

To: The Future Oxfordshire Partnership

Title of Report: Oxfordshire Housing and Growth Deal Financial Report:
Update at the end of Quarter 2 2022/23

Date: 29 November 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 2 2022/23:

- 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 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 September 2022.

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 2022.

- Housing from Infrastructure (Hfi) 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 a further 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 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 As the accountable body, the County Council:

- Receives grant funding from the government.
- Ensures that recommendations to the Future Oxfordshire Partnership on schemes to be funded are in accordance with the grant conditions and within the funding available.
- Provides regular monitoring reports 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 2 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 was expected to be 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 £142.7m of the grant funding is being used to support capital

expenditure and £7.3m has been used to fund revenue costs associated with the Housing from Infrastructure programme.

- 3.1.3 A revised programme was considered and supported by the Future Oxfordshire Partnership in September 2022 with proposals for individual scheme budget allocations adjusted to remain within the overall parameters of the programme and within the original funding of £150m.
- 3.1.4 The scheme allocations agreed by the Future Oxfordshire Partnership in September 2022 are shown in Annex 1. Total expenditure up to 31 March 2022 was £110.5m. On the basis of the current programme, forecast spend is £47.5m in 2022/23 with actual spend of £9.5m as at the end of Quarter 2. This includes a prepayment of £4.1m to National Highways in respect of the A34 Lodge Hill scheme. Prepayments made up to the end of 2021/22 include £16.0m for Upper Heyford M40 Junction 10 and £5.4m for Oxpens Bridge in Oxford City.
- 3.1.5 Almost half of the expenditure in 2022/23 relates to two schemes, North Oxford Corridor (Loop Farm) and Oxford Science Transit. Both these schemes are in the construction stage.
- 3.1.6 No further schemes will be agreed to enter the construction stage until confirmation of receipt of the final £30m is received. This increases the risk of significant delays to programme delivery due to the ongoing uncertainty.

3.2 Growth Deal Capacity Fund

- 3.2.1 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.
- 3.2.2 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 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 £1.8m of the fund remained available as at the end of 2021/2. Actual spend at the end of Quarter 2 of 2022/23 was £0.230m.
- 3.2.4 Following the decision to end the Oxfordshire Plan 2050 work programme, a transition plan is continuing to be 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 financial update at the end of Quarter 2 for the remaining two 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 the Housing from Infrastructure programme can be managed within the funding available.

- 4.2 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 two remaining 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 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. 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 2 2022/23.
- 7.2 The Future Oxfordshire Partnership is asked to note the financial update set out in the report.

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