

# Appendix B

## 2024/25 Quarter 2 Capital Monitoring



## Capital Programme Monitoring – 2024/25 Quarter 2

### 1. Introduction

- 1.01 In February 2024 an indicative Capital Delivery Programme of £198.524m was agreed by Full Council. 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 have decreased the in-year programme to £192.365m.
- 1.02 The delivery programme is shown in section 2 split by block. The delivery programme has been agreed with service heads and corresponds to the additional monies requested through the February 2024 budget setting process as well as reflecting current issues around the delivery of large-scale projects.
- 1.03 The project and programme managers will be 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.



## 2. Delivery Programme & Forecast

2.01 The forecast spend for 2024/25 is £188.566m, giving a variance against the delivery programme of £-3.799m, (1.97%). 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 September 2024	Total Forecast spend	Forecast Variance
	£m	£m	£m	£m
Schools (excluding DFC)	33.191	24.359	38.810	5.619
Schools DFC	3.160	1.973	3.361	0.201
Highways	58.584	34.158	58.732	0.148
Transport	18.199	6.810	14.001	-4.198
Externally Funded	2.726	1.878	2.795	0.069
Central Systems & ICT	3.282	0.172	0.963	-2.319
Adults Social Care	18.232	18.232	18.232	0.000
Corporate - Property	11.105	2.775	9.596	-1.509
Economic Development	27.479	11.575	25.741	-1.738
East Lancashire Levelling Up Fund	4.410	3.685	4.410	0.000
Vehicles	3.921	2.353	3.849	-0.072
Transforming Cities	8.076	3.719	8.076	0.000
<b>Totals</b>	<b>192.365</b>	<b>111.689</b>	<b>188.566</b>	<b>-3.799</b>

2.02 The forecast outturn spend for 2024/25 of £188.566m is funded from a combination of borrowing (£53.881m), Grants (£124.927m) and Contributions (£9.758m). Whilst the £53.881m borrowing 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.

2.03 Within the overall variance of £-3.799m there are 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.



2.04 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

3.01 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.

3.02 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.

#### 3.1 Schools (including Devolved Formula Capital (DFC))

**3.1.1 The Schools capital programme (including DFC) has a 2024/25 delivery plan of £36.351m. Forecast outturn as at September 2024 is £42.171m, a variance of £5.820m.**

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

3.1.3 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 23/24-year programme.

3.1.4 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 \*

3.1.5 The largest delivery risks relate to the projects scheduled to commence construction over the winter months where inclement weather can hinder progress. Those highlighted \* above are progressing ahead of expected profiling and are the items which make up the advanced delivery as spend is occurring this year that was originally profiled for 2025/26 to complete the projects.

3.1.6 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 is a small additional delivery variance of c£0.495m due to advanced delivery against the initial profiling. 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

### 3.1.7 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.

3.1.8 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.

3.1.9 The council has been awarded a £2.520m childcare expansion grant from the Department for Education 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 were accepted in July 2024 and following due diligence awards were made are in the process of being paid following signing of relevant grant funding agreements. It is currently expected that full spend will be incurred in line with the grant conditions in 2024/25 with ongoing monitoring to ensure the agreed outcomes are met by the providers receiving funding.

### 3.1.10 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.

## 3.2 Highways

**3.2.1 The Highways capital programme has a 2024/25 delivery plan of £58.584m. Forecast outturn as at September 2024 is £58.732m, a variance of £0.148m.**

3.2.2 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

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

3.2.4 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. This has caused increased demand of £5.000m against the original proposed budget, to meet this pressure, the programme has been reviewed and resources repurposed to meet this priority demand. This has meant that some schemes originally planned for funding in 2024/25 will now not be funded until 2025/26 and these changes are reflected in the figures above.

3.2.5 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.

3.2.6 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.

### 3.3 Transport

**3.3.1 The transport capital programme has a 2024/25 delivery plan of £18.199m. Forecast outturn as at September 2024 is £14.001m, a variance of -£4.198m.**

3.3.2 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 Lancashire 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.

3.3.3 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, however results of submitted traffic orders and negotiations with land owners for permissions has resulted in current in year expenditure of only £0.485m. Expenditure is expected to increase at pace later in the year, however given the low costs of works in initial stages it has been considered prudent to revise the forecast to £2.748m, resulting in a slipped delivery variance of £2.260m.

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

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

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

### 3.4 Externally Funded

3.4.1 **The externally funded capital programme has a 2024/25 delivery plan of £2.726m. Forecast outturn as at September 2024 is £2.795m, a variance of £0.069m.**

3.4.2 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.

3.4.3 Key schemes delivering this year include:

- The ongoing Burnley 'town2turf' project which is set to improve pedestrian access from Burnley town centre to Burnley football club area completed in quarter 2 of 2024/25. The forecast in year spend is £1.263m. 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 both complete in





quarter 3 2024/25 with no risks currently noted. The current forecasts show no variance to the 2024/25 delivery plan and externally funders have been informed of the increased costs.

- 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.

3.4.4 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.

### **3.5 Central Systems and ICT**

**3.5.1 The central systems and ICT capital programme has a 2024/25 delivery plan of £3.282m. Forecast outturn as at September 2024 is £0.963m, a variance of -£2.319m.**

3.5.2 The existing Highways Asset Management System contract expired on 1 April 2023, but a two-year extension secured with the supplier an extension to 1 April 2025. Capital subgroup 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. Discussions with the programme manager have revealed that the work is unlikely to commence until late quarter 4, and therefore this forecast has been reduced to £0.100m, resulting in a slipped delivery variance of -£1.758m to be utilised in 2025/26.

