

DRAFT CABINET – 18 JULY 2023

CAPITAL PROGRAMME UPDATE AND MONITORING REPORT

Report by the Director of Finance

Recommendations

1. The Cabinet is RECOMMENDED to:

Capital Programme

1. Accept the latest capital monitoring position for 2023/24 set out in Annex 1.
2. Approve the updated Capital Programme at Annex 2 incorporating the changes set out in this report.

Grant funding

Agree the inclusion in the Capital Programme of the following grant funding updates and allocation:

3. additional pothole funding of £3.706m to be added to the annual structural maintenance programme (Paragraph 81).
4. Sustainable Warmth Fund for Home Upgrade 2 grant of £6.4m to be utilised in 2023/24 and 2024/25 (Paragraph 46).

Capital Approvals

Agree:

5. An increase of £0.7m in the Bloxham CE Primary School scheme – new hall and kitchen (paragraph 59).
6. An increase of £0.3m in the Botley Road Corridor scheme to reflect the final accounts for the scheme (paragraph 63).
7. An update to the agreed funding for Tree Planting Programme to split this into capital (£1.8m) and revenue (£0.8m) elements (paragraph 65).
8. Inclusion of £18.0m for the Fleet Management Programme (paragraph 69).
9. Release of £0.8m Vision Zero pipeline funding towards Active Travel (paragraph 74).
10. The short-term funding arrangements on the North Oxford Corridor Scheme until the confirmation of the revised scheme

cost and the reallocation of Growth Deal grant towards the scheme from the overall existing Growth Deal programme (paragraph 76).

Executive Summary

2. The Council's Strategic Plan has set out a clear vision for the county, centred around strong local communities, healthy places to live, and a zero-carbon economy that benefits everyone. The strategic plan has nine priorities with a set of objectives for each. The capital and investment strategy agreed in February 2023 articulates how the Council's capital investment will help achieve this vision and the nine priorities.
3. The Capital programme also supports statutory functions such as school placements and urgent health and safety capital maintenance works.
4. The ten-year Capital Programme sets out how the Council will use capital expenditure to deliver these council priorities. The Capital Programme is updated quarterly and fully refreshed annually as part of the Budget and Business Planning Process to ensure that it remains aligned to the latest priorities, reflects the latest cost projections and profile for delivery, and incorporates the current funding position.
5. This is the first quarterly capital programme update and monitoring report for 2023/24 and sets out the monitoring position based on activity to the end of May 2023. The report also provides an update to the Capital Programme approved by Council in February 2023 taking into account additional funding and new schemes. The updated programme incorporates changes agreed through the Capital Programme Approval Reports to Cabinet in [May](#) and [June](#) 2023 as well as new funding.
6. The forecast programme expenditure for 2023/24 is £248.7m (excluding earmarked reserves). This has increased by £1.5m compared to the original capital programme for 2023/24 approved by Council in February 2023. This reflects the spend profile from the latest delivery timeframes and the inclusion of new grants received by the Council.
7. Due to a number of new inclusions and changes, the total ten-year capital programme (2023/24 to 2032/33) is now £1,265.6m. The updated capital programme summary is set out in Annex 2. The main changes since February 2023 are set out in this report.

Introduction

8. Capital expenditure is defined as spending that creates an asset for the council (e.g. buildings, vehicles and equipment) as well as spending which meets the definition in regulations specified under the Local Government Act 2003. This includes spend on non-current assets that are not owned by the council such as academies and the award of capital grants and funding agreements.
9. The capital programme supports the delivery of the council's priorities as set out in the Strategic Plan. The programme is updated quarterly and fully

