

Appendix B

2024/25 Quarter 1 Capital Monitoring



Capital Programme Monitoring – Q1 2024-25

1. Introduction

In February 2024 an indicative Capital Delivery Programme of £198.524m was agreed with Cabinet. This delivery programme figure has been revisited and, following confirmation of the final 2023/24 slipped delivery figures, subsequently approved additions and re-profiling of the programme, to take account of resourcing issues and deliverability, we have decreased the in-year delivery programme to £187.095m. This now forms the basis of the capital programme monitoring throughout the financial year.

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

- Detailed monitoring of the delivery programme throughout 2024/25 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.
- Use of the budgetary control facilities in the Oracle Fusion system.
- Monitoring of projects to measure the on-going effect 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 & Forecast

The forecast spend for 2024/25 is £186.322m, giving a variance against the delivery programme of £-0.773m, c0.4%. Table 1 shows the delivery plan and forecast spend by block and a detailed narrative by block is provided in section 3.

Table 1 – 2024/25 Capital outturn forecast by block

| Service Area | Total delivery programme for 2024/25 | Spend to June 2024 | Total Forecast spend | Forecast Variance |
|-----------------------------------|--------------------------------------|--------------------|----------------------|-------------------|
| | £m | £m | £m | £m |
| Schools (excluding DFC) | 33.188 | 7.489 | 33.121 | -0.067 |
| Schools DFC | 3.160 | 0.674 | 3.160 | 0.000 |
| Highways | 54.630 | 15.298 | 54.380 | -0.250 |
| Transport | 17.994 | 4.163 | 17.647 | -0.347 |
| Externally Funded | 2.313 | 0.800 | 2.313 | 0.000 |
| Central Systems & ICT | 3.076 | 0.079 | 3.076 | 0.000 |
| Adults Social Care | 18.174 | 0.000 | 18.174 | 0.000 |
| Corporate - Property | 11.072 | 1.187 | 10.963 | -0.109 |
| Economic Development | 27.477 | 4.268 | 27.477 | 0.000 |
| East Lancashire Levelling Up Fund | 4.410 | 1.641 | 4.410 | 0.000 |
| Vehicles | 3.921 | 0.000 | 3.921 | 0.000 |
| Transforming Cities | 7.680 | 2.498 | 7.680 | 0.000 |
| Totals | 187.095 | 38.097 | 186.322 | -0.773 |

The forecast outturn spend of £186.322m is funded from a combination of borrowing (£58.399m), Grants (£118.138m) and Contributions (£9.785m). Whilst the £58.399m is over the annual borrowing cap in the capital strategy, this figure includes the funding for completion of items that were in the 23/24 delivery programme but slipped into 2024/25 delivery, as is the nature with multiyear programmes. It also includes some items that are exempt from inclusion in the cap as they are short-term borrowing and will be repaid by the projects itself in the short to medium term.

Within the overall variance of £-0.773m there is items where delivery will slip from 2024/25 delivery into future years, these have been compensated for by additional delivery of approved schemes originally planned for later delivery being brought forward to 2024/25. This is normal in a dynamic multi-year delivery programme that enables the Council to deliver on its ambition.

A more detailed narrative on the key items making up the variances by block can be found below in section 3 of the report.



3. Detailed Narrative

This detailed narrative shows the delivery forecast in year for each block, details of any significant variances in year and any known pressures in that area.

It should be noted that in all cases figures quoted are for the 2024/25 planned delivery and each project may have a greater total budget which spans several years. It is the total budget and its funding that have been approved and movements between the years in delivery terms do not require additional approval though they may be reported as slippage / advanced delivery.

Schools (including Devolved Formula Capital (DFC))

The Schools capital programme (including DFC) has a 2024/25 delivery plan of £36.348m. Forecast outturn as at June 2024 is £36.281m, a variance of -£0.067m.

A summary of the programmes within the Schools block is given below.

Basic Needs - The plan for 2024/25 includes work in 25 schools to provide additional places or feasibility studies for future projects. Spend has been commenced or continued incurred on all but 3 of these projects to date, with spend on a further 4 projects catching up slippage from the 2023/24-year programme.

The most significant of the projects in the programme are:

- Colne Primet academy
- Lea community primary school
- Broughton in Amounderness Primary school
- St John Fisher & Thomas Moore RC High School
- Longridge High School
- Longridge St Cecilia's RC High School
- Clitheroe Bowland High School

The largest delivery risks relate to the projects scheduled to commence construction over the winter months where inclement weather can hinder progress.

