

## 8 Scheme Funding & Deliverability

### *Chapter at a Glance*

This Chapter identifies the total scheme cost alongside the funding gap. Potential funding sources to address the gap such as the UK Infrastructure Bank, the Levelling Up fund and the Innovation fund are explored to enable scheme delivery. Funding source analysis was undertaken as at Summer 2021.

### 8.1 The Funding Gap

Identifying and prioritising strategic infrastructure requirements is just part of the challenge, with the securing of adequate funding often providing the greatest risk to its delivery.

Since the publication of the previous OxIS-17, there has been the release of the UK Government's National Infrastructure Strategy (HM Treasury, 2020) which outlines an increase in the level of central government funding with a particular focus on economic infrastructure, levelling up the UK and decarbonising the economy. It is hoped that this commitment will alleviate some previously identified funding gaps.

The total cost of the infrastructure schemes identified in OxIS Stage 1 for assessment to 2040 is £10.1 billion. Known funding for these projects currently stands at £77 million, with a further £2.9bn anticipated to be met by the private sector, resulting in a funding requirement of £6.4bn.

It is recognised that the strategic infrastructure schemes included within OxIS are reflective of the infrastructure types that are generally the responsibility of the county and transport authority to plan for provision of, and as such the funding requirement does not reflect the significant private sector funding that will be made in some sectors such as for energy and digital infrastructure. Even within the sectors that the county will provide infrastructure, the source of funding for some of these infrastructure projects will come from the private sector where there is a commercial opportunity.

It should also be noted that the funding requirements and gaps identified in this report are reflective of the infrastructure schemes that have been available to be assessed for OxIS Stage 1, and that where further infrastructure schemes are developed to meet needs gaps, additional funding will be required. Known funding figures have only been included in the summary where they are certain, and as such, there are potential, unallocated, funding pots that could also contribute to these infrastructure projects that have not been included due to their current uncertainty, such as Section 106 funds or competitive bidding funds. For example, of the schemes assessed in OxIS Stage 1 to 2040, 44% of the infrastructure schemes have noted an expectation to be funded, or part-funded through Section 106 or Community Infrastructure Levy funds.

Further to this, funding policy and opportunities have been constantly transforming over the last year as the country adapts to COVID-19 and reacting to the wider impact on society and business, looking to strengthen the economy through a focus on sustainable infrastructure that will increase resilience.

This section will cover some of the traditional routes to funding, an update on the funding opportunities identified in OxIS-17 and highlight emerging and new funding opportunities available for OxIS Stage 1. COVID-19 has significantly restricted the revenue streams available within the public sector, and within this report alternative opportunities available to the public sector have been identified to generate revenues that could contribute to the capital funding requirement.

This section will cover the current, known and emerging funding opportunities, however in the period to 2040 it must be acknowledged that both the resulting impact of COVID-19 and the increased political pressure to reach Net Zero by 2050 are known factors that will impact funding opportunities. Further to this, the requirement for resilience and diversity of funding opportunities continues to be of value to reduce risk. One of the key learnings from OxIS-17 (see Section 1.1.2) was the ability for a well-defined infrastructure strategy and needs identification to support closing the funding gap. The demonstratable growth and needs case for each infrastructure project as documented by the multi-criteria assessment supported funding applications. The OxIS Stage 1 report has aimed to address this.

### 8.2 Funding Responsibility & Streams

The responsibility for constructing and maintaining Oxfordshire's infrastructure falls upon a diverse group of public and private bodies, with an even more diverse array of funding streams (see Table 8-1).

