project has been earmarked for 2024/25 onwards.

Contributions to external schemes are estimated at £7m for 2023/24 delivery are dependent on external partners and will only be drawdown following legal agreements being in place so are subject to potential slippage beyond the county council's control.

There is a £5m provision for feasibility work on Economic Development pipeline projects also built into this year's delivery programme.

South Lancaster Growth Catalyst

The South Lancashire Growth Catalyst capital programme has a 2023/24 delivery programme of £25.983m

The delivery programme amount for 2023/24 covers the continuing preliminary costs for the programme, including land acquisition fees, design fees and planning costs along with commencement of delivery, however legal discussions and funding concerns have stalled some of the design work and whilst these negotiations are ongoing there is a risk of slippage to future years.



Vehicles

The vehicles capital programme has a 2023/24 delivery programme of £4.5m and contains approximately 30 projects to be worked on within the financial year.

The supply chain issues experienced in the last couple of years have been considered when drawing up the expected delivery for 2023/24 and permission may be requested to place orders early for 2024/25 spend to ensure delivery of the vehicles when they are required where delivery timescales are indicated to be more than one year.

Transforming Cities Fund

The Transforming Cities Fund capital programme has a 2023/24 delivery programme of £15.152m and contains 3 projects to be worked on within the financial year.

The delivery programme for Transforming Cities Fund 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 ongoing in 2023/24 continues to be Transforming Ringway with work due to commence on the Cottam Parkway Station project including design and land assembly.

