

**To:** Oxfordshire Growth Board

**Title of Report:** Oxfordshire Housing and Growth Deal Financial Outturn 2019/20

**Date:** 28 July 2020

**Report of:** Director of Finance, Oxfordshire County Council (Accountable Body)

**Executive Summary and Purpose:**

The purpose of this report is to update the Growth Board on the 2019/20 financial outturn and programme overview of the Oxfordshire Housing and Growth Deal. The report covers the three grant funding streams:

- Infrastructure programme
- Affordable Housing programme
- Growth Deal Capacity Fund

The report is prepared by the Director of Finance for Oxfordshire County Council the capacity of Section 151 Officer of the Accountable Body for the Oxfordshire Housing and Growth Deal and gives assurance over the grant funding and expenditure.

The fourth strand of the Deal, Productivity is reported through the OXLEP Board under separate arrangements

**Recommendation:** That the Growth Board notes the 2019/20 financial outturn report.

**1.0 Introduction**

1.1 This report sets out the financial outturn for 2019/20 of the following three stands of the Oxfordshire Housing and Growth Deal and associated funding streams from Homes England (HE):

- Infrastructure Programme
- Affordable Housing Programme
- Growth Deal Capacity Fund

1.2 This report is prepared by the Director of Finance for Oxfordshire County Council (the County Council) in the capacity of Section 151 Officer of the Accountable Body for the Oxfordshire Housing and Growth Deal and gives assurance over the grant funding and expenditure.

1.3 This report should be considered in conjunction with the 'Oxfordshire Housing and Growth Deal Progress Report – Year Two' by the Growth Board Director which sets

out the Governance Arrangements for the deal and performance against the deal milestones. This report is at item 8a on the agenda.

- 1.4 Funding for the fourth strand of the deal Productivity Programme is managed by the Oxfordshire Local Enterprise Partnership (OxLEP) and financial performance is reported independently to the Growth Board.

## **2.0 Oxfordshire Housing and Growth Deal Fund Financial Governance**

2.1 In accordance with the Oxfordshire Housing and Growth Deal Delivery Plan, the County Council is the accountable body for the financial management of the three key financial streams. A quarterly report is provided to the Growth Board. Responsibility for the management of each financial stream is held by the programme lead.

- 2.2 As the Accountable Body, the County Council is responsible for ensuring that:
- Funding is received from Government
  - Recommendations to the Growth Board on schemes to be funded are in accordance with the grant conditions
  - Regular monitoring reports are provided to the Growth Board

2.3 The County Council also holds the risk should Government require funding to be repaid if it is unspent or deemed to have been misused.

## **3.0 Financial Summary 2019/20**

### **3.1 Infrastructure Fund**

3.1.1 The Infrastructure Fund is a fund of £150.0m. The grant funding is paid in five equal annual instalments of £30.0m to the Accountable Body. 2019/20 was the second year of the Infrastructure Fund Programme.

3.1.2 In the first two years of the programme the scheme delivery profile has not matched the funding profile. As the Accountable Body, the County Council is able to use freedoms and flexibilities and the Council's wider capital programme to ensure that grant funding is maximised and available when needed. In 2018/19 it was agreed with Homes England that the grant funding could be applied to additional schemes outside of the main Growth Deal Programme with the funding streams for these schemes brought into the programme in later years so that the funding was aligned with the delivery profile. The forecast outturn for 2019/20 includes the ongoing cost of these schemes and, as in 2018/19 the funding streams have been brought into the programme for use in later years. The inclusion of these additional schemes has expanded the programme to £193.5m of which £150.0m are growth deal schemes. A summary of the programme is included at Annex 1.

3.1.3 The £150m Infrastructure Fund grant includes allocations for revenue (£15.0m) and capital (£135.0m). The revenue funding was front loaded to the first two years of the programme with £11.0m received in 2018/19 and £4m in 2019/20. In 2018/19 the full funding was utilised, with £3.3m applied to revenue and the remaining £7.7m used to fund capital. In 2019/20, £3.8m was applied to revenue and £0.2m was carried forward for use in future years.

- 3.1.4 It is expected that further revenue funding will be required over the remainder of the programme, over and above the £0.2m carried forward. As the Accountable Body, the County Council will support the programme to manage this requirement using freedoms and flexibilities.
- 3.1.5 The total spend reported for 2019/20 is £32.2m. The spend by scheme is shown in Annex 2. A summary of the 2019/20 outturn is as follows:

2019/20 (Year 2)	Capital £m	Revenue £m	Total £m
<b>Expenditure</b>			
Growth Deal Schemes	7.2	3.8	11.0
Infrastructure Schemes	2.1	0.0	2.1
School Schemes	19.1	0.0	19.1
<b>Total Expenditure</b>	<b>28.4</b>	<b>3.8</b>	<b>32.2</b>
<b>Funding</b>			
Growth Deal	26.0	4.0	30.0
Other Funding (County Capital Programme)	2.4		2.4
<b>Total Funding</b>	<b>28.4</b>	<b>4.0</b>	<b>32.4</b>
<b>Revenue Grant Carried Forward</b>		<b>0.2</b>	<b>0.2</b>