Infrastructure Type	Sub-Category	Responsible for Building	Current Funding Streams
<b>IF1: Energy</b>	IF1A: District Heating Network	OCC, Councils, private energy/heat providers	Heat Network Delivery Unit, Private operator investment
	IF1B: Energy Transmission Network	National Grid, SSEN	Private energy provider investment
	IF1C: Gas Distribution Network	National Grid, SGN	Private energy provider investment
<b>IF2: Transport</b>	IF2A: Active Travel	OCC, Councils	Local authority, DfT competitive funds, OxLEP
	IF2B: Bus, Coach & Rapid Transit	Bus companies	Customer fares
	IF2C: Rail	Network Rail	Allocated funding under Control P6
	IF2D: Road	National Highways, OCC	National Highways, Local authority, DfT
	IF2E: Traffic Management	OCC, Councils	Local authority
	IF2F: Electric or Hydrogen Vehicle Charging Infrastructure	OCC, Private Companies, Social Enterprises	Local authority, private investment
	IF2G: Aviation	Private companies	Private investment.
<b>IF3: Flood Alleviation</b>	IF3A: Flood Alleviation	OCC, Environment Agency, District Councils	UK Government, Thames Water, RFCC, Partnership Funding Contributions, OCC, CIL
	IF3B: Sustainable Drainage	OCC, Thames Water	UK Government, Thames Water
<b>IF4: Education</b>	IF4A: Early Years Education Facilities	OCC, private providers	DfE/ESFA, private investment
	IF4B: Primary Schools	OCC, private schools	
	IF4C: Secondary Schools	OCC, private schools	
	IF4D: Higher Education Facilities	OCC, colleges, private schools	
	IF4E: Special Education Needs Schools	OCC, private schools	
<b>IF5: Digital Connectivity</b>	IF5A: Superfast Broadband Network	OCC, Councils, private operators	UK Government, private investment
	IF5B: Cellular Towers & Networks	Private operators	
<b>IF6: Innovation</b>	IF6A: Innovation Hubs / Labs	Private companies; social enterprises; universities	Local authority, private investment
<b>IF7: Green &amp; Blue Infrastructure</b>	IF7A: Green Infrastructure	OCC, Councils, Environment Agency	Local authority, Environment Agency, Water Utilities, Private Investment, Competitive/Grant Funding
	IF7B: Blue Infrastructure		
<b>IF8: Community &amp; Cultural</b>	IF8A: Museums, Tourist Attractions & Public Art	OCC, Councils, private companies	Local authority, private investment
	IF8B: Cemeteries & Crematoriums	OCC, Councils, Religious organisations	Local authority, religious organisations
	IF8C: Points of Interest	OCC, Councils, private companies	Local authority, private investment
	IF8D: Large Community Hubs	OCC, Councils	Local authority
<b>IF9: Sport &amp; Leisure</b>	IF9A: Indoor Sport Facilities	OCC, Councils, private companies	Local authority, private investment
	IF9B: Outdoor Sport Facilities		
<b>IF10: Primary Healthcare &amp; Adult Social Care</b>	IF10A: Health Centres	OCCG, NHS Hospital Trusts, NHS England, NHS Property Services, Community Health Partnerships	NHS England, competitive funds
	IF10B: Community Hospitals	OCC, private providers	
<b>IF11: Waste &amp; Recycling</b>	IF11A: Waste Processing Facilities	OCC, District Councils	Local authority, private investment
<b>IF12: Water Supply</b>	IF12A: Wastewater Treatment Plants	Thames Water	OFWAT (Customer charges)
	IF12B: Potable Water Supply		
<b>IF13: Emergency Services</b>	IF13A: Fire Stations	Oxfordshire Fire & Rescue Services	Central Government funding, council tax allocation
	IF13B: Police Stations	Thames Valley Police	
	IF13C: Ambulance Depots	South Central Ambulance Service NHS Trust	NHS England

Table 8-1: Infrastructure funding responsibility &amp; streams

## 8.3 Traditional Funding Streams

### 8.3.1 IF1: Energy

Energy infrastructure has historically been funded by the National Grid and electricity DNOs (Distribution Network Operator - see Section 4.2), supported by the revenue streams they generate from the users of the system. The increase in renewable energy is opening up the market to other commercial operators to generate and provide energy, with the potential to be funded through debt schemes such as Power Purchase Agreements and Energy Performance Contracts. Emerging commercial opportunities such as electric vehicle charging also provide an opportunity to change the traditional funding landscape of energy infrastructure.

### 8.3.2 IF2: Transport

**National Highways:** National Highways has traditionally been responsible for the funding and maintenance of the Strategic Road Network. Investment decisions for the Strategic Road Network are set out in the Road Investment Strategy 2: 2020-2025 (DfT, 2020). This represents less than 25% of the period for Stage 1 OxIS. In total RIS2 commits the Government to spend £27.4bn in the period up to March 2025. Within RIS2 is the strategic review of the Oxford to Cambridge Expressway, a project that has since been cancelled, demonstrating the evolving nature of funding within the public sector.

**OxLEP:** Local Enterprise Partnerships are a significant source of public funding to support economic development. Their role is to champion economic growth through sustainable job creation. They are able to bid for additional funding pots that provide targeted growth as required at a national level, such as the Getting Building fund in which Oxfordshire was awarded £8.4m.

**Network Rail:** The rail network and investment continue to be the responsibility of Network Rail (shortly to be taken over by Great British Railways). Most train stations and all train stock are owned by the train operators who bid for contracts to operate on the network (see Section 4.3). Strategic investment projects for the rail network are included in the Network Rail Delivery Plan (2019) which currently runs from 2019 to March 2024.

### 8.3.3 IF3: Flood Alleviation

Managing the risk of flooding from main rivers is the responsibility of the Environment Agency. OCCs as the Lead Local Flood Authority, are responsible for managing the risk of flooding from surface water, groundwater and ordinary watercourses. District Councils also play a vital role to plan flood alleviation infrastructure in their role as planning authorities. Where flooding is likely to impact wastewater contamination, the private sector, Thames Water may also be required to invest in infrastructure.

### 8.3.4 IF4: Education

**Basic Need Central Government Grant Scheme:** Basic need funding is a funding source provided by the Government to ensure that local authorities are able to meet their duty to provide school places in their local area. The allocations run two years in advance (i.e. funding allocations announced in 2021 should allow local authorities to meet the requirements of 2023). The total 2022-2023 basic funding need allocated to Oxfordshire was £3.4m. Currently for the period to 2040 OxIS has a funding requirement of £423m, of which £17m has been secured.

**Priority School Building Programme:** The Priority School Building Programme was established in 2011 to address schools with the greatest need for improvements and repairs. In 2020 the Government announced a £1bn funding pot to be allocated over 50 projects, however at the time of this report, no further details have been released and the March 2021 Budget focused predominately in supporting schools in “catch-up” education post COVID-19.

