

To: Future Oxfordshire Partnership

Title of Report: Oxfordshire Housing and Growth Deal Financial Report
Quarter 3 2021/22

Date: 22 March 2022

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 Future Oxfordshire Partnership on the 2021/22 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.

How this report contributes to the Oxfordshire Strategic Vision Outcomes:

The Oxfordshire Housing and Growth Deal contributes towards ensuring that there are energy efficient and affordable homes in the right number, location and tenure to meet people's needs. The Infrastructure Fund will improve connectivity and support a prosperous and inclusive economy.

Recommendation:

The Future Oxfordshire Partnership are asked to note the 2021/22 Quarter 3 financial report.

Appendices:

Annex 1: Infrastructure 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 2021/22 of the following three strands of the Oxfordshire Housing and Growth Deal and associated funding streams from Homes England (HE):

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

1.2 The 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 Future Oxfordshire Partnership.

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 Future Oxfordshire Partnership. 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 Future Oxfordshire Partnership on schemes to be funded are in accordance with the grant conditions.
- Regular monitoring reports are provided to the Future Oxfordshire Partnership.

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 2021/22

3.1 Infrastructure Fund

3.1.1 The Infrastructure Fund totals £150.0m. The grant funding is being paid to the Accountable Body in five equal annual instalments of £30.0m. 2021/22 is the fourth year of the Infrastructure Fund Programme.

3.1.2 The majority of schemes are now progressing through the pre-construction phases with planning submissions expected in 2021/22 and construction and completion from 2022 onwards. This is reflected in the forecasted spend profile for 2022/23 & 2023/24.

- 3.1.3 The full list of schemes and latest profile of spend over the programme is set out in Annex 1. The total forecast expenditure on Growth Deal schemes reported for 2021/22 is £29.3m with actual spend of £10.6m as at 31 December 2021. The increase from the forecast as at the end of September 2021 reflects the addition of additional phases of the Botley Road Scheme at £4m plus expenditure of £6m relating to the construction of Faringdon Primary School. The Department for Levelling Up, Housing and Communities (DLUHC) have been advised and are content that this scheme will be included as part of the Growth Deal schemes in 2021/22. The increase in spend resulting from these changes offsets the impact of the delay in the agreement of the business case for the Science Transit Phase 2 scheme and means the equivalent funding for planned schemes will be available in in 2022/23.
- 3.1.4 The North West Bicester A4095 scheme (the construction of an underbridge and underpass through the embankment supporting the twin train track - Marylebone to Aynho line) at Bicester has been completed.
- 3.1.5 The full business case for the Science Transit Phase 2 scheme, aimed at capacity improvements with the focus on improved and more reliable journey times for express bus services along the A40, was approved by the Department for Transport (DfT) in December 2021.
- 3.1.6 Changes to the funding from the North West Bicester A4095 Road realignment scheme have been reflected in the latest forecast, most notably the inclusion of the A34 Lodge Hill Slips scheme.
- 3.1.7 Based on the latest estimated cost plans there have been some minor changes to reflect the reallocation of grant funding. As schemes progress through design to contract let, further variations are anticipated but are expected to be funded from within the total infrastructure fund allocation. Any more significant changes to the cost plans will be submitted to the Future Oxfordshire Partnership for their endorsement and reflected in the next quarterly update.
- 3.1.8 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.

3.2 Oxfordshire Affordable Housing Programme

- 3.2.1 The Oxfordshire Affordable Housing Programme (OAHP) is expected to provide funding to support the delivery of up to 1,322 units of affordable housing. The programme has continued during the first four years of the Growth Deal following agreement to extend the original three-year programme by a year into 2021/22 in order to deliver against the target. The original grant funding was expected to be £60m over the life of the programme.
- 3.2.2 The actual funding claimed is agreed periodically with Homes England (HE) 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.

- 3.2.3 Funding of £25.6m was claimed in the first three years of the programme and supported 663 units of affordable housing. A further 213 units are planned in 2021/22 with a combined grant requirement of £10m funded by DLUHC.
- 3.2.4 86 units with combined grant requirement of £4.7m have been delivered in Quarters 1 to 3 of 2021/22. The remaining 127 units with a combined grant requirement of £5.3m are expected to be delivered in the final quarter of the year.
- 3.2.5 The Future Oxfordshire Partnership will continue to enable the remaining deliverable schemes in the programme through Homes England's Affordable Housing Programme (AHP) and other government funding streams where they meet the parameters of those programmes.
- 3.2.6 Within the remaining life of the OAHP and any agreed transition period a further 515 units have been identified as potentially deliverable through alternative funding routes. If those are agreed the gross programme will total 1,391 units against the 1,322 target.

3.3 Growth Deal Capacity Fund

- 3.3.1 The Growth Deal Capacity Fund totals £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 £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. 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 (part funding) and Oxfordshire Infrastructure Strategy (OxIS) refresh.
- 3.3.3 Annex 3 sets out the financial position, which includes a carry forward of £2.4m into 2021/22. Previous reports identified that the future profile of spend remains under review and this remains the case. It is anticipated that an update will be reflected in the next report. After the forecast planned spend of £0.8m in 2021/22, the carry forward into the next financial year is estimated at £1.6m

4.0 Financial Implications

- 4.1 The report sets out the Quarter 3 financial update each of the three strands of the Oxfordshire Housing and Growth Deal. Based on the on-going spend and funding position action will need to be agreed as appropriate to ensure that each of the programmes continue to be managed within the funding available.

4.2 As noted above 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.

5.0 Legal Implications

5.1 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.

5.2 There are no legal implications arising directly from this report.

6.0 Risk Management

6.1 The financial performance of the Oxfordshire Housing and Growth Deal Grant funding streams is closely monitored by the Growth Deal Programme Board. This ensures 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.

6.2 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 Future Oxfordshire Partnership.

7.0 Conclusion

7.1 This report sets out an update on the actual and forecast spend against the Oxfordshire Housing and Growth Deal funding streams for Quarter 3 2021/22.

7.2 The Future Oxfordshire Partnership is asked to note the 2021/22 Quarter 3 financial report.

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