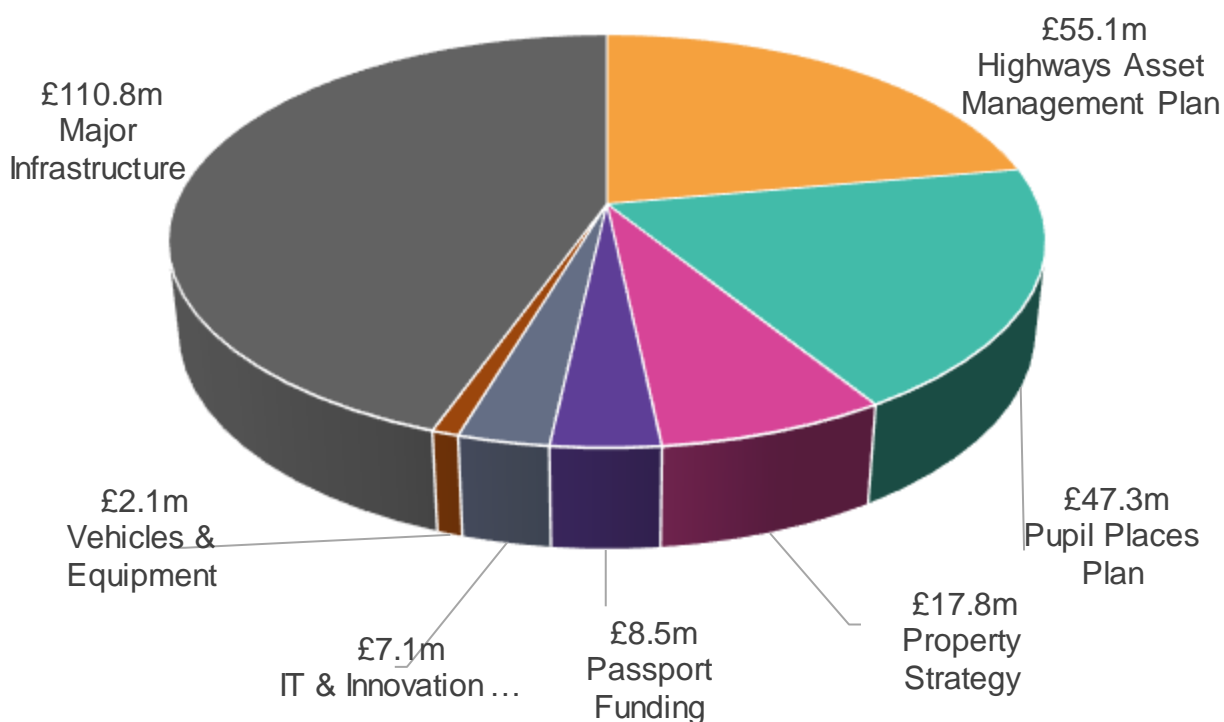
refreshed annually as part of the Budget and Business Planning Process to ensure that it remains aligned to the latest priorities, reflects the latest cost projections and profile for delivery, and incorporates the current funding position.

10. The programme is structured as follows:

- **Pupil Place Plan:** including basic need (new schools and expansion), maintenance, health and safety and improvements
- **Major Infrastructure:** including Growth Deal Infrastructure programme
- **Highways and structural maintenance:** including street lighting, and bridges
- **Property Strategy:** including health & safety, maintenance, improvements and the Investment Strategy
- **IT, Digital & Innovation Strategy:** including broadband and equipment
- **Passported Funds:** including Disabled Facilities Grant and Devolved Schools Capital
- **Vehicles and Equipment:** including fire and rescue vehicles and equipment

11. The detailed investment profile for the 2023/24 Capital Programme is set out below:

2023/24 Programme - Latest Spend Forecast



12. This is the first capital programme update and monitoring report for the financial year and focuses on the delivery of the 2023/24 capital

programme based on projections at the end of May 2023 and new inclusions within the overall ten-year capital programme.

13. The following annexes are attached:

- Annex 1 Capital Programme Monitoring 2023/24 (Summary)
- Annex 2 Updated Capital Programme 2023/24 – 2032/33 (Summary)

2023/24 Capital Monitoring

14. The capital monitoring position set out in Annex 1, shows forecast expenditure for 2023/24 of £248.7m (excluding earmarked reserves). This has increased by £1.5m compared to the capital programme approved by Council in February 2023. The updated programme reflects the year end position for 2022/23 and the impact of re-profiling expenditure into 2023/24 where relevant.

The table below summarises the changes since February 2023 by strategy area:

Strategy Area	Last Approved Programme 2023/24 * £m	Latest Forecast Expenditure 2023/24 £m	Variation £m
Pupil Places Plan	42.1	47.3	+5.2
Major Infrastructure	114.4	110.8	-3.6
Highways Asset Management Plan	62.0	55.1	-6.9
Property Strategy	13.5	17.8	+4.3
IT, Digital & Innovation Strategy	5.6	7.1	+1.5
Passported Funding	8.4	8.5	+0.1
Vehicles & Equipment	1.2	2.1	+0.9
Total Strategy Programmes	247.2	248.7	+1.5
Earmarked Reserves	1.6	0.5	-1.1
Total Capital Programme	248.8	249.2	0.4

* Approved by Council 14 February 2023

Pupil Places Plan

15. Forecast expenditure for the Pupil Places Plan is £47.3m. The increase of £5.2m compared to the original budget for 2023/24 reflects the latest expenditure profiles on the delivery timeframe on the various projects in the programme. The planned schemes spend incorporates the Basic Need and Growth Portfolio Programmes as well as Schools' Structural Maintenance.

16. The Basic Need Programme is forecasting expenditure of £12.2m. This has increased by £1.5m since February 2023 and includes the following six projects that are in the construction phase:

- Radley CE Primary School – expansion to provide an additional 105 primary pupil places.

- Woodstock CE Primary School – expansion to provide an additional 105 primary pupil places.
- Blessed George Napier School, Banbury – expansion to provide an additional 300 secondary pupil places delivered by Pope Francis Catholic Multi Academy via a funding agreement.
- Glory Farm Primary School, Bicester – replacing 4 temporary classrooms delivered by Bernwode Schools Trust via a funding agreement.
- Lord William’s School, Thame – expansion to provide an additional 150 secondary pupil places delivered by Thame Partnership Academy Trust via a funding agreement.
- St Edburg’s CE Primary School, Bicester – expansion to provide an additional 210 primary pupil places delivered by Oxford Diocese Board of Education via a funding agreement.