### 8.3.5 IF5: Digital Connectivity

Traditionally funding for digital connectivity has predominately been filled by the private sector for commercial purposes. The Government has set a target that 85% of properties will have access to gigabit-capable broadband by 2025, and it is predicted that commercial investors will deliver at least 70% of this capability, however rural areas continue to be uncommercially viable without further government subsidy for the infrastructure required.

To date, £5bn has been allocated by the Government in the years up to 2025 to meet the infrastructure requirements of their target, these funds sit in the UK Gigabit Programme and are delivered by Building Digital UK.

### 8.3.6 IF6: Innovation & Enterprise

Strategic infrastructure funding in Innovation & Enterprise is historically driven by LEPs, representing a collaborative funding approach between the private and public sector. Funds such as the “Getting Building Fund” (see Section 8.4.4) provide the central government funding with the private sector investing in projects as a commercial enterprise.

### 8.3.7 IF7: Green & Blue Infrastructure

The Environment Agency funds significant investment in capital assets for Green & Blue Infrastructure (see Section 4.8). In the year to March 2020, the EA funded £123m new assets under construction, however these were predominately focused on flood defences and alleviation.

### 8.3.8 IF8: Community and Cultural

Historically Section 106 agreements and the Community Infrastructure Levy have provided local funding for communities as a result of development within the same local planning authority. Changes to these funds have been proposed through the Planning for the future White Paper (MHCLG, 2020), first published in August 2020 to combine the two funds into one “Infrastructure Levy”. This change is currently under consultation and has, as yet, not been ratified. As at the end of 2020 all Local Planning Authorities were required to publish an Infrastructure Funding Statement, setting out their Section 106 and Community Infrastructure Levy funding. This statement sets out the proportion of funding that is allocated to parish councils, and the allocations made to infrastructure as at the statement date.

#### Section 106 Agreements

Section 106 of the Town and Country Planning Act (1990), enables a Local Planning Authority to attach conditions and secure financial contributions from a developer to mitigate a new development’s impact on the local community and infrastructure. Conditions can materialise as restrictions on land use, specified processes for development, and financial compensation for the Local Planning Authority (to then be utilised on appropriate measures to directly mitigate the development impact).

#### Community Infrastructure Levy

The Community Infrastructure Levy is a fixed-based tariff applied to qualifying new developments, agreed at a district council level. This funding supports the funding of infrastructure requirements arising as a result of new developments such as highways, leisure facilities, schools and community spaces. Following the amended Community Infrastructure Levy regulations in September 2019, local authorities are no longer required to produce a Regulation 123 list, in which infrastructure types for funding by Community Infrastructure Levy are pre-agreed. Local Authorities are currently proposing and agreeing appropriate rates of Levy per square meter of development.

Local Authority	Proposed/Approved Maximum Residential Community Infrastructure Levy Rate per SqM
Cherwell	£270 (under consultation)
Oxford	£149
South Oxfordshire	£182
Vale of White Horse	£340 (drafted)
West Oxfordshire	£300 (under consultation)

Table 8-2: Proposed/Approved maximum residential Community Infrastructure Levy rate by District Summer 2021

### 8.3.9 IF9: Leisure & Recreation

Increasingly the funding for Leisure & Recreation is being met through private operators of existing infrastructure. Combined with funds such as the Section 106 agreements and Community Infrastructure Levy, Councils are able to use both operating income combined with capital funding to meet the cost of providing new Infrastructure.

Additional, targeted funding for Leisure & Recreation infrastructure can be allocated by bodies such as Sports England, the National Lottery and the Arts Council. The schemes they look to fund are driven by the objectives of the organisation and their policy priorities.

### 8.3.10 IF10: Primary Healthcare & Social Care

Funding for primary care comes primarily through NHS England and their Estates & Technology Transformation fund. Historically funding was also provided through PFI or PF2 (Private Finance Initiative) where public private partnerships were created to enable the private sector to develop and supply infrastructure to the public sector under contract.

In 2018 the Government announced it would no longer use PFIs to fund new public infrastructure. In 2019 the Government announced their Health Infrastructure Plan (HIP1+2) funding 40 schemes to 2030. HIP3 (2030-2035) projects will be chosen based on an open consultation which will provide an opportunity to obtain funding for healthcare. In March 2021 the Minister of State for Health announced that the criteria for the 8 further projects under HIP2 will be announced imminently, and that the HIP will be refreshed to reflect the changing priorities of healthcare as a result of COVID-19.

### 8.3.11 IF11: Waste & Recycling

Funding for waste collection is funded at a district council level, services are often outsourced providing limited incentive for infrastructure investment which is made by the operator at a commercial level. Policy changes and contract requirements will dictate the infrastructure demands on the operator.

### 8.3.12 IF12: Water Supply

Water infrastructure has historically been the remit of Thames Water, a privately owned company. Performance of the company is monitored by OFWAT within a regulatory framework ensuring that the revenue raised is used to maintain and invest in water infrastructure. Customer fees generate revenue for Thames Water.

### 8.3.13 IF13: Emergency Services

Oxfordshire Fire & Rescue services and the Thames Valley Police are funded through a combination of local council tax funding and central government funding. In 2012 HM Treasury announced that funds raised from LIBOR (London Interbank Offered Rate) fines would be ring-fenced to support Emergency Services charities, such as the St John Ambulance. Whilst the fund is not directly funding the Emergency Services, these charities often play a significant supporting role in community events.

