

To: Future Oxfordshire Partnership (formerly the Oxfordshire Growth Board)

Title of Report: Oxfordshire Housing and Growth Deal Infrastructure Programme – Six Month Review and Proposed Changes

Date: 30 November 2021

Report of: Owen Jenkins, Director & Senior Responsible Officer, Infrastructure Programme

Status: Open

Executive Summary and Purpose:

Changes to the Housing & Growth Deal (H&GD) Infrastructure programme have been made at various stages throughout the Deal's existence. These changes follow reviews by OCC of the latest cost and delivery profiles for the Infrastructure schemes and are designed to ensure that -

- the annual Infrastructure spend profile agreed with Homes England as part of the agreement (£30m pa for each of the 5 years of the H&GD) is met
- the housing numbers identified as being attributable to the delivery of the Infrastructure are maximised
- the Infrastructure schemes are deliverable both in terms of
 - their overall budgets as currently allocated (whether that be solely from H&GD or from multiple funding sources)
 - their delivery timescales aligning with the H&GD period (March 2023)

How this report contributes to the Oxfordshire Strategic Vision Outcomes:

The Infrastructure programme contributes towards enhancing connectivity and providing sustainable high quality resilient transport networks which support growth.

Recommendations:

That the Future Oxfordshire Partnership endorse the proposed changes to the H&GD Infrastructure Programme as recommended by Oxfordshire County Council as follows:

- a) the removal of further funding from a scheme currently within the H&GD – the A4095 [Howes Lane] re-alignment
- b) re-allocating this funding, to introduce a scheme presently outside the H&GD – the A34 Lodge Hill interchange.
- c) Increasing funding to Milton Heights Pedestrian and Cycle Bridge to cover a cost pressure.

Introduction

1. The Housing and Growth Deal infrastructure programme is being delivered by Oxfordshire County Council. The programme is reviewed approximately every 6 months to ensure its deliverability. This report reflects the proposed changes required to deliver the obligations within the Housing & Growth Deal.
2. The recommended revisions to the programme have also been assessed within the context of the housing delivery requirements of the deal.
3. The A4095 [Howes Lane] re-alignment was flagged in the latest review due to issues relating to its allocated budget and delivery timescales.
4. This scheme is intended to re-align the A4095 at Howes Lane / Lords Lane with the new underpass near Bucknell Road / Howes Lane junction.
5. A separate but related Infrastructure scheme constructing an underbridge and underpass through the embankment supporting the twin track NAJ2 Marylebone to Aynho line at Bicester was successfully delivered in April 2021, partly funded by the H&GD.
6. The Howes Lane re-alignment is currently allocated £15.75m from the H&GD.
7. The latest review of the scheme indicates that significantly more will be needed to deliver the scheme. This increase in cost estimates includes additional drainage elements as well as a longer construction period.
8. At present, as with all schemes where the land identified as necessary to deliver the infrastructure has not been secured either by private treaty or s106 negotiation (or similar), OCC intend to authorise a CPO to support the necessary acquisitions.
9. Should a Compulsory Purchase Order (CPO) be necessary to secure the land, the scheme's construction phase would be concluded in Q2 2025 which is significantly past the H&GD 2023 funding window.
10. It has been indicated that a limited further contribution could be provided from CDC to support the scheme but this will not be confirmed until Feb 2022. However, to authorise a CPO, OCC must have full scheme funding in place.

11. Options

12. The 3 options considered to resolve the A4095 [Howes Lane] re-alignment's issues were
 - a) **fully fund the scheme**
 - b) **stop the scheme immediately and re-allocate funding**
 - c) **continue the scheme to the end of current stage and re-allocate funding then**

a) Fully fund the scheme

13. The H&GD Infrastructure total funding is £150m, split between ~£143m for Capital expenditure and the remaining ~£7m as Revenue.
14. Allocating additional Capital to the A4095 [Howes Lane] re-alignment would necessitate removing that sum from other H&GD funded schemes' budgets.
15. Given the substantial additional sums involved in delivering the A4095 realignment and the contracts already in place across other schemes, the 2 viable options to release this sum would be to stop work immediately on either:
 - Woodstock Road corridor
 - NOC A44 Loop Farm to Cassington