Where the schemes are being delivered via a funding agreement, they continue to be monitored through the Council’s governance procedures.

17. The in-year increase is a combination of additional costs on the Blessed George Napier scheme¹ and the reprofile and additional costs on the relocating of the Oxford School Hospital and improvements to Bloxham Primary School.
18. The Growth Portfolio Programme has a forecast expenditure of £28.4m, an increase of £3.7m and includes the following four projects that are within the construction phase of the programme:
 - Sires Hill Primary Academy, Didcot – a new school to create 420 primary places and 90 nursery places.
 - Shrivenham CE Primary School – a new school to create 315 primary places and 75 nursery places.
 - Graven Hill Primary School, Bicester – a new school to create 420 primary places and 90 nursery places and being delivered by the housing developer.
 - St John’s CE Academy, Grove – a new school to create 420 primary places, 60 nursery places and SEND support spaces and being delivered by the housing developer.

Where the schemes are being delivered by the housing developer, they will still be monitored by the Council’s governance procedures.

19. Total scheme costs have not increased and there is no change to the anticipated delivery timeframes of specific schemes. The additional in-year spend is due to spend on Sires Hill Primary Academy and Shrivenham CE Primary School that is now expected to be incurred in 2023/24.
20. Further projects are in pre-construction for delivery in 2024/25. Depending on the delivery timeframe, some of these will reach the construction phase later this financial year. These are a mixture of expansions to existing schools and includes the relocation of the Oxfordshire Hospital School.

¹ As agreed through the Capital Update Report to Cabinet in May 2023.

21. It is expected that the current £6m budget for the School Structural Maintenance Programme will be spent in year on projects including new boilers, roof replacements, improvement to school structure and fire alarm replacement. However, actual activities depend on schools' requirements and availability to carry out work during the school holidays.

Major Infrastructure

22. The latest forecast position for the Major Infrastructure Programme is £110.8m. The programme is divided into sub-programme areas as shown in the table below. Overall there is a reduction of £3.6m compared to the original capital programme budget agreed in February 2023 but this incorporates a mix of increases and decreases to schemes.

Major Infrastructure	Original Budget	Latest Forecast	Variation
	£'000	£'000	£'000
Housing Infrastructure Fund 1 (HIF1)	11,200	19,700	8,500
Housing Infrastructure Fund 2 (HIF2) & A40	38,500	25,592	-12,908
A423 Improvement Programme	3,000	3,000	0
Active Travel Phase 3	4,500	2,400	-2,100
Banbury & Bicester	3,459	4,759	1,300
Oxford	11,450	16,029	4,579
South & Vale	15,591	12,494	-3,097
Major Infrastructure Sub-total	87,700	83,974	-3,726
Other Programmes	26,737	26,784	47
Major Infrastructure – Total	114,437	110,758	-3,679

HIF1 Programme

23. The HIF1 programme's in-year budget of £11.2m was risk assessed and assumed a pessimistic spend profile for the year. The current year end forecast of £19.7m (+£8.5m) now assumes that the projects will progress to the construction stage.

HIF2 & A40

24. The HIF2 & A40 programme in-year forecast of £25.6m is £12.9m less than the original budget. This is mainly due to the HIF2 A40 Smart Corridor programme, where officers are working to value engineer and re-scope a programme that is funded, affordable and delivers the key housing outcomes, and is progressing through the internal and external partner approval processes. The anticipated planned spend of delivering the programme this year, will not be realised.
25. The Eynsham Park & Ride programme is in the construction phase and progressing well.

Active Travel Phase 3

26. This programme is forecasting to spend £2.4m, -£2.1m less than anticipated in February 2023. There are delays in the Middleton Stoney and A44 Bicester schemes, where construction planned for near the end of the financial year, is now being programmed in 2024/25.

Growth Deal Programme and Other Funding

27. This programme is forecasting year end spend of £33.3m, +£2.8m more than the original budget.
28. The A44 Corridor Improvements scheme is forecast to spend £10.7m, +£4.6m more than originally profiled in the budget. The project is progressing through the construction /delivery stage and is now planned to finish by the end of 2023.
29. The Benson Relief Road scheme is forecast to spend £2.2m, -£2.2m less than originally profiled in the budget, due to delays in the construction phase, that will now start in autumn 2023.
30. Key Oxford Core schemes, including the Oxford Traffic Filters and the Workplace Parking Levy are progressing through the Business Case stage prior to consideration by Cabinet about their inclusion in the capital programme.

Integrated Transport Programme

31. This programme is anticipating to breakeven, although there may be some re-profiling into 2024/25 following a review of current annual profiles, which could materially impact on the year-end position. This will be updated in the next report.