The Ambulance Service sits within the funding for NHS England, Ambulance Trusts are contracted through service level agreements with their local primary care trusts and CCGs (Clinical Commissioning Groups).

## 8.4 New & Emerging Funding Streams

### 8.4.1 UK Infrastructure Bank

The National Infrastructure Strategy, published in November 2020 (HM Treasury, 2020), identifies private investment as one of the key opportunities for acceleration of the delivery of new infrastructure, resulting in the creation of a new UK Government backed Infrastructure Bank. The bank will co-invest alongside private sector investors, offering guarantees through the existing UK Guarantees scheme, and will be able to offer debt, equity, and hybrid products. The bank will be able to lend to local authorities for key regional infrastructure projects. It will also be able to provide advice and support to these authorities on developing and financing projects.

The new bank has partly been created to fill the gap left by the European Investment Bank, following the UK's departure from the European Union. However, the bank will provide more targeted support than the European Investment Bank and will be better aligned with the UK Government's objectives.

The core objectives of the Infrastructure Bank will be to:

- Help tackle climate change, particularly meeting our net zero emissions target by 2050
- Support regional and local economic growth through better connectedness, opportunities for new jobs and higher levels of productivity

Key functions of the bank will include:

- Providing a range of financing tools across the capital structure including debt, hybrid products, equity and guarantees to support private infrastructure projects
- Provide loans to local authorities for strategic infrastructure projects
- Act as a centre of expertise and provide advisory support to projects
- Expand institutional investment in UK infrastructure

The Policy Design for the Infrastructure Bank (HM Treasury, 2021) states that loans will be available for high-value and strategic projects from Summer 2021. Utilising a combination of public and private finance the bank will look to provide finance to long-term, higher-risk projects that will enable them to meet the government targets set out above.

The bank will have a £22bn financial capacity consisting of £12bn for lending and investment and the authority to issue up to £10bn of guarantees. Of the £12bn ring-fenced for lending and investment, £4bn will be allocated to local authority lending.

Local authority projects will not need to be revenue generating, but the project will need to demonstrate that it is financially sound and that the local authority will have the ability to repay the loan.

#### 8.4.2 The Community Ownership Fund

The Community Ownership Fund will enable community groups to bid for up to £250,000 match-funding to enable them to secure local community assets that are at risk of being lost, to be run as community-owned businesses. In exception cases, up to £1m match funding may be available where that asset is a sports club, or ground. The first bidding round for the Community Ownership Fund will open in June 2021. Local authorities and parish councils will not be eligible to bid.

#### 8.4.3 Future High Streets Fund

The Future High Streets fund looks to adapt the existing high streets to prepare long-term strategies that will address the public's changing retail habits and co-fund investment in physical infrastructure that will improve public transport access, relieve congestion and support new housing and workspace development, particularly in place of under-used retail units. In 2019 100 towns received funds for projects, in 2020 a further 15 areas were awarded funding with 57 others awarded provisional funding offers.

#### 8.4.4 Getting Building Fund

The Getting Building fund is an infrastructure project fund that has been issued as a result of the pandemic to boost economic growth and fuel local recovery and jobs. The funding of Oxfordshire has been awarded to OxLEP and has been allocated to a programme of infrastructure projects.

#### 8.4.5 Green Recovery Challenge Fund

The second round of the Green Recovery Challenge Fund will award grants of up to £2m to environmental charities and their partners across England to create and retain jobs while restoring nature and tackling climate change. Projects much contribute to one of the following themes:

- Nature conservation and restoration
- Nature-based solutions, focusing on climate change mitigation
- Connecting people with nature

#### 8.4.6 National Home Building Fund

The National Home Building Fund is the programme of funding that incorporates the Levelling Up fund, the Brownfield Housing fund, the Brownfield Land Release fund, the Home Building fund, and Land Assembly fund, and several smaller programmes.

#### 8.4.7 The Levelling Up Fund

The Levelling Up fund was announced at the 2020 Spending Review (HM Treasury, 2020) to support communities in tackling the economic differences across the country. The fund will invest in local infrastructure that has a visible

impact on people and their communities across a range of investment priorities including local transport schemes, urban regeneration, and cultural assets. District councils will be entitled to submit one bid for every MP whose constituency sits within their district. County councils will be entitled to submit one transport bid. The fund will focus on projects up to a value of £20m, with an exception for high value transport projects that can have a value up to £50m.

The first round of funding in 2021-2022 will focus on three key areas:

- Smaller transport projects, including areas such as active travel, bus priority lanes, accessibility improvements. The impact on carbon emissions, air quality, congestion and economic growth will also be considered
- Regeneration and town centre investment to upgrade dated infrastructure, acquire and regenerate brownfield sites and bring community spaces into town and city centres
- Cultural investment repurposing, regenerating or maintaining existing museums, galleries and visitor attractions, as well as creating new community-owned spaces for the arts

All five districts within Oxfordshire sit within category 3 for funding, being the lowest priority, but still eligible for consideration and bids will be considered for funding on their merits of deliverability, value for money and strategic fit. The ability to commence delivery immediately will also be prioritised in the first round of funding.

