

Growth Board response to recommendations of the Growth Board Scrutiny Panel, Task and Finish Group- Private Investment in Public Infrastructure Projects.

Recommendations endorsed by the Scrutiny Panel on 16th March 2021

The Growth Board is requested to provide a response to the recommendations of the Scrutiny Panel, Task and Finish Group for decision at its meeting on 22 March 2021.

Recommendation	Agree?	Comment
<p>Recommendation 1. That the Growth Board encourage its constituent local authority member organisations to seek external advice on whether any large-scale Infrastructure schemes in the Oxfordshire pipeline might be appropriate for private investment, where funding does not meet the criteria for lending from the Public Works Loan Board (PWLB).</p>	<p>Agree</p>	<p>Firstly, the Board would like to commend the detailed work undertaken by the Scrutiny Panel’s Task and Finish Group in this area. To support this recommendation and bring visibility to this important work, we would want the Scrutiny Panel’s report to go to the Infrastructure Advisory Subgroup. As a space for the relevant Cabinet leads across Oxfordshire to come together, it will provide an opportunity for each to consider how the report’s findings relate back to their own council’s work, and specifically whether external advice would be beneficial. The report should also go to the Growth Board’s Executive Officer Group, which is made up of senior officers from each local authority.</p> <p>Officers have clarified that PWLB borrowing is only prohibited for projects which are for commercial purposes, and that infrastructure schemes will almost always be eligible for borrowing at the most competitive rate, as set out in the Panel’s report. Since the last meeting of the Task and Finish Group, HM Government has made further announcements with respect to the UK Infrastructure Bank (UKIB). From Summer 2021, the UKIB will offer loans to local authorities at a rate comparable to PWLB. The UKIB will also have an advisory function. In responding to Recommendation 1 and Recommendation 5, it could also be beneficial to invite a representative of the UKIB to a meeting of the Board’s Infrastructure Advisory Group to understand the UKIB’s role going forward, and to make use of their advice</p>

		<p>on whether any pipeline schemes might be appropriate for private investment, as recommended. It would be particularly beneficial to understand where private investment may:</p> <ul style="list-style-type: none"> • Achieve a lower interest rate on borrowing • Boost public engagement in the delivery of projects and encourage changes in behaviours (e.g. community facilities, climate action) <p>Motivate investors to consider donating investment returns to a specific project (e.g. running costs of community facility, development of active travel schemes)</p>
<p>Recommendation 2. That the Growth Board encourage its constituent local authority member organisations to identify opportunities where engagement with private sector companies may be justifiable such as:</p> <p>a) The private sector is bringing an asset into the partnership which is a fundamental pre-requisite for the design and delivery of an infrastructure project for e.g. Land</p> <p>b) The private sector partner is wholly owned by the local authority such as Oxford City Housing Limited where all profits are retained by Oxford City Council.</p> <p>c) Privately developed infrastructure assets are transferred back into the public sector after a certain period of time which would provide some benefits to local authorities.</p>	<p>Partial</p>	<p>The Growth Board notes that local authorities are increasingly benefitting from establishing wholly owned companies, or working with private sector partners, to deliver services and schemes in some circumstances, which is a matter of local choice. It is recognised that the proposals set out in this recommendation would require detailed assessments on a case by case basis at a local level, including an appropriate business case and risk assessment to take place, before specific arrangements could progress. The Growth Board would encourage all partners to explore opportunities in this area but would want to distinguish that these are matters for local decision. Bringing visibility to the Scrutiny Panel's work through the Infrastructure Subgroup and Executive Officer Group is one way we hope to encourage further conversations in this area.</p>

Recommendations 3. That the Growth Board, through the Oxfordshire Infrastructure Strategy (OxIS) Refresh process, review existing case studies where local authorities have had a leading role in securing private investment in green infrastructure projects, to help inform the Oxfordshire Infrastructure Strategy (OxIS) refresh. Consideration should be given to whether the lessons learnt, and opportunities experienced from other schemes can be transferred to Oxfordshire, where they offer a viable alternative to PWLB borrowing. As a starting point, options to review include:

- a) Issuing local authority infrastructure bonds, as undertaken by Swindon Borough Council to support the development of a local solar farm.
- b) Issuing community municipal investment bonds to the public to support investment in shared projects that respond to the climate emergency, as undertaken by West Berkshire District Council

Partial

OxIS has been an important piece of work for supporting the development of funding bids and agreements, but it does not set a framework for how projects should be funded, and this would be a separate piece of work. The OxIS refresh process will seek to identify infrastructure needs across Oxfordshire. Once that has been done, subsequent work will be needed to inform and identify how priorities will be funded and/or financed, and the Scrutiny Panel's report and the case studies outlined will be useful in this process. There is a significant gap between the cost of the infrastructure Oxfordshire is likely to need and the funding available to deliver it, which will require new and innovative ways of funding schemes such as those suggested in the Scrutiny Panel's report. The OxIS Project Brief and Scope confirms that the call for projects has included green infrastructure requirements and the scoring matrix being developed to prioritise the projects will afford such projects due priority.

The Local Industrial Strategy provides a long-term framework against which private and public sector investment decisions can be assessed. As the Scrutiny report notes, with the support of the LIS, OxLEP have worked with the Department for International Trade to produce a joint delivery plan bringing together developers, commercial agents and landowners to explore investment opportunities in Oxfordshire. In noting the case studies presented here, it should be noted that Oxfordshire itself is a relative leader in this space, such as the work done through the Low Carbon Hub.

Recommendation 4. That the Growth Board explore opportunities for establishing shared plans and strategies which support OxIS, specifically focusing on delivering green infrastructure, and improving access to green space.

Agree

The Growth Board believes that green infrastructure is best addressed through the spatial planning process, which will be informed in part by OxIS, but also by wider projects and evidence. The Board also agree that developing appropriate green infrastructure projects is a priority and the establishment of an Environment Advisory Group for the Growth Board will afford some capacity to look at the issue. We will ask that the Group consider reviewing this area to see what shared work can be done to improve Oxfordshire's green infrastructure provision and access to it, to help inform the Oxfordshire Plan 2050. More evidential work would be beneficial in understanding the quantum of investment needed in green infrastructure and the value and benefits created.

Recommendation 5. That the Growth Board invite a representative from the emerging UK Infrastructure bank to attend a meeting of the Growth Board's infrastructure Sub-group to explore new opportunities of funding infrastructure projects.	Agree	The Growth Board, through the Chair of the Infrastructure Advisory Subgroup, will ask for this to be included in the group's 2021/22 work programme. The recent announcement that the UKIB will have an aim to help tackle climate change and reach the national net zero carbon target by 2050 is particularly welcome. We believe the attendance of a UKIB representative will help to achieve recommendation 1 also.