Highways Asset Management Plan

32. The total in-year capital forecast for 2023/24 is estimated to be £55.1m, a reduction of £6.9m compared to the original budget. The programme is divided into 4 sub-programme areas as shown in the table below:

Highways Asset Management Plan	Original Budget	Latest Forecast	Variation
	£'000	£'000	£'000
Structural Maintenance Annual Programme	33,783	35,385	+1,602
Improvement Programme	2,880	2,800	-80
Structural Maintenance Major Schemes	24,314	15,939	-8,375
Other Programmes	1,000	1,020	20
Highways Asset Management Plan – Total	61,977	55,144	-6,833

33. The annual planned target total surfacing programme (excluding patching) for 2023/24, is calculated at 3% of the network. The expectation is that this would enable the council to maintain the 4,656km of network that it is responsible for in as close as possible to a 'steady state' within the funding available.
34. The annual Structural Maintenance Programme plans to invest £35.4m. The forecast has increased by £1.6m compared to the original budget due mainly to increases in the bridges and carriageway programmes, the latter due to a more efficient annual package, which will be supported by funding brought forwards from 2024/25. The table below shows the planned key structural maintenance deliverables for 2023/24:

Project	Schemes/ Units Planned	Comments
Surface Treatments (schemes)	43	Schemes to restore the condition or prolonging the life of existing carriageways. There will also be pre-works for the 2024/25 programme, however these schemes are not included in the total.
Carriageways (schemes)	17	Surfacing/reconstruction/strengthening of roads.
Structural Highways Improvements (schemes)	66	Surface inlay and minor patching schemes across the county. There will also be minor works carried out in addition to this throughout the year.
Footways (schemes)	32	Repair/construction of footways and cycleways.
Drainage (schemes)	46	Repair/renewal of existing drainage infrastructure and provision of new infrastructure to resolve known drainage issues. There is also planned reactive work which will be carried out.
Bridges (schemes)	14	Strengthening/replacement/imposition of management measures on weak structures. Additional area bridges programme is determined during the year.
Public Rights of Way	8	Improved Pedestrian Access Points (delivered as planned-reactive – dependent upon need). In addition to this new/refurbished kit bridges (delivered as planned-reactive with in-house resource).
Section 42 contributions (schemes)	78	Programme delivered by City Council covers all the unclassified roads and footways within the City.

35. The annual Improvement Programme is forecast to spend £2.8m in line with the latest budgets. This includes 63 road safety and traffic improvements including road markings, cycle provision improvements, pedestrian crossings, footway improvements and speed limit alterations.

The programme also includes enhancement to support journey time reliability which also aid bus movements, and traffic signal improvement schemes.

36. Structural Maintenance Major Schemes are forecast to invest £15.9m, a decrease of £8.4m compared to the original budget. This is primarily due to a reprofiling of the street lighting LED replacement programme. The project objective this financial year is to deliver the outstanding traffic routes and residential areas which is to complete the conventional street lighting and replacement of the columns (approximately 6300 units) that could not be previously completed, as the main priority was the lantern conversions and the reduction energy impact. The ability to complete column replacements and electrical service alterations is depending on noticing with the local District Network Operator (i.e., Electricity Service Cable Owners) and the council's Network Management Team. Obtaining permission to work on the highway has also been challenging as a result of the other third party works that are been currently carried out across the County.
37. There have been also engineering difficulties on site with electricity pole brackets, and replacements of area floodlights, on university buildings/private properties, re-cabling works, legal wayleave agreements etc. The heritage columns and lanterns are going to investigated further and completed at the end of the project.
38. The council supplied and fitted 27,670 LED lanterns in 2022/23 and also fitted 212 Trueforce retro fit LED Lamps into conventional fittings. This resulted in a savings of 5,468,569 kWh in electricity usage and a reduction of 1,567 tonnes of CO2 emissions. The majority of the original project will be completed in 2023/24 apart from the heritage and other engineering challenges that will fall into 2024/25.

39. The table below shows the key planned deliverables for 2023/24:

Project	Schemes/ Units Planned	Comments
Electrical	6,513	LED Replacement units planned to be installed this year.
20mph Speed limit (schemes)	34 84	Phase 1 - schemes slipped from last year Phase 2 - schemes this year Revised speed limit orders and install signs in towns and parishes.

40. The Property Strategy is forecasting expenditure of £17.8m in 2023/24. This has increased by £4.3m compared to the original budget. The increase relates to new funding or the carry forward of programmes from 2022/23.
41. The programme is forecasting to spend £5.9m on corporate estate development including provision for new Children's Homes, including the acquisition and refurbishment of new sites. The intention is to provide four new homes within Oxfordshire (2 four bedroom houses and 2 six bedroom houses) to support solo provision for children with autistic spectrum disorders and children who have experienced adverse childhood experiences.
42. The corporate estate condition programme is forecasting to spend £3.6m during 2023/24. This includes the commencement of £1.8m new decarbonisation works. It is planned that a further £1m is incurred on the Defect Liability programme during 2023/24 to make the overall outlay to £10m. A review of the programme will take place for the budget and business planning process to ascertain if any further budget provision can be released back to the capital programme reserves for future priorities.
43. A further £1m investment (taking the total to £4m of the overall £5m provision) is planned to be made to the Resonance Supported Homes Fund in 2023/24. A further update will be provided during the year on the progress made to secure accommodation to support people with learning disabilities and autism.

