

CABINET – 17 OCTOBER 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, noting the return of £1.2m corporate funds from the Defect Liability Programme.

Additions to the Capital Programme

3. Approve the inclusion of Oathill Lodge - a Children's Residential Home - into the Capital Programme, releasing £2.528m of funding agreed by Council in February 2023 (paragraph 56).
4. Approve the inclusion of Greenways, Wootton - a Children's Residential Home - into the Capital Programme, releasing funds of £2.065m agreed by Council in February 2023 (paragraph 58).
5. Approve the inclusion of Thames Path Bank Repairs into the Capital Programme using £1.5m of earmarked reserves approved by Council in February 2023 (paragraph 60).

Grant funding Bids

6. Agree to proceed with a bid for Local Electric Vehicle Infrastructure Funding and to seek permission to enter procurement (paragraph 62).
7. Agree to proceed with a bid for the Property Decarbonisation Programme funding (paragraph 64).

Executive Summary

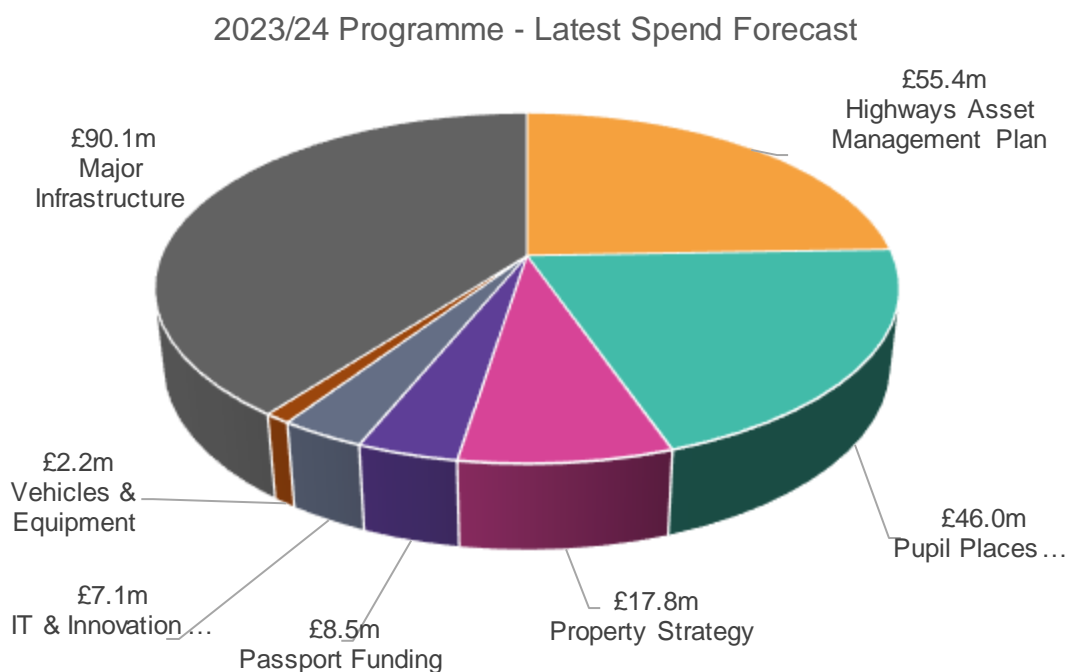
2. The Council's Strategic Plan has set out a clear vision for the county, centred around strong local communities, healthy places to live, and a zero-carbon economy that benefits everyone. The strategic plan has nine priorities with a set of objectives for each. The capital and investment strategy agreed 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 second quarterly capital programme update and monitoring report for 2023/24 and sets out the monitoring position based on activity to the end of Aug 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 also incorporates changes agreed through the Capital Programme Approval Reports to Cabinet during the year as well as new funding.
6. The forecast programme expenditure for 2023/24 is £226.9m (excluding earmarked reserves). This has decreased by £21.9m compared to the latest capital programme for 2023/24 approved by Cabinet in July 2023. The updated programme 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 £1,269.5m. The updated capital programme summary is set out in Annex 2. The main changes since the report to Cabinet in July 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:



12. This is the second 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 August 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 £226.9m (excluding earmarked reserves). This has decreased by £21.9m compared to the latest capital programme approved by Cabinet in July 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 July 2023 by strategy area:

Strategy Area	Last Approved Programme 2023/24 * £m	Latest Forecast Expenditure 2023/24 £m	Variation £m
Pupil Places Plan	47.3	46.0	-1.3
Major Infrastructure	110.8	90.1	-20.7
Highways Asset Management Plan	55.1	55.4	+0.3
Property Strategy	17.7	17.7	+0.0
IT, Digital & Innovation Strategy	7.1	7.1	+0.0
Passported Funding	8.6	8.4	-0.2
Vehicles & Equipment	2.2	2.2	+0.0
Total Strategy Programmes	248.8	226.9	-21.9
Earmarked Reserves	0.5	0.5	+0.0
Total Capital Programme	249.3	227.4	-21.9

* Approved by Cabinet 18 July 2023

15. Actual capital expenditure at the end of August 2023 was £67.9m. The combined spend to date and current forecasted in-year commitments for the Capital Programme is £141.0m or 62% of the revised estimate for the year. The rate of expenditure is expected to increase in the remaining months of the year due to several major infrastructure schemes reaching the construction stage.

Pupil Places Plan

16. Forecast expenditure for the Pupil Places Plan is £46.0m. The decrease of £1.3m compared to the latest budget for 2023/24 reflects the latest forecasted expenditure profiles on the delivery timeframe on the various projects in the programme. The planned scheme spend incorporates the Basic Need and Growth Portfolio Programmes as well as Schools' Structural Maintenance.
17. The Basic Need Programme is forecasting expenditure of £13.6m. This has increased by £1.4m compared to the latest approved budget and includes the following six projects that have been completed or are in the construction phase:

Completed:

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

- Glory Farm Primary School, Bicester – replacing 4 temporary classrooms delivered by Bernwode Schools Trust via a funding agreement.

In Construction:

- 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.
- 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 through a funding agreement, they continue to be monitored through the Council’s governance procedures.

18. The in-year increase in forecast spend reflects a combination of additional costs for the Aston and Cote Primary School project and the reprofile and additional costs on the relocating of the Oxford Hospital School. It also includes provision for the purchase of land for the future expansion of Stanford-In-The-Vale Primary School.
19. The Growth Portfolio Programme has a forecast expenditure of £27.0m, a decrease of £1.4m. It 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. The Omnia Learning Trust were able to move into the school on 11th September under a partial possession enabling the school to open and operate as planned whilst the remainder of the works are completed by ISG leading to a full Practical Completion scheduled for the October half term.
 - Graven Hill Primary School, Bicester – a new school to create 420 primary places and 90 nursery places and being delivered by the housing developer. This achieved Practical Completion and was successfully handed over to the Warriner Multi Academy Trust to welcome pupils from the 11th September 2023.
 - 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. This achieved Practical Completion and was successfully handed over to the Vale Academy Trust to welcome pupils from the 18th September 2023.

- Shrivenham CE Primary School – a new school to create 315 primary places and 75 nursery places, is still under construction and will be completed in time for the Summer Term 2024.

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

20. The decrease in in-year spend is due to several factors including that the Folly View Primary School project was able to be delivered without using the contingency and risk provision, these have been reprofiled and that the total project cost will reduce. In addition, the forecast for Shrivenham CE Primary School has been re-profiled in-line with the construction programme meaning that some of the spend (£1.8m) will take place in 2024/25.
21. 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.
22. It is expected that the current £6m budget for the School Structural Maintenance Programme will incur expenditure of £4.7m in year on projects including new boilers, roof replacements, improvement to school structure and fire alarm replacement. The balance will be carried forward into 2024/25.
23. Condition surveys of all maintained schools have been completed and these will be used to prioritise investment requirement. Energy surveys will be delivered over 2023/24 and 2024/25.
24. There were a total of 35 school projects within the School Structural Maintenance Programme:
 - 15 projects are complete,
 - 8 projects are on site/in construction,
 - 6 projects to be completed by end of 2023/24,
 - 5 projects will be carried forward into 2024/25,
 - 1 project is on hold as the school is now an academy converter.

Major Infrastructure

25. The latest forecast position for the Major Infrastructure Programme is £90.1m. The programme is divided into sub-programme areas as shown in the table below. Overall, there is a reduction of £20.7m compared to the latest capital programme budget.

