

To: The Future Oxfordshire Partnership

Title of Report: Oxfordshire Housing and Growth Deal: Update at the end of Quarter 2 2023/24

Date: 28 November 2023

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 progress and spend for schemes included as part of the Oxfordshire Housing and Growth Deal. The report provides updates on the following funding streams as at the end of Quarter 2 2023/24:

- Housing from Infrastructure (HfI) 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 the 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 September 2023.

Appendices:

Annex 1: Housing from Infrastructure (HfI) Programme.

1.0 Introduction

- 1.1 This report sets out the financial position for the remaining two strands of the Oxfordshire Housing and Growth Deal as at the end of September 2023.
- Housing from Infrastructure (HfI) Programme.
 - Growth Deal Capacity Fund.
- 1.2 Housing numbers were shared in the report to FOP in September and an update will be provided in the report to FOP in January 2024.
- 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.

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 remaining two 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 The Terms of Reference and Memorandum of Understanding for the Future Oxfordshire Partnership have been updated to reflect the conditions set out by the Department for Levelling Up, Housing & Communities ([DLUHC](#)) in [December 2022](#).¹ Specifically in relation to the Homes from Infrastructure programme, being the remainder of the Oxfordshire Housing and Growth Deal, Oxfordshire County Council shall :
- make all decisions on the allocation of the remaining grant funding agreed by Government.
 - prioritise and allocate funding and be accountable for the delivery of projects funded by this funding stream.
 - act reasonably and in good faith, modelling positive partnership behaviour specifically by making no changes to the programme without careful consultation with affected district partners, and by not seeking to remove schemes from the programme or to reduce their scope as long as they remain on track for delivery on time and within budget.
- 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 2 2023/24

3.1 Housing from Infrastructure Programme

- 3.1.1 £150.0m grant funding supporting the Housing from Infrastructure Programme was agreed on the basis it would accelerate the provision of at least 6,549 planned

¹ See Item 6 of the agenda for the Future Oxfordshire Partnership on 20 March 2023.

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 £120.0m of the grant funding was received by the end of 2021/22. The remaining £30m will need to be claimed retrospectively and is subject to the conditions set out by [DLUHC in December 2022](#).² In response to this letter, and following discussions with the Future Oxfordshire Partnership, Oxfordshire County Council wrote to DLUHC and Homes England in March 2023 confirming acceptance of the final funding and agreement to the associated governance and reporting requirements.
- 3.1.3 Grant funding of £143m is expected to be used to support capital expenditure and £7m has been used to fund revenue costs associated with the Housing from Infrastructure programme.
- 3.1.4 In accordance with the new conditions, funding already received along with amounts available as a result of previous funding switches have to be utilised before the remaining £30m growth deal funding can be claimed. These switches, for which alternative funding sources were in place, amount to £49m. This means that spend of £169m in total must be demonstrated before any further funding can be claimed.
- 3.1.5 Annex 1 sets out the total expenditure on the capital element of the Growth Deal programme up to 31 March 2023 (excluding previous funding switches) of £66m compared to the capital funding received to date of £113m (£120m less £7m revenue funding). Expenditure to the end of Quarter 2 of 2023/24 was £9.2m.
- 3.1.6 On the basis of the current programme, forecast spend is £24.7m in 2023/24. A further £53.5m is expected to be spent in 2024/25 with an additional £1.5m retained for safety audits after 31 March 2025.
- 3.1.7 The programme is reporting a significant level of forecast spend in 2024/25, as several schemes are due to be in construction in 2024/25. Grant funding will be prioritised towards schemes entering construction phase that can meet the grant deadline and have other funding sources that can be utilised after the grant deadline.
- 3.1.8 Annex 1 sets out the grant allocation against each scheme and the overall programme is currently over-profiled by £2.962m compared to the available capital grant funding of £142.727m. No changes are set out in this report.

3.2 Growth Deal Capacity Fund

- 3.2.1 The Growth Deal Capacity Fund totals £5.0m. The first instalment of £0.5m was received in 2017/18, followed by £2.5m in 2018/19 and £2.0m in 2019/20.

² See Item 6 of the agenda for the Future Oxfordshire Partnership on 20 March 2023.

3.2.2 The funding was expected to be used over the life of the programme which was originally planned to run from 2017/18 to 2022/23. Costs expected to be met from the Capacity Fund were:

- 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.

3.2.3 At each year end, funding that has not been spent has been carried forward through the County Council's earmarked reserves.

3.2.4 £1.3m remained available as at 31 March 2023. Actual spend during quarter 2 of 2023/24 was £0.040m.

3.2.5 Approximately half of the remaining balance is currently committed towards Oxfordshire Infrastructure Strategy (OXIS), staffing costs and the Net Zero Route Map & Action Plan. Plans for the remaining balance will be determined later in the year.

4.0 Financial Implications

4.1 The report sets out the financial update at the end of Quarter 2 of 2023/24 for the remaining two strands of the Oxfordshire Housing and Growth Deal.

4.2 On the basis that all existing and recycled funds need to be fully utilised before any further grant funding can be claimed, Annex 1 sets out the forecasted spend position with the expectation that the remaining grant allocation of £30m will be required in 2024/25.

4.3 Since no funding will be available beyond the 2024/25 financial year, action is being taken by Oxfordshire County Council as the Accountable Body, in consultation with the relevant district as appropriate, to manage the programme to ensure that any increases in project/programme spend can be met within the available funding and that there is no unfunded spend after 31 March 2025. Also, as the funding is currently overprogrammed, changes to grant funding allocations will have to be determined to bring the programme to a balanced position.

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 two remaining key financial streams.

5.2 Revised Terms of Reference and the Memorandum of Understanding were endorsed by the Future Oxfordshire Partnership on 13 June 2023 and approved by all of the constituent local authorities during July 2023.

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

6.0 Risk Management

- 6.1 As noted in previous updates the availability of workforce and materials and inflationary increases in contract prices have increased risks around the deliverability and cost of capital schemes. With a significant number of the Housing from Infrastructure schemes 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.
- 6.2 The last report noted that the overall programme includes additional funding towards the North Oxford Corridor (Loop Farm to Cassington Road) scheme, Benson scheme and North Oxford Corridor (Kidlington) scheme less a reduction towards the development budget needed for the Frilford Junction scheme.
- 6.3 After taking account of these previously reported changes, and as shown in Annex 1, the Growth Deal programme is currently over-profiled by £2.962m.
- 6.4 With a number of projects currently entering into contract and starting construction, final account forecasts are being prepared on all schemes. Work to identify and agree adjustments to ensure that the overall programme is balanced to the funding available is ongoing. Additional funding agreements are being finalised where relevant and discussions with the relevant district council will take place over the coming weeks prior to sharing a balanced programme with the Future Oxfordshire Partnership in January 2024.

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 2 2023/24.
- 7.2 The Future Oxfordshire Partnership is asked to note the updates set out in the report.

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