Local Electric Vehicle Infrastructure (LEVI)

44. The council has worked with Oxford Direct Services (ODS) over two Innovate UK funded projects to develop and pilot the 'Gul-e' – a sub-surface channel, permanently installed into the footway, which secures an EV charging cable between a home EV charger and an EV parked at the kerbside. The 'Gul-e' EV cable gully is aimed at EV drivers who do not have access to an off-road home charger, and who otherwise would struggle to charge an EV cost effectively, or who would resort to trailing their charging cable across the public highway, generating a significant trip hazard. Using an EV cable gully, the trip hazards and clutter caused by informal cable crossings and public kerbside chargers are avoided, and the low price point of this solution makes it accessible for self-funding by the user.
45. £0.7m grant funding to support the scheme has been awarded to the council as part of central government's LEVI pilot to deliver an expansion of the cable gully scheme. This project would see up to 500 cable gullies deployed across Oxfordshire over the next two and a half years, starting late in 2023. Residents will be expected to fund the installation of their gully but the grant funding will be used to offset some of the extra costs that currently exist due to the early stage development of the solution. Ongoing maintenance will also be funded by residents through an annual licence subscription scheme. The forecast spend in 2023/24 is around £0.2m.

Green Homes Grant/Sustainable Warmth Fund

46. Home Upgrade Grant 1 (HUG1) was launched in 2022 and completed at the end of June 2023. The total grant was £2.2m with the delivery date of

June 2023 stipulated by the Department for Energy Security and Net Zero (DESNZ). Although the total budget was not spent and £0.7m unspent budget will be returned to the grant provider, Oxfordshire was amongst the top performing authorities in the country for delivery of the scheme. There were a number of factors contributing to the underspend. These relate to the availability of accredited installers, early capacity issues and the award of funds under HUG2 which meant HUG1 could not continue once HUG2 was in operation

47. A further £6.42m has been secured for phase II of the Home Upgrade Grant. This will benefit over 300 further residents, specifically those not using mains-gas for heating (targeting coal, oil, LPG and low efficiency electric heating), in energy inefficient properties, and for home-owners or privately renting tenants whom are fuel poor / low income, beginning from June 2023. A total of £2.8m has been included within the 2023/24 forecast.

IT, Digital and Innovation Strategy

48. Forecast expenditure for 2023/24 is £7.1m, an increase of £1.5m compared to the original budget. The main areas of the programme are detailed below.
49. The Rural Gigabit Hub Sites programme commenced in 2021/22 and is progressing well and on schedule with a further £3.7m of spend due in 2023/24 to enable fibre infrastructure to be built for county council buildings (where gigabit broadband infrastructure does not exist), other public buildings such as schools and GP practices, and a range of community-based buildings like village halls.
50. The network connectivity programme will complete the migration of all council sites to a secure “zero trust” network – providing higher bandwidth at lower cost. Revenue savings of approximately £0.3m will be achieved by these improvements. This sum has already been reported and taken from the ITID budget and forms part of the business case for ITID Strategy 2019-24.
51. The Social Care Data Warehouse & Power BI project is a significant investment of £1m to improve the timeliness of key data to social care managers in Adult Social Care and Children’s Services, so that they are able to take data driven operational decisions. It is anticipated that this will form part of the foundation for wider sustainable and secure use of data and dashboards across the council. This project is scheduled to complete in early 2024/25.
52. The [Business Services Transformation programme](#) is reviewing options for the future delivery of corporate support services and underpinning technology including human resources, finance, payroll and procurement in order to deliver services more efficiently, modernise business processes and upgrade current IT systems. The business case is expected to be considered by Cabinet in November 2023.

53. The Children's Services Education System project has been completed. Work is now focussed on working with the service to consolidate the improvements implemented.
54. Other capital funded projects for IT Innovation and Digital Service in 2023/24 are:
- £0.2m on continued work to improve the council's digital presence building on the content improvements delivered for the music hub and recruitment.
 - £0.25m towards the procurement and implementation of a vehicle telematics system to track and enable the optimisation of OCC vehicle use.
 - £0.3m on the implementation of an applicant tracking solution or service to provide an easier and more welcoming recruitment experience for people applying for council careers and jobs.
 - Up to £0.750m on laptop and mobile refresh to ensure staff have suitable modern devices for agile working.

