

To: Oxfordshire Growth Board

Title of Report: Oxfordshire Housing and Growth Deal Financial Report
Quarter 2 2020/21

Date: 24 November 2020

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

Status: Open

Executive Summary and Purpose:

The purpose of this report is to update the Growth Board on the 2020/21 financial position at the end of Quarter 2 for 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 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.

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

Recommendation: That the Growth Board notes the 2020/21 Quarter 2 financial report.

Appendices:

Annex 1 – Infrastructure Fund 2020/21 Programme
Annex 2 – Affordable Housing Programme
Annex 3 – Capacity Fund

1.0 Introduction

1.1 This report sets out the financial position for Quarter 2 2020/21 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 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 Quarter 2 2020/21

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. 2020/21 is the third year of the Infrastructure Fund Programme.

3.1.2 The total forecast for the year is £15.7m. The total expenditure reported at the end of Q2 2020/21 is £2.8m. The spend to date is lower than would be expected at this point in the year (17.8%). Spend is expected to accelerate from October with two major schemes within the allocation for 2020/21 entering into contract. It is therefore expected that spend should exceed 60% by the end of Q3. The NW Bicester A4095 project is forecast to spend the majority of the £6m budget in October when work begins on site and the invoice is received for the off-site fabrication of the steel underbridge. The A44 Corridor Improvements scheme will also be in contract by the end of Q3 with £4m forecast to be spent by the end of the year. A breakdown of schemes in the programme for 2020/21 is set out at Annex 1.

3.1.3 On 23 July a meeting was held between Growth Deal officers and representatives from Homes England and the Ministry of Housing, Communities and Local Government (MHCLG) to explore options to extend

some of the deadlines to more accurately and realistically reflect a true delivery timeframe, taking into account that some of the challenges in delivering the deal within the original timeframe have been exacerbated by Covid-19. It was agreed that extensions to schemes need to be considered on a scheme by scheme and site-specific basis as part of an agreed, open and transparent comprehensive programme. 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 to support the completion of schemes beyond 2022/23.

- 3.1.4 In April the County was informed that the annual Growth Deal Infrastructure Grant payment of £30m would be made to the Council in September 2020. The payment was not received in September and remains outstanding, this will be followed up with Homes England and MHCLG.

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 of which £14.3m has been claimed in the first two years. Following the meeting with Homes England and MHCLG on 23 July 2020, an agreement in principle has been reached to extend the programme into a fourth year. The remaining funding has now been reprofiled over 2020/21 and 2021/22. The projected number of affordable homes has also been reprofiled to reflect the change to the programme.

- 3.2.2 The reprofiled 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. As set out in Annex 3, the estimated deliverable units to 2022/23 currently exceed the available grant funding of £60.0m by £1.3m. This is deemed to be reasonable as a number of schemes are at the early stages of planning and may reduce in size or be removed from the programme. If this does not happen, a decision will need to be made to prioritise schemes as the total cost of the scheme cannot exceed the available grant.

- 3.2.3 A summary of revised profile for 2020/21 is set out in the following table. This has been updated from the forecast reported at the end of Q1:

District Council	Grant Claim	Affordable Housing Units
	£m	No.
Cherwell District Council	4.0	99
Oxford City Council	3.8	92
South Oxfordshire District Council	-	-
Vale of White Horse District Council	0.8	24
West Oxfordshire District Council	2.7	60
Total	11.3	275

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 the life of the programme which was originally planned to run from 2017/18 to 2022/23. At year end, funding that has not been spent is carried forward through the County Council's Earmarked Reserves. At the beginning of 2020/21, £2.4m is held in reserve to support the remainder of the programme. The budget is split into three elements:

- Housing Delivery: Staff costs for the core Housing and Growth Deal team.
- Delivery of the Oxfordshire Joint Statutory Spatial Plan including staff costs.
- Feasibility: costs of feasibility works including Rail Connectivity Study and Oxfordshire Infrastructure Strategy (OxIS) refresh.

3.3.3 Annex 2 sets out the actual spend to 2019/20 and the forecast spend for the remaining programme. In light of the potential extension of the Affordable Housing programme and an extension to the JSSP development, the future profile of spend is currently under review. A proposed budget and funding model is being developed and will be reported on in the Q3 report.

3.3.4 For the Quarter 2 of 2020/21, total spend of £0.5m is reported against a forecast spend for the full year of £1.7m. A summary of actual spend is detailed in the table below:

	Quarter 2 Spend to date £m	2020/21 Forecast Outturn £m	Percentage spent
Housing Delivery	0.2	0.5	40%
Oxfordshire Joint Statutory Spatial Plan	0.3	0.9	33%
Feasibility	0.0	0.3	0%
Total Expenditure	0.5	1.7	17%

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 Quarter 2 2020/21.

5.2 The Growth Board is asked to note the 2020/21 Quarter 2 financial report.

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