#### 8.4.7.1 *Brownfield Land Release Fund*

The details of the Brownfield Land Release fund have yet to be provided by the government, the aim of the fund is to “support brownfield development, estate regeneration, development on public sector land and self and custom-build serviced plots in coming forward”. The fund will be open to English district councils.

#### 8.4.7.2 *Home Building Fund*

In the Spending Review 2020 (HM Treasury, 2020) a National Home Building Fund of £7.1bn over four years was announced to fund the private sector (to be administered by Homes England) with:

- A new “Help to Build” equity loan scheme for people who want to build their own homes, providing access to low deposit mortgages
- £2.2bn of loans for SMEs and innovative housebuilders to support new housing in areas it is needed most
- £100m of grant funding in 2021-2022 for unlocking brownfield sites

### 8.4.8 **The UK Shared Prosperity Fund**

The UK Shared Prosperity fund will seek to replace the funding for infrastructure that was previously met by the EU. The UK’s allocation of capital funding from the EU has been €16.4bn per annum over the period 2014-2019 (UK Parliament, 2021), the allocation was consistently underspent, with an actual spend in 2019 of just £7.6bn. In the 2020 Spending Review (HM Treasury, 2020), the UK Government committed to meet the average receipts from the EU, of £1.5bn per annum. The Spending Review 2020 set out the Heads of Terms for the Fund, which have yet to be agreed in Parliament. One of the key objectives includes investment in “*communities and place, including cultural and sporting facilities, civic, green and rural infrastructure, community-owned assets, neighbourhood and housing improvements, town centre and transport improvements and digital connectivity*”.

### 8.4.9 **Bus Back Better**

The DfT’s National Bus Strategy (DfT, 2021) sets out long term funding of £3bn to transform bus services in the UK. £300m has been ring-fenced for COVID recovery in 2021/22 and a further £120m to accelerate the delivery of zero emission buses (see 8.4.10 below). As part of the strategy, all Local Traffic Authorities are expected to publish a local Bus Service Improvement Plan by October 2021, enabling them to apply for the Bus Service Operators Grant which supports less commercially viable bus routes. £25m has been made available to Local Traffic Authorities to form Enhanced Partnerships and develop their Bus Service Improvement Plans. These plans will influence the share of the £3bn funding that each Local Traffic Authorities receives. Projects from the Oxfordshire Bus Service Improvement Plan have been included in OxIS.

#### 8.4.10 Zero Emission Bus Regional Areas (ZEBRA) Scheme

The Government has issued a call for interest in a scheme to roll-out 4,000 zero emission buses. The scheme will consist of a two-stage competition, phase 1 assessing the places that have the greatest potential and phase 2, a business case development stage. Local authorities with developed zero emission bus strategies can fast-track the process and will be eligible for funding at an earlier stage. A local transport authority can only submit one application under the ZEBRA scheme. The fast-track process has a funding pot of up to £70m available, with the standard process providing a funding pot of £50m. There is an expectation that funding requests will be approximately £25m-£35m, the DfT will contribute up to 75% of the cost difference between a zero emission bus and a standard diesel bus of the same passenger capacity. Infrastructure will also be funded at 75% of the total capital expenditure incurred as a result of its purchase and installation.

#### 8.4.11 Innovation Funding

There is significant central government investment into research and development; particularly in connection with decarbonising the economy. Whilst these are often administered through competitive competitions, they offer an opportunity to fund feasibility or pilot stage infrastructure investment.

Oxford City have already seen some success in this area with their £10.9m award from the BEIS's Public Sector Decarbonisation Fund.

The scope of each competition is different, but this funding stream may suit projects involving district heating network, renewable energy generation, smart infrastructure and internet of things applications.

Oxfordshire has a strong history of winning innovation funding competitions to enable it to fund cutting-edge advancements within the county.

#### 8.4.12 Green Homes Grant and Social Housing Decarbonisation Fund

Whilst the Green Homes Grant for individual applications has come to an end, the Government has provided a Local Authority Delivery phase to improve the efficiency of homes on the Gas network. In addition to this, the Social Housing Decarbonisation Fund has announced further funding of £160m to be available for bidding in Autumn 2021 in order to improve energy efficiency in social housing.

#### 8.4.13 Home Upgrade Grant

The Home Upgrade Grant (HUG) represents a pledge from Government to support low income households to develop energy efficiency homes across England. This funding looks to support houses off the gas network in the UK and enable the installation of multiple measures that will improve energy efficiency performance. This is well placed to drive retrofit where the financial cost will be one of the biggest barriers.

#### 8.4.14 Environmental Land Management: Landscape Recovery

This funding has not yet been released, however in 2022 the Government will support 10 pilot schemes to restore wilder landscapes, large-scale tree planting and peatland and salt marsh restoration followed by further funding in 2024. This funding could support Oxfordshire in landscape and ecosystem recovery.

#### 8.4.15 National Lottery Community Fund

The National Lottery Community Fund supports the funding of projects that “support communities and people across the UK to thrive”. This can cover capital costs (buildings and land improvements) and revenue costs. Example projects previously funded include community centres, community energy infrastructure.