Passported Funding

55. Expenditure for 2023/24 is forecasted to be £8.5m, an increase of £0.1m compared to the original budget.
56. The annual Disabled Facilities Grant announced in May 2023 confirmed funding of £6.658m as per the forecast within the capital programme. The funding, which is part of the Better Care Fund, is issued to the County Council but passed directly on to the City and District Councils in accordance with the grant determination. Households are eligible to apply for the grant for home adaptations if a child or adult in the household has a substantial and permanent disability. Types of adaptations funded by the grant include stairlifts, level access showers, ground floor extensions designed around the person's needs and kitchens designed for a wheelchair user.
57. A further £1.1m is planned to be spent by maintained schools through the use of their Devolved Formula Capital Allocation for 2023/24 and carry forward capital balances. This can be spent on the school estate and IT equipment needs.

Vehicles and Equipment

58. Expenditure for 2023/24 is forecasted to be £2.1m, an increase of £0.9m compared to the original budget. The programme includes £0.8m towards the Fire & Rescue Service for the purchase of Vehicles and an initial £0.9m towards the Fleet Replacement Programme.

CAPITAL GOVERNANCE APPROVALS

Bloxham CE Primary School – New Hall & Kitchen

59. Bloxham CE Primary School project was paused following a significant uplift in forecast cost of delivering the project. The capital budget requirement at the time was £1.357m.
60. The school has been expanded to 2FE (Two Forms of Entry) over a number of years through different phased works. The scope of the works will provide a new hall, convert an existing space into a kitchen and to re-purpose the existing hall.
61. The existing school hall is 114 square metres and serves as a circulation route to other parts of the school. This is below the recommended Department for Education (DfE) minimum area of 140 square metres required to deliver the Key Stage 2 (KS2) PE curriculum. The council's preferred size for a 2FE primary school Hall is 180 square metres. The existing kitchen area is also small and poorly laid out with a detached store.
62. The revised budget requirement is £2.068m. Developer contributions of £0.4m have been identified and the council will continue to seek further s106 contributions from future housing proposals in the area, with approximately £1.6m funded from basic need programme.

Botley Road Improvements

63. The approved budget for the Botley Road Improvements is £9.840m. A revised budget requirement of £10.152m, an increase of £0.312m, is required to settle final accounts relating to this phase of the project. The additional budget will be met from developer contributions
64. The stage 2 approved budget at construction stage was £9.100m and was subsequently increased through a change request approval to £9.840m. As the cumulative increase exceeds £1m, the project increase requires Cabinet approval.

Tree Planting Programme (update on the use of agreed funding)

65. In April 2022, the Council approved the new Tree Policy for Oxfordshire. This makes a commitment to replace trees when they are removed and commits to the planting of two trees for every one removed. 9. The capital programme pipeline agreed in February 2023 includes £3.0m funding for Climate Action including Tree Replacement.
66. The current combined revenue and capital budget requirement is £2.6m to support the cost of supply, planting & aftercare for 3 years of 1,100 standard trees per year for four years. The priority will be to find planting opportunities in established residential streets where the Council is responsible for the Highway.
67. This will contribute to climate adaption, increase canopy cover in residential areas and improve health and wellbeing for Oxfordshire communities.
68. A Tree Aftercare & Planting Service will be created to support and maintain the council's investment. As part of that two three FTE in – house teams will be established to deliver planting and aftercare including watering as

required to ensure that the trees remain healthy. The current forecast plan is for £1.8m capital investment and £0.8m for revenue implications so the funding agreed to be added to the programme in June 2023 needs to be updated to reflect the revenue elements of the programme. A virement to add the revenue budget for 2023/24 to the budget for the Planning, Environment & Climate Change service area is included in the Business Management & Monitoring Report to Cabinet in July.

Fleet Replacement Programme

69. In 2020 the Council committed to achieving net zero carbon from council operations by 2030. In respect of fleet operations, this, along with air quality improvements, will be achieved by replacing conventional petrol and diesel vehicles with zero tail pipe emission equivalents. Currently only 8% of fleet vehicles have been changed to zero tail pipe emission.
70. A full review on fleet usage has been undertaken involving current and usage of lease, hired and owned vehicles. When vehicles are replaced or no longer required, all sale proceeds will be returned to fleet for replacement funding to enable the purchase of the next vehicles required.
71. The investment requirement for the appropriate replacement of Council vehicles is £18m over a three year period. This is the cost of purchasing electric vehicles and excludes Oxfordshire Fire & Rescue Vehicles. The proposal is that the programme is funded from capital borrowing. Operational services will be charged the cost of borrowing and an internal fleet management recharge. Services will be responsible for all variable costs such as fuel, maintenance and damage. Electricity costs will be approximately half of the equivalent present diesel spend, maintenance costs will be minimal due to vehicles being new and covered by manufacturers warranties.
72. The revenue budgets associated to the delivery of the existing fleet operational costs are currently delegated to individual service areas. Due to the variable nature of the existing fleet, its age, ownership or rented and current contractual position, further detailed analysis on the overall impact to service revenue budgets is being undertaken to determine the transitional arrangements to ensure appropriate future revenue budgets requirements are identified and allocated in line with the new approach, without causing unintended budget pressure for a service. The outcome will be reported in the Autumn and managed through the annual Budget and Business Planning process.
73. The initial investment will deliver the current replacement of all vehicles required by the council after which this cycle will need to be repeated. This is subject to if vehicles are kept longer and how efficient One Fleet is in delivering a cost reduction programme which, will after a few fleet replacement cycles look to achieve a fully self-funding fleet solution. The requirements of any future borrowing should reduce and hence the cost of such borrowing will also increase the future cost reduction achievable from a fully owned fleet.

