

To: The Future Oxfordshire Partnership

Title of Report: Oxfordshire Housing and Growth Deal Financial Report:
Position at the end of Quarter 1 2022/23

Date: 27 September 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 financial position for the Oxfordshire Housing and Growth Deal. The report provides updates on the following funding streams as at the end of Quarter 1 2022/23 and also incorporates the position at the end of 2021/22:

- Housing from Infrastructure (Hfi) programme
- Oxfordshire 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.

How this report contributes to the Oxfordshire Strategic Vision Outcomes:

The Oxfordshire Housing and Growth Deal has a key role to play in delivering well-designed infrastructure and homes, sufficient in numbers, location, type, size, tenure, and affordability to meet the needs of our county, as set out in the Strategic Vision [here](#).

Recommendation:

The Future Oxfordshire Partnership are asked to note the financial position as at the end of June 2022 incorporating the position as at the end of 2021/22.

Appendices:

Annex 1: Housing from Infrastructure Programme

Annex 2: Oxfordshire Affordable Housing Programme

Annex 3: Capacity Fund

1.0 Introduction

1.1 This report sets out the financial position for the three strands of the Oxfordshire Housing and Growth Deal as at the end of June 2022 and also incorporates the position at the end of 2021/22.

- Housing from Infrastructure (Hfi) Programme.
- Oxfordshire Affordable Housing Programme (OAHP)
- Growth Deal Capacity Fund.

1.3 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.

1.4 Funding for the fourth strand of the deal, the 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 as at the end of Quarter 1 2022/23

3.1 Housing from Infrastructure Programme

3.1.1 Grant funding supporting the Housing from Infrastructure Programme was expected to total £150.0m. The investment in infrastructure was expected to accelerate at least 6,549 planned homes that might not otherwise have come forward at this pace. The programme comprises schemes covering road, rail, cycle routes and footpaths, as well as a school. Schemes may be either fully or part funded via the programme.

3.1.2 The grant funding is being paid to Oxfordshire County Council in five equal annual instalments of £30.0m. 2022/23 is the fifth and final year for the receipt of funding

towards the Infrastructure Fund Programme. £120m has been received so far and the remaining £30m was expected to be received in 2022/23. On that basis the overall funding has been allocated as £142.7m capital and £7.3m revenue.

- 3.1.3 As shown in Annex 1 total expenditure up to 31 March 2022 was £110.5m. 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) was completed during 2021/22.
- 3.1.4 On the basis of the current programme forecast spend is £46.6m in 2022/23 with actual spend of £5.5m in Quarter 1. This includes a prepayment of £4.1m to National Highways in respect of the A34 Lodge Hill scheme.
- 3.1.5 A revised programme was considered and supported by the Future Oxfordshire Partnership in June 2022 with proposals for individual scheme budget allocations adjusted to remain within the overall parameters of the programme and within the anticipated funding.
- 3.1.6 There are a number of inflationary and supply side factors increasing the risk to the future deliverability and cost of capital schemes that are included in Oxfordshire County Council's capital programme. To help address this, a fundamental review of all the schemes in the programme is being undertaken. In July 2022 the council's Cabinet agreed that ahead of this review it was prudent to only re-allocate additional funds to the North Oxford Corridor Cassington Loop Road (£5.0m) as that was the only scheme with a full business case that was projecting cost pressures and entering the construction phase. Subsequently Cabinet have also agreed to re-allocate additional funds to the Benson Relief Road (£1.5m) so that scheme can also enter the construction phase.
- 3.1.7 Following the decision to end the Oxfordshire Plan 2050, the Department for Levelling Up, Housing and Communities are reviewing the implications along with the final £30m instalment of the grant funding.
- 3.1.8 The short term pressure arising from the reallocations noted in paragraph 3.1.6 and options to manage within the available grant funding will be considered as part of the review of the capital programme and the outcome will be shared with partners and in future updates to the Future Oxfordshire Partnership.

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 commenced in 2018/19 and was expected to run for a period of three years ending on 31 March 2021. The programme was subsequently extended to 31 March 2022. The original grant funding was expected to be £60m over the life of the programme. This was reduced to £35.6m during 2021/22.
- 3.2.2 Funding of £25.6m was claimed in the first three years of the programme and supported 876 units of affordable housing. 213 units were planned and claimed for in 2021/22 with a combined grant requirement of £10m funded by the Department for Levelling Up Homes & Communities. The overall list of unit types, and spend

totalling £35.6m met from grant funding payable to Oxfordshire County Council is set out in Annex 2.

- 3.2.3 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.
- 3.2.4 Utilising the above model, we expect that the OAHP will enable the delivery the target of 1,322 units, subject to the usual assessment and due diligence of proposals. Partners continue to manage the delivery of the identified remaining schemes to enable their delivery and will report on progress to the FOP as appropriate.

3.3 Growth Deal Capacity Fund

- 3.3.1 The Growth Deal Capacity Fund totals £5.0m. 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 ringfenced funding was expected to be used over the life of the programme which was originally planned to run from 2017/18 to 2022/23. At each year end, funding that has not been spent has been carried forward through the County Council's earmarked reserves. Costs expected to be met from the Capacity Fund are:
- 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 £1.8m of the fund remained available as at the end of 2021/22 and Annex 2 shows the planned use of the remaining funding as anticipated at the end of Quarter 1 2022/23. Actual spend for Quarter 1 of 2022/23 was £0.1m.
- 3.3.4 Following the decision to end the Oxfordshire Plan 2050 work programme, a transition plan is being developed. An update on the availability and use of the remaining funding to meet the costs arising from that plan will be provided in the next update.

4.0 Financial Implications

- 4.1 The report sets out the Quarter 1 financial update for the three strands of the Oxfordshire Housing and Growth Deal as well as the position at the end of 2021/22. 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 for the Housing from Infrastructure Programme 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 these funding streams is closely monitored by the Growth Deal Programme Board. This ensures that forecast spend for 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 The availability of workforce and materials and inflationary increases in contract prices are increasing the risk to the deliverability and cost of capital schemes. The combined impact of these factors previously reported for 2021/22 will have a more significant impact in 2022/23 and future years. Since a significant number of schemes are still to enter contract let, the overall financial risk to the programme remains high but this is being monitored and further changes to manage the overall programme will be considered as necessary.
- 6.3 Any risk identified to the programme 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 at the end of Quarter 1 2022/23 and also incorporates the position at the end of 2021/22.
- 7.2 The Future Oxfordshire Partnership is asked to note the financial update set out in the report.

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