#### 8.4.16 DfT National Rail Enhancements

The Rail Enhancements pipeline funding covers enhancements to rail infrastructure that will increase capacity or provide technical improvements to how the railway runs. This funding stream sits outside of the historic five-year cycle of infrastructure investment. The fund will not cover operations, maintenance or renewals.

### 8.5 Borrowing

There are multiple avenues of borrowing available to support strategic infrastructure identified in OxIS Stage 1.



### 8.5.1 Bonds

Bonds enable local authorities to raise capital for specific projects. The ability to repay the bond capital, with interest in the future is fundamental. Green investment bonds were created to fund projects that have positive environmental and/or climate benefits, these bonds, issued by local authorities are increasingly seen on crowdfunding websites as a stable investment for private funders to support green investment.

Alternative avenues for raising bond finance include the UK Municipal Bonds Agency that looks to reduce the cost of long-term finance for local authorities at a cost that is lower than the Public Works Loan Board.

### 8.5.2 Public Works Loan Board

The Public Works Loan Board lending facility is operated by the UK Debt Management Office on behalf of HM Treasury to provide loans to local authorities from the National Loans Fund. Interest rates and the lending policy are set by HM Treasury with day-to-day operations maintained by the UK Debt Management Office. Only OCC would be eligible to take out a Public Works Loan Board loan.

### 8.5.3 Tax Increment Financing

A Tax Increment Financing deal allows local authorities to borrow against the value of uplifts in local taxes, business rates, as a result of infrastructure investment. To date, Tax Increment financing schemes have only been based on business rate revenues, the certainty of which has been significantly decreased throughout 2020 and 2021 as a result of COVID rate-relief schemes.

### 8.5.4 Business Rate Retention Scheme

The Business Rates Retention scheme is a scheme developed by central government to enable local councils to retain a higher proportion of business rates revenue. The additional revenue generated by this scheme could be used to fund infrastructure projects. All authorities that have increased their business rate retention have agreed to forego other income streams such as the Revenue Support Grant, the Improved Better Care Fund, Highways Maintenance Capital Grants amongst others.

## 8.6 Current Scheme Funding

The funding gap has been broken down by infrastructure type in Figure 8-1. Figure 8-2 shows the funding requirement for transport schemes specifically (representing the largest number of schemes assessed).

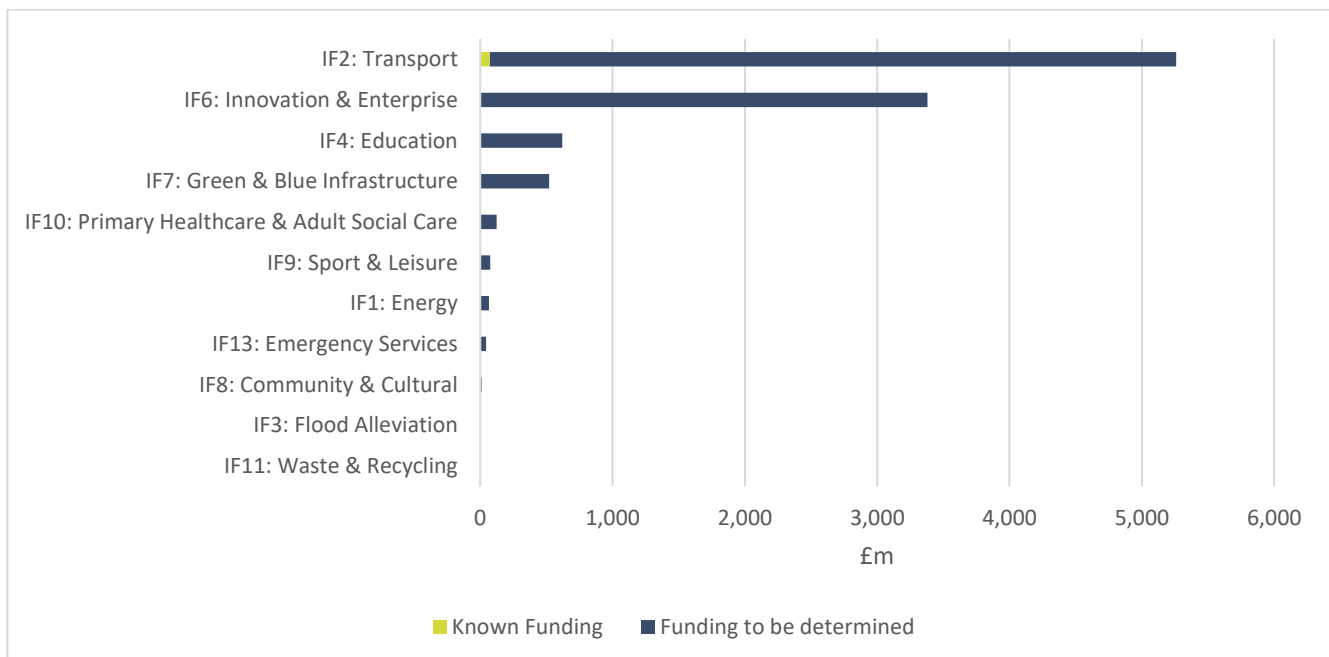


Figure 8-1: Strategic infrastructure projects by type identifying total cost split by known funding and funding gap [Note this excludes costs for Schemes ORC8 nad ORC17]