Housing implications

16. The latest housing projections indicate 150 houses will be brought forward in the H&GD period on the sites associated with the A4095 [Howes Lane] re-alignment in NW Bicester.
17. This compares with the 446 houses currently forecast for the NOC A44 Loop Farm to Cassington infrastructure.
18. The Woodstock Road corridor contributes to the overall / aggregated Oxford City housing numbers.
19. The latest A4095 [Howes Lane] re-alignment housing projection is also rated Amber in terms of certainty of deliverability, which is consistent with the overall trend for the sites in NW Bicester which had forecast 1000+ homes when the original H&GD allocation was made.

b) Stop the scheme immediately and re-allocate funding

20. The scheme has completed Feasibility and is contract for both the Prelim and Detailed design stages with work underway but with break clauses in place in all contract(s).
21. Given the spend timescales and the housing delivery mandate of the H&GD monies, the proposal is to introduce a scheme into the H&GD Infrastructure programme - the A34 Lodge Hill interchange, a scheme which will provide South facing slips at the Lodge Hill interchange increasing routes around Abingdon and access to the strategic transport network.
22. The A34 Lodge Hill interchange supports the delivers 1673 homes and would add an additional *net* 200 houses to those delivered within the H&GD original period (350 in total) with a high level of confidence in the houses at North Abingdon being delivered. The construction of the interchange will directly release the housing obligations in the s106 agreement.

23. The Lodge Hill interchange scheme is already underway – as any option to deliver within the H&GD period at this point would have to be. Planning is intended to be submitted in Dec 2021 with a clear procurement route identified and construction intended to begin in Summer 2022.

24. This delivery timescale is dependent upon existing externally provided funding allocated to the Lodge Hill interchange remaining in place.

25. The Lodge Hill interchange is also necessary Infrastructure for other strategic sites inc Dalton Barracks

c) Continue the scheme to the end of current stage and re-allocate funding

26. Given that the eventual delivery of this scheme will now potentially be delivered by Developers, it is proposed that the County Council stop work now to avoid any abortive work and release as much as possible to other schemes.

Financial Implications

27. The proposal set out in the report will enabled the Housing from Infrastructure programme to remain deliverable against the profile. Through development of the projects, the estimates have become firmer, but also have been found to be lacking in detail and therefore costs have increase. At this stage in the 5-year programme, there needs to be a level of certainty around deliverability and where the full funding of projects is coming from to commit to delivery. The A4095 project has a substantial deficit, and this would have to be met from within the existing Growth Deal programme as the County Council does not have funding available to cover the shortfall.

Legal Implications

28. It is critical that Oxfordshire can fulfil the obligations in the funding agreement and can spend the £30m per year up until 2023. Therefore, movement in the programme is necessary to deliver on the obligations. The Councils will be asked to demonstrate that the infrastructure delivered is accelerating housing. Therefore, it is critical that projects are regularly reviewed for compliance against the agreement and also state aid.

Other Implications

29. There are some significant risks if the programme is not rebalanced. If the programme is not rebalanced, it could risk the spend of the £30m per year in the final years when the risk is highest for the Council through construction of the schemes.

Conclusion

30. A primary role of the H&GD was to accelerate housing by delivering Infrastructure. It is important that the Infrastructure programme is deliverable both to cost and budget but also that the projects meet the criteria.
31. In the review, the A4095 [Howes Lane] re-alignment project was flagged for issues around deliverability within the H&GD period and the reduction in housing numbers from the start of the H&GD period.
32. Although this means H&GD funding will no longer deliver the A4095 realignment, an alternative delivery model working with developers will be sought.

Report Author:	<i>John McLauchlan & Hannah Battye (Heads of Service, Infrastructure Programme Office and Infrastructure Delivery) on behalf of Owen Jenkins (SRO Infrastructure Programme)</i>
Contact information:	John.McLauchlan@Oxfordshire.gov.uk Hannah.battye@oxfordshire.gov.uk