

To: Oxfordshire Growth Board

Title of Report: Oxfordshire Housing and Growth Deal Financial Report – Year 3, Quarter 3

Date: 22 March 2021

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 3 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 3 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 3 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 3 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 As set out in Annex 1a, the total forecast for the year is £29.1m. The total expenditure reported at the end of Quarter 3 2020/21 was £3.6m. With projects now moving into the delivery phase this had increased to £8.2m by mid-February. The spend to date is lower than would be expected at the end of Quarter 3 (12.4%). However, of the £29.1m forecast, £16.4m relates to the a funding agreement with Highways England for the Upper Heyford Mitigation Package of works to the M40 which will be passported to Highways England before 31 March 2021 and will account for 56.4% of the annual spend.
- 3.1.3 Annex 1b shows the delivery profile of the major construction schemes within the Growth Deal Infrastructure Programme. The profile stretches out to 2025. The County Council will continue to use its freedoms and flexibilities as the Accountable Body to ensure that funding is carried forward and is available to support the delivery profile of the programme beyond the original end date of 2022/23.

3.1.4 It was previously reported that the annual Growth Deal Infrastructure Grant payment of £30m relating to 2020/21, originally expected in April 2020, had not been received by the County Council. This has now been received.

3.2 Affordable Housing Fund

3.2.1 The Affordable Housing Fund is a fund of up to £60.0m to support the delivery of affordable housing. The funding is available over the first four years of the growth deal from 2018/19 to 2021/22 following agreement to extend the original three-year programme by a year into 2021/22. Funding of £14.3m has been claimed in the first two years of the programme.

3.2.2 The Affordable Housing Programme detail is set out in Annex 3. The actual funding claimed is agreed periodically with Homes England based on the number of affordable housing units that are in contract to be delivered. To support the cashflow of the housing authorities, it has been agreed with Homes England to move from an annual claim to a quarterly claim process. This will also support the in-year monitoring by giving greater visibility of progress to date. A claim for the period 1 April to 31 December 2020 (end of Quarter 3) has been submitted totalling £6.0m.

3.2.3 The forecast for 2020/21 is set out in the following tables analysed by local housing authority area (Table 1) and unit category (Table 2):

Table 1

Housing authority	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

Table 2

Unit Category	Grant Claim	Affordable Housing Units
	£m	No.
Social Rented	5.1	88
Affordable Rented	2.2	50
Shared Ownership	4.0	137
Total	11.3	275

3.2.4 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.

3.3 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. The future profile of spend remains under review.

3.3.4 At the end of Quarter 3 2020/21, total spend of £0.8m 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 3 Spend to date £m	2020/21 Forecast Outturn £m	Percentage spent
Housing Delivery	0.4	0.5	80%
Oxfordshire Joint Statutory Spatial Plan	0.4	0.9	44%
Feasibility	0.0	0.3	0%
Total Expenditure	0.8	1.7	47%

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 3 2020/21.

5.2 The Growth Board is asked to note the 2020/21 Quarter 3 financial report.

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