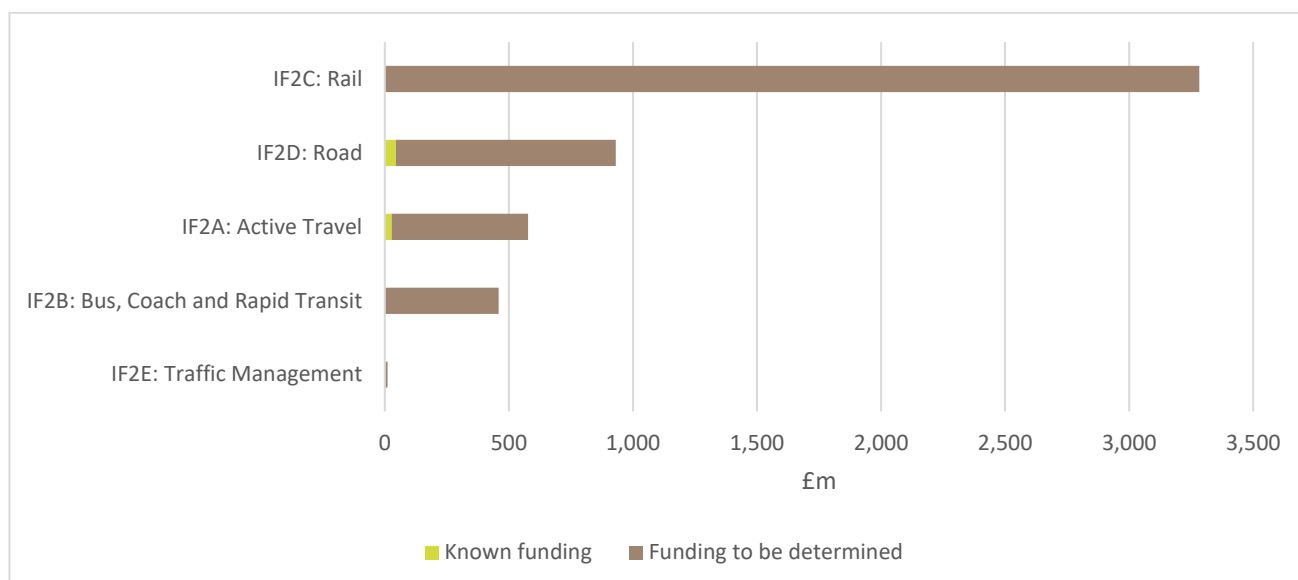


Figure 8-2: Sub-infrastructure types for transport showing total cost split by known funding and funding gap [Note this excludes costs for Schemes ORC8 nad ORC17]

The ten largest Schemes appraised in OxIS make up 63% of the funding requirement (see Table 8-3). Consistent with Figure 8-1 and Figure 8-2 these schemes are Transport, Innovation and Enterprise and Education schemes. In Table 8-3 we have reviewed the funding requirement for each of these schemes to better understand the funding opportunities available.

Scheme	Infrastructure Type	Total Cost Estimate	Known / Secured Funding	Funding Opportunities
OIP20: West’s End Global Innovation District	IF6A: Innovation Hubs / Labs	£1.53bn	£1.48bn to be raised from public sector finance	£46m is required from the public sector. Key funds such as Getting Building funding, and Innovation funding should be exploited. In addition, the revenue generating business park could provide sufficient security for loan funding.
ORC6: Grade Separation of Didcot East Rail Junction	IF2C: Rail	£1.3bn		Delivery partners are DfT and Network Rail. Funding will be the responsibility of Central Government.
OIP8: Locate Oxford Global Innovation Campus	IF6A: Innovation Hubs / Labs	£1.3bn	£1.2bn to be raised from public sector finance	Public funding of £90m is required. Key Funding streams include Getting Building funding and Innovation funding.
ORC1: Oxford Station Additional Through Platform & Associated Line Capacity Upgrades	IF2C: Rail	£675m		Delivery partners are the DfT and Network Rail. Funding will be the responsibility of Central Government.
VoWH106: Restoration of the Wilts and Berks Canal from Melksham to Swindon, Wantage/Grove and Abingdon	IF7A: Green Infrastructure	£500m		Delivery partners are Wiltshire, Swindon & Oxfordshire Canal Partnership. Funding could be sourced from the private sector if the partnership can estimate the carbon capture value of the scheme and demonstrate the opportunity for carbon offsets.
ORC14: Grove – rail line loop extension and additional crossovers	IF2C: Rail	£304m		Delivery partners are the DfT and Network Rail. As a national project that intersects Oxfordshire, funding will be the responsibility of Central Government.

Scheme	Infrastructure Type	Total Cost Estimate	Known / Secured Funding	Funding Opportunities
OIP1: The Energy Systems Accelerator	IF6A: Innovation Hubs / Labs	£172m	£76m to be raised from public sector finance	Public funding of £96m is required. Key Funding streams include Getting Building funding and Innovation funding.
OC31: Eastern Bypass A423 / A3133 Kennington to Cowley Bus Priority Improvement Scheme	IF2D: Road	£158m		Potential funding streams may emerge from the Bus Back Better Strategy and the Government's focus on increasing public transport uptake.
ORC15: Oxford North Rail Junction – additional line bypassing junction on Up side	IF2C: Rail	£142m		Delivery partners are the DfT and Network Rail. As a national project that intersects Oxfordshire, funding will be the responsibility of Central Government.
ORC8: Didcot Goods Line upgrade & line extension to Milton Junction	IF2C: Rail	£140m		Delivery partners are the DfT and Network Rail. As a national project that intersects Oxfordshire, funding will be the responsibility of Central Government.