Vision Zero

74. The county council has committed to improve road safety through Vision Zero both within a public statement by the leader and adoption of a vision statement and programme approach. This includes an ambition of zero fatalities and life changing injuries from road traffic collisions by 2050: with an interim target of 25% reduction by 2026 and 50% reduction by 2030 across Oxfordshire.
75. The capital programme pipeline agreed in February 2023 included funding of £5.0m for VisionZero. In [May 2023](#) Cabinet agreed to release £4.0m of the available funding to specific programmes. A further £0.776m is required to be released towards the Active Travel Phase 2 programme for the Oxford City Schemes. This will increase Oxford Active Travel capital budget to £4.391m.

North Oxford Corridor (Loop Farm to Cassington Road)

76. The current approved budget for the North Oxford Corridor scheme is £21.120m. The cost of the scheme has increased during construction. Work is underway to confirm the revised cost and assess options but it is likely that additional Growth Deal funding will need to be allocated to the scheme to ensure that it fully delivers all of its benefits including key active travel improvements as intended.
77. This pressure will be forward funded from the capital programme in the short-term until the grant allocation from the Homes from Infrastructure programme (Housing & Growth Deal) is re-prioritised to rebalance the scheme and considered as part of an overall approach for the Growth Deal programme.

Ten Year Capital Programme Update

78. The total ten-year capital programme (2023/24 to 2032/33) is now £1,265.6m (excluding earmarked reserves), an increase of £71.2m compared to the capital programme approved by Council in February 2023. This is partly due to the 2022/23 outturn position. A summary of the updated capital programme is set out in Annex 2. Details of the position at the end of 2022/23 were set out in the Capital Programme Report for 2022/23 considered by Cabinet on 20 June 2023. After taking into account the slippage from 2022/23, new funding added to the programme, and the release of some of the pipeline provision approved as part of the capital priorities in February 2023, the overall ten-year capital programme has increased by £44.6m. The following table summarises the variations by strategy and the main reasons for these variations are explained in the following paragraphs. The main reasons is the inclusion of new grants coming into the capital programme and s106 contributions supporting projects already in the capital programme.

Strategy Area	Last Approved Total Programme (2023/24 to 2032/33) * £m	Latest Updated Total Programme (2023/24 to 2032/33) £m	Variation £m	Variation in the size of the overall programme (including 2022/23) £m
Pupil Places Plan	219.7	228.3	8.6	2.2
Major Infrastructure	667.5	684.8	17.3	5.8
Highways Asset Management Plan	231.5	243.5	12.0	11.8
Property Strategy	40.3	55.1	14.8	7.9
IT, Digital & Innovation Strategy	12.8	12.9	0.1	-0.2
Passported Funding	14.2	14.6	0.4	-0.2
Vehicles & Equipment	8.4	26.4	18.0	17.3
Total Strategy Programmes	1,194.4	1,265.6	71.2	44.6
Earmarked Reserves	115.2	88.8	-26.4	-26.5
Total Capital Programme	1,309.6	1,354.4	44.8	18.1

* Approved by Council 8 February 2023.

Capital Funding Update

79. Since the budget was set in February 2023, there have been further funding announcements of one-off funding and updates to the annual funding allocations that support the capital programme.

School Condition Allocation

80. The School Condition Allocation (SCA) for 2023/24 was announced by the DfE in May 2023. Oxfordshire will receive a formulaic allocation of £4.535m, compared to the forecast funding of £4.250m included in the latest Capital Programme, additional funding of £0.285m. This will be added to the annual School Structural Maintenance Programme for maintained schools.

Additional Pothole Funding

81. In the 2023 Spring Budget, a further £200m grant was announced for highway authorities in England to improve the condition of their networks and to deal with a backlog of maintenance. Oxfordshire allocation is £3.706m.
82. The Council has a Highways Asset Management Plan (HAMP) and associated forward programmes of work is set out within the Medium Term Financial Plan (MTFP). It is recommended that the grant funding is allocated to the Councils 2023/24 patching programme, which is one of the Councils maintenance capital programmes that repairs and prevent potholes.

83. This would enable the authority to re-profile its additional investment in highway maintenance into 2025/26 to help reduce the expected reduction in available budget subject to future Department for Transport (DfT) grant allocations.

