

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

Title of Report: Oxfordshire Housing and Growth Deal Financial Report Quarter 2 2021/22

Date: 30 November 2021

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 2 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 2 financial report.

Appendices:

Annex 1: Infrastructure Programme

Annex 2: Capacity Fund

1.0 Introduction

1.1 This report sets out the financial position for Quarter 2 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 2 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 £21.9m with actual spend of £5.8m for Q1 and Q2. The reduction of £2.9m in the forecast spend since the last update reflects a number of schemes where there is a delay entering the construction phase. This includes the Science Transit scheme where the business case is awaiting approval from the Department for Transport.
- 3.1.4 Based on the latest estimated cost plans recently submitted for certain schemes, 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.
- 3.1.5 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 (OAFP) 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.
- 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. This will also support the in-year monitoring by giving greater visibility of progress to date.
- 3.2.3 Funding of £25.6m was claimed in the first three years of the programme and supported 658 units of affordable housing.
- 3.2.4 Following analysis of the current delivery plan, a bespoke approach has been agreed with Homes England and the Department for Levelling Up, Housing & Communities (DLUHC) to maximise the number of affordable homes deliverable in the remaining period of the deal. this year, and as necessary, into the future.
- 3.2.5 86 units with combined grant requirement of £4.8m have been delivered in Quarter 1 and 2 of 2021/22. A further 115 units with a combined grant requirement of £5.2m are expected to be delivered in the second half of the year and will be funded from the revised OAFP budget of £10.0m confirmed by DLUHC.

- 3.2.6 The remaining deliverable schemes in the programme will be funded directly through Homes England's Affordable Housing Programme (AHP) and other government funding streams. This combined approach will provide flexibility and support to the delivery of schemes. DLUHC have agreed in principle that all these schemes will be recognised as contributing to the OAHP targets.
- 3.2.7 Some schemes in the original programme are not eligible for HE funding according to their criteria and alternative funding routes are being identified for these.
- 3.2.8 A total of £1.4m grant funding has been requested for the Year 4 Quarter 1 drawdown and was transferred in September 2021. A further request for grant funding of £3.3m for the Year 4 Quarter 2 drawdown was submitted in early November 2021.

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 2 sets out the financial position, which includes a carry forward of £2.4m into 2021/22. The future profile of spend remains under review and will be extended into 2023/24. This will be reflected in the next report.

4.0 Financial Implications

- 4.1 The report sets out the Quarter 2 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 2 2021/22.

7.2 The Future Oxfordshire Partnership is asked to note the 2021/22 Quarter 2 financial report.

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