Table 8-3: A summary of the 10 highest cost Infrastructure Schemes

Whilst the graph in Figure 8-2 appears to highlight a significant funding gap for Transport, for 78% of the schemes (as identified in Table 8-3) funding will primarily be sourced from Central Government and the DfT. DfT capital expenditure for the South East (incorporating Oxfordshire) has averaged £2.1bn per annum over 2015-2019. In the year 2019/20 this expenditure increased by 31% to £3bn.

Innovation & Enterprise has a public sector funding gap of just 14% (£475m), the remaining funding requirement has been designated as private sector funding. The security of the private sector contributions has not been assessed and it therefore not yet guaranteed and is shown as unknown also. This level of private sector and commercial investment is not reflected in other infrastructure types due to commercial sensitivities. In some areas of infrastructure, such as Energy and Digital, the development of schemes is fully managed by the private sector. Where this is the case, it can obscure the visibility of both the funding need and the funding commitment. The propensity for private sector funding has been reflected in Table 8-5.

The result of this is that, in some cases funding for specific infrastructure will appear low if considered without the wider context. A good example of this is Digital – there is an expectation that full fibre in urban areas will be fully funded commercially by the private sector. Commercial sensitivities also limit the degree to which schemes have been listed.

Figure 8-1 therefore shows no funding need for IF5 and IF12 and no funding committed. This is clearly not the case. This dynamic is further explored in Table 8-1 that reviews Infrastructure Funding Responsibilities and Streams.

Of the schemes assessed, 44% of the schemes expect to derive some, or all, of their funding from developer contributions (Either Section 106 or Community Infrastructure Levy, see Section 8.3). However, in real terms, this represents just 15% of the funding requirement with the total cost of these schemes totalling £1.5bn. As at 31/03/2020, Oxfordshire released a Section 106 Infrastructure Funding Statement (OCC, 2020) identifying secured funding totalling £257m. Community Infrastructure Levy charges remain with the district councils, as at 31/03/2020 only three of the five district councils had formally adopted Community Infrastructure Levy policies, and the summary of their funds is shown below at that date.

District Council	Funds secured as at 31/03/2020
Oxford City (Oxford City Council, 2020)	£13m <sup>1</sup>

Vale of White Horse (Vale of White Horse District Council, 2020)	£11.8m
South Oxfordshire (South Oxfordshire District Council, 2021)	£8.3m
<p><b>Notes:</b>  <i><sup>i</sup> Within the Statement, £11.7m of this funding has been allocated to specific projects</i></p>	

Table 8-4: Community Infrastructure Levy Funds as at 31/03/2020

## 8.7 Summary

Whilst this analysis highlights the funding gaps for known infrastructure schemes, Table 8-5 looks to provide an indication of funding availability by OxIS Infrastructure Type.

An example of this could be the Environmental theme, where there have been insufficient schemes proposed to meet the needs of Oxfordshire to 2040 (see Section 6.5), but where we have identified specific funding available to meet that theme, across most infrastructure types. Using this knowledge, schemes can be planned that can target the funding opportunities whilst addressing the needs of the county.

	IF1: Energy	IF2: Transport	IF3: Flood Alleviation	IF4: Education	IF5: Digital	IF6: Innovation	IF7: Green & Blue	IF8: Cultural	IF9: Sport and Leisure	IF10: Healthcare	IF11: Waste and recycling	IF12: Water and Wastewater	IF13: Emergency Services
Basic Need Central Government Grant Scheme				✓									
Priority School Building Programme				✓									
Section 106 agreements		✓		✓				✓	✓	✓			
Community Infrastructure Levy		✓	✓	✓				✓	✓	✓			
Health Infrastructure Plan 3										✓			
UK Infrastructure bank	✓	✓					✓						
Innovation funding	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
The Community Ownership Fund						✓		✓	✓				
Future High Streets Fund		✓				✓		✓					
Getting Building Fund	✓				✓	✓		✓					
Green Recovery Challenge							✓	✓					
The Levelling Up Fund		✓			✓	✓		✓					
Brownfield Land Release Fund						✓							
Home Building Fund						✓							
UK Shared Prosperity Fund		✓		✓	✓	✓	✓	✓	✓				
Zero Emission Bus Regional Areas Scheme		✓											
Landscape Recovery							✓						
National Lottery Community Fund	✓	✓	✓	✓		✓	✓	✓	✓	✓			
DfT National Rail Enhancements		✓											
Bonds	✓			✓	✓	✓		✓	✓	✓			✓
Public Works Loans Board	✓			✓	✓	✓		✓	✓	✓			✓
Tax Increment Financing	✓			✓	✓	✓		✓	✓	✓			✓
Business Rate Retention	✓			✓	✓	✓		✓	✓	✓			✓
Propensity for Private Sector Funding	✓				✓	✓		✓	✓		✓	✓	

Table 8-5: Funding opportunities related to key infrastructure types