Higher Needs Provision - The plan for 2024/25 is to provide additional higher needs places in 9 schools and is a combination of new projects to start this year and continuing projects. There are no major variances to budget forecast at this stage. The most significant projects in the spend this year are at the following schools:

- Kingsbury Special School - Skelmersdale
- Mayfield Special School - Chorley
- The Willows Campus - Thornton Cleveleys
- St Leonards CE primary School - Padiham
- Pear Tree school - Kirkham



Schools Condition Work

The Programme of works to address condition related works in the Council's school building asset base equates to a budget of £9.94m over 152 school buildings. This is the work that can be delivered in 2024/25 as part of the overall grant received with the remainder of the 2024/25 grant profiled to be spent in 2025/26 as work is scheduled to be undertaken during periods of school closure at termly breaks, with priority given to those with highest condition issues.

The DFC 2024/25 allocation has recently been received and will soon be passed onto schools, with anticipated spend in line with the delivery plan however as this is at the discretion of the schools the county council does not have control over its delivery profiling.

The council have been awarded a £2.520m childcare expansion grant from DfE covering wraparound childcare (£0.504m) and early year expansion (£2.016m). This grant has been awarded to support schools, nurseries and childcare providers to fulfil the statutory duty to provide sufficient childcare for working families. Applications are due to be accepted in July 2024 in time for programme implementation in September 2024 and it is currently expected that full spend will be incurred in line with the grant conditions in 2024/25.

Pressures within the block

For 2024/25 and 2025/26, the agreed basic need grant allocation has dropped significantly due to falling birth rates nationally, this may cause issues for strategic planning, as the demand for school places in Lancashire has not decreased in line with this national trend. There is limited remaining grant unspent from prior years, and so potential savings and other funding options will need to be discussed and utilised to support future year projects. Work is ongoing to understand the potential value and timing of future requirements as well as the profiling of any income streams to estimate any future pressures.

Highways

The Highways capital programme has a 2024/25 delivery plan of £54.630m. Forecast outturn as at June 2024 is £54.380m, a variance of £-0.250m

Within the highways programme there are 35 programmes of work incorporating over 800 individual schemes that will either be designed or constructed during 2024/25. These cover areas of the highways network such as:

- Roads And Footway maintenance
- Bridge Maintenance
- Street lighting maintenance and replacement
- Drainage and Flood Prevention work
- Local deterioration and preventative measures

Delivery of the Highways programme is progressing well, in particular the ABC and residential urban roads programmes.

During the winter months of 2023/24, structural defect numbers reached unprecedented levels with over 51,000 defects identified from January 2024 to the end



of April 2024. Using this information, the forecast number of defect repairs for 2024/25 could be as high as 131,000 based on current trends should highway deterioration continue to be impacted by severe weather. Increased resources are in place countywide to tackle the current demand and this level of resource is likely to be required all year. There is a potential forecast overspend of £5.000m and work is therefore underway to review the highways programme as whole, to see which projects can be deferred to later years and allow funding to be swapped to the priority area of structural defects and with the risk continually monitored. Structural defects are a priority due to the need to meet agreed intervention levels. Changes to the delivery plan to accommodate this increased demand will be reflected in the Q2 monitoring position.

Within the bridge maintenance programme, several projects are experiencing delays due to access issues and environment agency consent resulting in the slippage of -£0.250m. The environment agency has issued a warning that they are unable to deal with the number of applications they are receiving, giving a risk that the opportunity to do the work this summer will be missed, and it will then slip into the summer of 2025/26.

There are risks to delivery of the programme, one being the availability of suitable sub-contractors to deliver elements of the work. 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 2024/25 delivery plan of £17.994m. Forecast outturn as at June 2024 is £17.647m, a variance of -£0.347m.

There are 121 projects that are starting or continuing in 2024/25 that cover a range of interventions to increase or modify the transport network. These include:

Ormskirk Eastern Gateway - a joint programme with West Lancs borough council and Historic England which saw the replacement of the bus station building and redevelopment of the surrounding areas. The programme of works is nearly completed and the remaining budget of £0.484m will be utilised in 2024/25 for final settlements and retention fees, expected early in quarter 3.

Heyhouses M55 link Road - a link road that will improve links between the motorway network and the Lytham St Annes area opened in July 2024. Its funding is a mixture of grants and borrowing from which a figure of £6.500m was included in the 2024/25 delivery plan to complete the works on the project but a slippage variance of -£0.500m has been reported to cover potential compensation claims coming in after March 2025.

Bus Service Improvement Plan – this a grant funded programme over 3 years which aims to reduce bus journey times and provide improved traveller information. A figure of £5.008m of the grant has been included in the 2024/25 delivery plan. No



variance is being reported for quarter 1, however there is a risk of slippage dependant on submitted traffic orders and landowner permissions being resolved.