- 3.1.6 Work is ongoing to profile and programme the delivery of schemes in the final three years of the Infrastructure Fund Programme from 2020/21 to 2022/23. Where possible, the County Council will continue to use its freedoms and flexibilities to ensure that funding is available to support the delivery profile of the programme, including potentially making funding available beyond 2022/23. However, this will be subject to agreement with Homes England and the achievement of milestones relating to the unlocking of additional new homes of which 6,549 should be built or on site by March 2023.
- 3.1.7 The Oxfordshire Housing and Growth Deal Progress Report which sets out expected achievement against these milestones is included elsewhere on the agenda at item 8.a.

## 3.2 Affordable Housing Fund

- 3.2.1 The Affordable Housing Fund is a fund of up to £60.0m available over the first three years of the growth deal from 2018/19 to 2020/21. The Affordable Housing Programme detail is set out in Annex 3. The actual funding claimed is agreed with Homes England at the end of each financial year based on the number of affordable housing units that are in contract to be delivered.
- 3.2.2 2019/20 was the second year of the Affordable Housing Programme. The original phasing of the programme included forecast spend of £21.5m to deliver 464

affordable housing units. In March 2020 it was agreed with Homes England that £7.6m could be claimed relating to 192 units of affordable housing secured in 2019/20. The cumulative total for the programme is £14.3m and 383 units.

3.2.3 At the end of March the government put measures in place to manage the Covid-19 pandemic in the United Kingdom. This had an impact on the ability reach the necessary contract milestones to release the funding for two schemes within the 2019/20 programme. As this money had already been paid to the accountable body for onward distribution to the district councils it was agreed with Homes England that the funding would be retained and treated as a Receipt in Advance. The grant income will be recognised in 2020/21 when the contractual milestones are achieved and passed on to the relevant district councils.

District Council	Schemes in Contract £m	Schemes pending contract £m	Total £m
Cherwell District Council	0.1		0.1
Oxford City Council	0.5	2.9	3.4
Vale of White Horse District Council		2.4	2.4
West Oxfordshire District Council	1.7		1.7
<b>Total</b>	<b>2.3</b>	<b>5.3</b>	<b>7.6</b>

3.2.4 The impact of the Covid-19 pandemic is likely to extend into year three of this programme. As such a review of the programme has been undertaken which has resulted in an amended programme for year three (2020/21). Details of this are set out in the Oxfordshire Housing and Growth Deal Progress Report at item 8a on the agenda.

### 3.3 Growth Deal Capacity Fund

3.3.1 The Growth Deal Capacity Fund is a fund of £5.0m. The grant has been paid to the County Council in three instalments. The first instalment of £0.5m was paid in 2017/18, followed by an instalment of £2.5m in 2018/19 and £2.0m in 2019/20.

3.3.2 The funding is available to be used over six years, from 2017/18 to the end of the Housing and Growth Deal programme in 2022/23. At year end, funding that has not been spent is carried forward through the County Council's Earmarked Reserves. Annex 4 sets out the actual spend to date and the forecast spend for the remaining three years of the programme.

3.3.3 For the 2019/20, a total spend of £1.9m is reported against an original forecast spend of £2.1m. A summary of actual spend is detailed in the table below:

	2019/20		
	Forecast Spend £m	Outturn £m	Variance £m
Housing Delivery	0.5	0.5	0.0
Oxfordshire Joint Statutory Spatial Plan	1.3	1.3	0.0
Feasibility	0.3	0.1	0.2
<b>Total Expenditure</b>	<b>2.1</b>	<b>1.9</b>	<b>0.2</b>

### 3.4 Growth Board Costs

- 3.4.1 The costs of the Growth Board fall outside of the scope of the County Council's role as Accountable Body. However, they are included in this report for transparency.
- 3.4.2 The Vale of White Horse District Council is the administering authority for the Growth Board and costs are recharged at year end based on actual spend. In 2019/20 the actual spend on Growth Board support costs was £0.1m. This was recharged to the six authorities.

### 4.0 Risk Management

- 4.1 The financial performance of the Oxfordshire Housing and Growth Deal Grant funding streams is closely monitored by the Growth Deal Programme Board. This will ensure that forecast spend of the Growth Deal period is accurate, based on the knowledge of the programme plans, and actual spend is reported, based on a monthly review of all transactional activity and balanced to the County Council financial systems.
- 4.2 Any risk identified to the Oxfordshire Housing and Growth Deal Funding streams will be reported to the Growth Deal Programme Board for review and appropriate mitigation action will be agreed. Any strategic risk to the overall programme will be reported to the Growth Board.

### 5.0 Conclusion

- 5.1 This report sets out the spend against the Oxfordshire Housing and Growth Deal funding streams for 2019/20.
- 5.2 The Growth Board is asked to note the 2019/20 Outturn report.

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