3.5.3 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 Lancashire County Council, NHS and other Partners, the forecast at the end of quarter 2 is for a small slippage of £0.157m into 2025/26.

3.5.4 The works on the Genesys telephony platform at the customer contact centre were planned to complete in 2024/25 but there has been some slippage to the programme with £0.404m now expected to be spent in 2025/26.

### **3.6 Adults Social Care (ACS)**

**3.6.1 The ACS capital programme has a 2024/25 delivery plan of £18.232m. Forecast outturn as at September 2024 is £18.232m, a variance of £0.000m.**

3.6.2 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 Ministry of Housing, Communities and Local Government for Lancashire has been increased to £18.232m which will be fully passported to district councils to distribute. The funding has been received and the agreements with districts returned, the payments to districts were made in July 2024.

### **3.7 Corporate – Property**

#### **3.7.1 The corporate property capital programme has a 2024/25 delivery plan of £11.105m. Forecast outturn as at September 2024 is £9.596m, a variance of -£1.509m.**

3.7.2 There are 112 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 sees £0.497m slip into 2025/26 due to delays in purchasing suitable buildings.

3.7.3 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 £3.854m completing works commissioned in 2023/24. The quarter 2 forecast is £2.876m giving a net slippage variance of -£0.711m across 71 projects. Multiple projects have experienced delays, caused from barn owls found on site and planning permissions required, pushing works into 2025/26.

3.7.4 The 'where our children live' scheme is a strategy set to reshape children's residential provision. It has a total delivery plan of £4.792m covering 10 projects, with the number of projects expected to increase coinciding with the purchase of properties planned. The programme has a slipped delivery variance of -£0.497m on phase 2 delivery, caused notably by purchasing delays.

3.7.5 The Lancashire County Council building programme addresses a phase of high priority building condition repairs and statutory programmes of remedial works to the operational premises portfolio. The current forecast is £0.928m across 18 projects, with an overall additional delivery variance of £0.161m.

3.7.6 As part of the move to zero emissions in Lancashire and the use of electric vehicles, the services that will use them need an efficient and effective way to charge them, and therefore on-site charging infrastructure is required at the offices and depots where the vehicles will be based and where they regularly visit. The programme of works to develop this infrastructure, consisting of 13 projects, has an in-year delivery plan of £0.222m, with a slipped delivery variance of -£0.022m.



3.7.7 The works to operational premises programme is set to address essential repair and maintenance works, fire risk assessment and statutory compliance remedial works across the operational building's portfolio. It has a delivery plan of £1.010m across 18 projects. The current forecast is £0.881m with an overall slippage variance of -£0.129m.

3.7.8 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 and where possible the service will bring forward other projects from the backlog of works required within our county building portfolio to maintain forecast spend in year where possible.

### **3.8 Economic Development**

**3.8.1 The economic development capital programme has a 2024/25 delivery plan of £27.479m. Forecast outturn as at September 2024 is £25.741m, a variance of -£1.738m.**

3.8.2 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 will be a national centre of excellence for manufacturing and production offering up to 1million sq. ft. of specialist accommodation. 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 £10.033m has been profiled which includes £4.500m for the purchase of land from British Aerospace. The year-to-date expenditure of £4.573mm is in line with this forecast which will see the expensive earthworks incurring costs to quarter 2 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 in late 2023/24. This has a delivery plan of £11.190m 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 which will utilise the remaining £4.290m. 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 year-to-date expenditure is £6.472m, with a reduced forecast of £10.900m taking into account the completed work on the site clearance and pre-construction services agreement. This has resulted in a slipped delivery variance of -£0.290m.
- Revised plans have now been approved for the Lancashire Central site at Cuerden in conjunction with Maple Grove developments. The county council



owned site with its proximity to three major motorways is an ideal location to develop opportunities for warehousing and logistics creating up to 5,600 new jobs with additional housing and cycling/pedestrian links. A delivery budget of £6.000m was agreed for 2024/25 however subject to delays in the development agreement for legal reasons it has been considered prudent to reduce the forecast to £4.000m until the final unconditional development approval is agreed, resulting in a slipped delivery variance of -£2.000m.

- The grant funded 'low carbon investment projects' to implement energy savings options in council buildings has a delivery budget of £0.981m. The contracts agreed with the suppliers in early 2024 have a total in year expenditure of £0.487m as at the end of September, including the fitting of energy efficient radiant panels and low carbon heating at Samlesbury Hall. Further plans have been submitted for authorisation and if approved, the work will take place in 2025/26, therefore the forecast has been lowered to £0.500m, resulting in a slipped delivery variance of -£0.481m.

### **3.9 East Lancashire levelling up fund (East Lancs LUF)**

**3.9.1 The East Lancs 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.**

3.9.2 The East Lancs 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 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.

### **3.10 Vehicles**

**3.10.1 The vehicles capital programme has a 2024/25 delivery plan of £3.921m. Forecast outturn as at September 2024 is £3.849m, a variance of -£0.072m.**

3.10.2 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.

3.10.3 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.



3.10.4 The vehicle replacement programme will be funded mainly from borrowing.

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

**3.11.1 The TCF capital programme has a 2024/25 delivery plan of £8.076m. Forecast outturn as at September 2024 is £8.076m, a variance of £0.000m.**

3.11.2 A delivery budget of £8.076m 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 to complete works on 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. As delivery of the Cottam Parkway Station is now outside of the timescales for the TCF programme, there is a need to secure replacement funding to replace the TCF funding for the station and discussions are ongoing with the Department for Transport regarding this.

