



Annex 3

Risks, Important Issues and Funding Pressures associated with the Capital Programme

Risks, Important Issues and Funding Pressures

1. SCHOOLS

The BSF programme was approved on the basis of a funding package which included a specific Government grant, PFI funding arrangements, but also an expected amount of Capital receipts from the sale of surplus school sites. It is expected that receipts will be received equivalent to the expected amount, subject to specific developer interest being crystallised.

2. CHILDREN and YOUNG PEOPLE

No significant risks have been identified by the service.

3. HIGHWAYS and TRANSPORT

There will be a change in how the Department for Transport (DfT) Highway Maintenance allocation is calculated with effect from 2016/17. This is aimed at incentivising Local Authorities such that the allocation will be based on self-assessed rating over a range of parameters relating to management of assets (including Transport Asset Management Plan or TAMP). LCC are currently self-assessed as meeting Band 2 criteria but planned further improvements by Autumn 2015 should result in DfT agreeing Band 3 status. The table below sets out the financial implications (£millions), and shows that LCC should receive more than previously budgeted for.

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Previously expected	20.514	18.567	18.567	18.567
Band 2 self assessed now	21.101	19.486	19.224	18.960
Band 3 potential figure	21.166	19.880	19.880	19.880

The draft Capital Programme does not include Band 2 or 3 funding levels, as these have not yet been confirmed by DfT.

4. WASTE and OTHER PROJECTS

Infrastructure improvements required by Environment Agency have been identified at Rowley Closed Landfill site. A Cabinet report has been approved requesting funding of £0.500m from risk reserves to carry out these works in 2015/16. Further capital works of approximately £0.520m will be required at Rowley and other closed landfill sites over the next few years.

5. ADULT

The Extra Care strategy is currently under review which will determine how the so far un-programmed amount in the capital programme will be spent.

There is a risk that closure of the Museum of Lancashire may result in a clawback of grant from the Heritage Lottery Fund.

6. CORPORATE

Core Systems Transformation Programme: A risk has been identified that the original requirement for mobile devices may double, resulting in extra one off costs of £0.400m. Every effort will be made to try to contain this cost within the overall budget, however there is a risk that this may not be possible. The additional investment will however ensure that revenue savings through more efficient working can be maximised.

7. VEHICLES

A review of the annual level of spend on vehicle renewals, and the associated recharge to services has been suggested to possibly extend vehicles useful life.

8. CITY DEAL

Preston Bus Station As outlined in the Cabinet report approved on 6th November 2014, any shortfall in the Bus Station project is to be met from potential savings from within the 10 year City Deal programme and the possible use of an earmarked reserve already set aside.

9. LCC BIDS FOR LEP "GROWTH DEAL" CAPITAL FUNDING

Centenary Way Viaduct major maintenance project has a total value estimated at £3.2m, of which an LCC. £0.350m contribution has been allocated from within the Highways Bridges programme. The balance would be sought from future Growth Deal funding.

East Lancashire Strategic Cycle Network project total value estimated £5.85m. LCC have agreed to fund £3.25m of this, with £1.4m already included in the February 2015 approved capital programme Transport block 2015/16 starts. The balance of £1.85m LCC contribution would come from the 2018/19 DfT LTP Transport grant, which at this time is still only an indicative total grant of £6.054m. The balance required of £2.6m would be sought from Growth Deal.

10. FUTURE ECONOMIC DEVELOPMENT FUNDING BIDS INTO LOCAL GROWTH FUND

Skelmersdale Rail Link is a programme of works included in the Capital programme authorised in February 2015, and is part of the West Lancashire Highways and Transport Masterplan. On the 1st June 2015 a Cabinet report was approved in which Cabinet were asked to note that the total cost of developing the brief and options report jointly with Network Rail will cost between £2.8m and £4m. The approved February 2015 capital programme includes £1m, phased equally over 2017/18 and 2018/19, and an additional revised sum of £3.7m has now been programmed against the Economic Development budget in the Corporate block of the capital programme, phased £0.5m in 2016/17 and £3.2m in 2017/18.

Should this scheme progress beyond the brief and options stage, the delivery of the project itself will depend on a future bid by the LEP for up to a 90% contribution from the Local Growth Fund. The estimated total cost at Autumn 2014 prices is £300m, and Local Growth Fund financed schemes require a minimum of 10% local contribution, hence this would amount to £30m.