Other Grants

84. The new grants in relation to Green Homes Grant (Home Upgrade Grant 2) and Local Electric Vehicle Infrastructure grant are included within the monitoring report as they impact on expenditure in 2023/24

Prudential Borrowing

85. The ten-year Capital Programme includes a requirement to fund £248.8m through prudential borrowing. The latest borrowing expected to be taken in 2023/24 is £72.2m. The majority of this relates to schemes that have already been delivered but have, until now, been funded temporarily by borrowing from other funding sources within the Capital Programme to delay the need to apply the prudential borrowing. The borrowing in 2023/24 is expected to include a further £45m from the £120m agreed in 2018. £32m relates to additional investment in the Highways Asset Management Plan and £13m for general funding to support capital investment priorities. A further £5m for the £41.7m borrowing supporting the OxLEP City Deals programme, and the first drawdown of £20m supporting the £40.8m Street Lighting LED replacement programme.
86. The use of prudential borrowing will increase the Council's Capital Financing Requirement. The Council is required under statute to set aside a Minimum Revenue Provision to pay down the Capital Financing Requirement. Prudential borrowing is generally paid over 25 years. The Medium Term Financial Strategy takes account of this cost. As the Capital programme includes the OxLEP City Deal Programme, the borrowing costs relating to this scheme (for which the Council is the Accountable body) will be fully funded through Enterprise Zone 1 retained business rates.

Earmarked Reserves

87. The level of earmarked reserves has decreased by £26.5m from the previous reported position (Feb 2023), after taking account of the outturn position and the release of some of the pipeline provision approved as part of the capital priorities in February 2023 (Fleet Replacement, Zero Vision, Climate Action). This includes the capital programme contingency for the delivery of the current ten-year capital programme plus identified provisions.

Capital Reserves

88. The current level of capital reserves (including capital receipts and capital grants reserves) is approximately £190m. This is expected to reduce to approximately £43m at the end of 2025/26. The reduction is mainly due to the delivery of the Growth Deal Programme and the A423 Improvement Programme. Reserves can be used to temporarily fund schemes to delay the need for prudential borrowing or to help manage timing difference

between the delivery of schemes and the receipt of Section 106 funding. The level of reserves impacts on the cashflow of the capital programme and the overall Council Balances and is already factored into the funding of the overall capital programme.

Risk Management

89. As reported previously, there are a mix of factors continuing to impact on the deliverability and cost of capital schemes. Where those schemes are grant funded (particularly Housing & Growth Deal, HIF1 and HIF2) there is a risk that slippage could impact on the availability of grant funding as it is not possible to complete the scheme by the funding deadline. Inflationary pressures may also mean that costs increase further by the point the scheme reaches the construction phase eroding the value of the grant funding so that is insufficient to meet the revised scheme costs.
90. These risks are being managed through the council's capital governance process at both project and programme level and through the Strategic Capital Board. Where necessary action is being taken to adjust scheme deliverables and to use value engineering to maintain spend within the available funding. A deep dive of the Major Infrastructure Programme has been undertaken in June 2023 so that timelines, contingencies and risks for the major programme areas are transparent and understood.
91. Following a review of the council's strategic risk register in March 2023, the council will now be focussing on assessing and tracking seven strategic risks in 2023/24. One of these risks is "Major Infrastructure Portfolio Schemes become undeliverable". This will be reported through the Business Management & Monitoring Reports to Cabinet.

Financial Implications

92. The report sets out the planned investment and available funding for the ten-year Capital programme including the risks associated with the delivery of the programme.
93. The following risks are inherent within the funding of the capital programme:
 - Certainty over the timing and value of future capital receipts and Section 106 Contributions
 - Certainty over the receipt and security of future grant funding
94. If capital receipts or section 106 contributions are not received within the planned timeframe it may be necessary for the Council to temporarily fund capital expenditure through prudential borrowing. The council has a prudential borrowing reserve to help manage the revenue impact of additional prudential borrowing.
95. Where additional funding is required to fund schemes on a permanent basis this will need to be addressed by reducing investment elsewhere

within the programme (reprioritisation) or by permanently funding through prudential borrowing. This would require the identification of long term revenue funding as the Prudential Borrowing is usually repaid over 25 years through the Minimum Revenue Provision.

Comments checked by:
Lorna Baxter, Director of Finance

Staff Implications

96. There are no staffing implications arising directly from the report.

Equality & Inclusion Implications

97. There are no equality and inclusion implications arising directly from this report.

Legal Implications

98. In year changes to the capital programme must be approved by Cabinet in accordance with the Council's Financial Regulations. In particular paragraph 5.1.1(IV) sets out that where the total estimated resource allocation is above £1,000,000, then Cabinet can agree its inclusion into the Capital Programme, via the periodic Capital Report to Cabinet, based on the recommendations by Strategic Capital Board and the Section 151 Officer.

Comments checked by: Anita Bradley, Director of Law & Governance & Monitoring Officer

LORNA BAXTER
Director of Finance

Background papers:

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