Active Travel Schemes & Safer Road Schemes - these aim to address road safety issues and increase cycling and walking provision. They are multi-year programmes funded by various grant sources. Key schemes to be delivered this year are:

Clifton Drive Cycle Way Phase 2
Additions to East Lancs Cycleway network
A5105 Safer Road Scheme
Upgrades to Public Rights of Way
Average Speed Camera installation

All schemes programmed for deliver this year are progressing on track with only minor underspend across the block.

Externally Funded

The externally funded capital programme has a 2024/25 delivery plan of £2.313m. Forecast outturn as at June 2024 is £2.313m, a variance of £0.000m.

There are currently 18 schemes in this block in the 2024/25 delivery programme. They are schemes funded wholly by external parties, including housing developers or district councils where work is carried out by the county council as the highway authority.

Key schemes delivering this year include:

The Burnley 'town2turf' project which is set to improve pedestrian access from Burnley town centre to Burnley football club area is now completed. The forecast in year spend is £1.003m. There are two smaller projects that are assisting the 'town2turf' project, the section 278 funded public realm project and the section 278 Centenary Way subway decommissioning project. The two projects have a combined delivery plan of £0.380m and should also complete in quarter 2 2024/25 with no risks currently noted. The current forecasts show no variance to the 2024/25 delivery plan.

Works to allow access to various housing sites or employment sites are covered by S106 or S278 agreements with housing developers and include highway access works, provision of green and cycle routes, bus stop improvements and village traffic calming schemes.

Delivery of any new schemes will be agreed with developers and added to the delivery plan by delegated decisions where there is no call on county council funding.

Central Systems and ICT

The central systems and ICT capital programme has a 2024/25 delivery plan of £3.076m. Forecast outturn as at June 2024 is £3.076m, a variance of £0.000m



The existing HAMS contract expired on 1 April 2023, but a two-year extension secured with the supplier an extension to 1 April 2025. Capital board approved a £4.177m replacement programme in June 2024 with £1.858m agreed as the 2024/25 delivery plan forecast to be spent in full with the remaining £2.318m utilised in 2025/26 including the purchase of upgraded mobile devices.

The social care reform project to upgrade the Lancashire patient records system will progress in collaboration with the NHS to upgrade sharing of medical information, with a delivery budget of £0.301m for 2024/25. Under the BetterGov Strategy of improving the digital services for the public sector, it will support the delivery of the Adults transformation programme including reimplementing Liquid Logic, by reviewing and improving our data sharing between LCC, NHS and other Partners, the forecast at the end of quarter 1 remains on target.

The works on the Genesys telephony platform at the customer contact centre will utilise the £0.744m that has slipped from 2023/24 in addition to the £0.348m already budgeted for 2024/25. It remains forecast that the entire £1.091m will be spent in this financial year completing the final installation, testing and enhancements.

Adults Social Care (ACS)

The ACS capital programme has a 2024/25 delivery plan of £18.174m. Forecast outturn as at June 2024 is £18.174m, 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 allocation from the MHCLG for Lancashire has been increased to £18.174m which will be fully passported to district councils to distribute. The funding has been received and the agreements with districts returned, the payments will be made in July and reported in quarter 2 monitoring.

Corporate – Property

The corporate property capital programme has a 2024/25 delivery plan of £11.072m. Forecast outturn as at June 2024 is £10.963m, a variance of -£0.109m.

There are 111 projects currently in the programme covering:

- Ongoing repair and refurbishment of the councils building asset base.
- Provision of Electric vehicle charging at county buildings.
- Provision of the first phase of houses to meet the approved "where our children live" strategy, a strategy set to reshape children's residential provision. It has a total delivery plan of £4.792m for 2024/25 which is allocated over several projects which includes some slipped delivery from 2023/24. The current forecast is in line with the delivery plan.



The operational premises condition programme aims to address essential condition and statutory compliance works across the operational building's portfolio. The programme has a 2024/25 delivery plan of £4.019m completing works commissioned in 2023/24. The quarter 1 forecast is £3.892m giving a net slippage variance of -£0.125m across 63 projects. There are two new projects that have been added to this portfolio. The concrete repairs at Preston waste transfer station with a 2024/25 delivery plan of £0.415m is due to complete in summer 2025/26. The other project is the relocation of trading standards services heavy calibration unit. This project has a delivery plan of £0.165m and is expected to complete at the end of this financial year but it has been noted that this is based on current work plans. An amount of funding (£10m) was approved in February 2024 budget setting process to be for additional works to corporate buildings but was profiled to future years due the programme of works required not being collated or approved at the stage. There was a report to cabinet in July to approve a £13m programme of works to utilise this money plus some savings from within the programme that will address some of the worse condition work required. There is work to do on the estimated profiled spend of this money and the delivery plan will be updated in Q2 to reflect this.

No projects are reporting pressures at this stage and variances to budget are a timing issue only with deliverability delaying some schemes slightly, the spend will be caught up in future years. Despite this funding there remains a backlog of works required within our county building portfolio.

Economic Development

The economic development capital programme has a 2024/25 delivery plan of £27.477m. Forecast outturn as at June 2024 is £27.477m, a variance of £0.000m.

There are 4 major projects within this block which aim to provide economic growth and provide employment opportunities, they are funded by a mixture of borrowing, grants, and short-term cash flowing where a project will repay the investment over its build lifetime. All projects within this block are multiyear by nature and are on track to spend their 2024/25 profiled budget in year.

- Samlesbury enterprise zone is an internationally significant development site offering up to 1.5million sq. ft. of space for cyber, research & development, innovation, robotics & advanced manufacturing sectors. It is forecast that the earthworks previously delayed will be completed by quarter two and move on to the associated utilities and foul drainage. A 2024/25 delivery budget of £9.000m has been profiled which includes the purchase of land. The year-to-date expenditure of £1.777m is in line with the forecast which will see the expensive earthworks incurring costs in the first two quarters and the land purchase to be completed in the second half of the financial year.
- The Farington cricket facility in partnership with Lancashire cricket club received its final approval by the secretary of state late in 2023/24 and is forecast to progress quickly with earthworks the main focus of the work in 2024/25. A delivery plan of £11.190m is in place for 2024/25 for the



groundworks on the pitch and surrounding areas, including the drainage and utilities which will make up phase 1 of the programme. The second phase will consist of the related infrastructure including the pavilion, gym and training facilities. A target of 19 months is forecast by the project team for the site to be in use, with the first matches to take place in the in the 2025 season. The forecast is to remain as per the delivery plan and will be reviewed in quarter 2.

- Revised plans have now been approved for the Lancashire Central site at Cuerden in conjunction with Maple Grove developments. The LCC owned site with its proximity to three major motorways is an ideal location to develop opportunities for warehousing and logistics creating up to 3,000 new jobs with additional housing and cycling/pedestrian links. A prudent delivery budget of £6.000m has been agreed for 2024/25 which remains on target.
- The grant funded 'low carbon investment projects' to implement energy savings options in council buildings has a delivery budget of £0.981m. After a protracted start, contracts are now in place for the majority of the larger projects to retrofit LCC buildings with more energy efficient, greener alternatives. The forecast is currently being reported in line with the delivery plan figure.

East Lancashire levelling up Fund (East Lancashire LUF)

The East Lancashire LUF capital programme has a 2024/25 delivery plan of £4.410m. Forecast outturn as at June 2024 is £4.410m, a variance of £0.000m.

The East Lancashire LUF is a programme of works agreed in January 2023 as part of the national levelling up programme. A grant of £49.4m was awarded subject to the submission of a full business case. Work in 2024/25 will be focused on development and case-making work as agreed with the Department for Levelling Up, Housing and Communities (DLUHC), with the full business case to be submitted in November 2024. This will support the which will support the wider programme which, with required match funding, is in excess of £50.000m. If the business case is approved, the delivery of this will be in later years and added onto the delivery plan when the funding is secured and in line with profiled delivery.

Vehicles

The vehicles capital programme has a 2024/25 delivery plan of £3.921m. Forecast outturn as at June 2024 is £3.921m, a variance of £0.000m.

The delivery plan for 2024/25 continues to deliver the county council's vehicle replacement strategy to ensure that all county council owned vehicles are fit for purpose and repaired or replaced at the most cost-effective time. The 2024/25 delivery plan includes a large amount of catch up from prior year slippage which occurred due to increased lead times in the supply chain.



Included in the 2024/25 delivery plan is £2.105m for electric and zero emission vehicles and £0.457m for wheelchair accessible vehicles. Other replacement vehicles totalling £1.357m are anticipated to be delivered in 2024/25. These include a music service vehicle, 4 arborist tippers, and a tractor unit along with a number of other vehicles.

The vehicle replacement programme will be funded mainly from borrowing with contributions for wheelchair accessible vehicles and the additional cost of electric vehicles.

Transforming Cities Fund (TCF)

The TCF capital programme has a 2024/25 delivery plan of £7.680m. Forecast outturn as at June 2024 is £7.680m, a variance of £0.000m.

A delivery budget of £7.680m has been included for 2024/25 from this multi-year programme following a successful bid to the transforming cities project. The continuation of the programme in 2024/25 is dependent on DfT approving resubmitted plans for the delivery of the Cottam Parkway project. The indicative figure of £7.680m is included to finish the ongoing TCF project on Preston Friargate/Ringway, complete the procurement of the technology package and continued design work for Cottam Parkway which we have commissioned Network Rail to complete. There is a risk to the future funding for the delivery of Cottam Parkway should the submitted Business case be deemed to be outside of Transforming Cities timescales for delivery and discussions with DfT are ongoing re the future delivery of the station.