Major Infrastructure	Latest Budget	Latest Forecast	Variation
	£'000	£'000	£'000
Housing Infrastructure Fund 1 (HIF1)	19,700	6,300	-13,400
Housing Infrastructure Fund 2 (HIF2) & A40	25,592	23,631	-1,961

A423 Improvement Programme	3,000	3,500	+500
Active Travel Phase 3	2,400	2,200	-200
Banbury & Bicester	4,759	3,509	-1,250
Oxford	16,029	16,841	+812
South & Vale	12,494	8,394	-4,100
Major Infrastructure Sub-total	83,974	64,375	-19,599
Other Programmes	26,784	25,714	-1,070
Major Infrastructure – Total	110,758	90,089	-20,669

HIF1 Programme

26. The forecast of £6.3m for the HIF1 programme in 2023/24 reflects the impact of the decision to refuse Planning permission and the Secretary of State's call-in, resulting in a significant delay whilst the Compulsory Purchase Order and Planning Inquiries take place. The forecast is based on the minimum cost to keep the programme on hold, whilst awaiting a decision on planning. Dialogue continues with Homes England and formal funding arrangements within this temporary phase are being finalised.

HIF2 & A40

27. The HIF2 & A40 programme in-year forecast of £23.6m is £1.9m less than the latest budget. This is mainly due to the HIF2 A40 Smart Corridor programme, where dialogue is continuing with Homes England to formalise the agreement of a rescoped programme. The forecast is likely to change further depending on the outcome of this dialogue.
28. The Eynsham Park & Ride programme is progressing well through the construction phase.

Growth Deal Programme and Other Funding

29. This programme is forecasting spend of £28.7m in 2023/24, £4.5m less than the latest approved budget.
30. £3.5m of this variation relates to the Wantage Eastern Link road (WELR) scheme, where the original budget phasing assumed construction would be completed in 2023/24. While the scheme has commenced on site, the completion of the works is now scheduled for 2024/25.
31. Key Oxford Core schemes, including the Oxford Traffic Filters and the wider Zero Emission Zone (ZEZ) Scheme are progressing through the Business Case stage for formal inclusion into the capital programme.

Integrated Transport Programme

32. The Integrated Transport Programme is forecasting year end spend of £25.7m, a reprofile of £1m compared to the current budget. The main element of this programme includes the Zero Emission Bus Regional Areas (ZEBRA) programme. Confirmation of the in-year delivery and spend levels have been provided for the ZEBRA payments to the Bus companies.

Highways Asset Management Plan

33. The total in-year capital forecast for 2023/24 is estimated to be £55.4m, an increase of £0.3m compared to the latest budget. The programme is divided into 4 sub-programme areas as shown in the table below:

Highways Asset Management Plan	Latest Budget	Latest Forecast	Variation
	£'000	£'000	£'000
Structural Maintenance Annual Programme	35,385	35,839	+454
Improvement Programme	2,800	2,880	+80
Structural Maintenance Major Schemes	15,939	15,680	-259
Other Programmes	1,020	1,000	-20
Highways Asset Management Plan – Total	55,144	55,399	+255

34. 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.
35. The annual Structural Maintenance Programme plans to invest £35.8m. The forecast has increased by £0.5m compared to the latest budget, 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 is also pre-works for next year's programme, however these schemes are not included in this number.
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.

Project	Schemes/ Units Planned	Comments
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 IODS and covers all the unclassified roads and footways within the City.

36. The annual Improvement Programme is forecasting to spend £2.9m 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.
37. Structural Maintenance Major Schemes are forecasting to invest £15.7m and the table below shows the key planned deliverables for 2023/24:

Project	Schemes/ Units Planned	Comments
Electrical	6,513	LED Replacement units being 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.

Property Strategy

38. The Property Strategy is forecasting expenditure of £17.7m in 2023/24, There is no change compared to the latest budget.
39. The programme is forecasting to spend £6.0m 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 (two four bedroom houses and two six bedroom houses) to support solo provision for children with autistic spectrum disorders and children who have experienced adverse childhood experiences.
40. The corporate estate condition programme is forecasting to spend £3.8m 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. £1.2m corporate funding is not now required by the Defect Liability Programme and this will be added to capital programme reserves for future priorities. A review of the programme will take place as part of 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.

41. The Environmental & Climate Change programme is forecasting to spend £5.3m during 2023/24. This includes the various grants through the Green Home Grant / Sustainable Warmth Fund.
42. 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
43. A further £6.4m 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, Liquid Petroleum Gas (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.

Local Electric Vehicle Infrastructure (LEVI)

44. The council has worked with Oxford Direct Services (ODS) to progress two Innovate UK funded projects to develop and pilot the 'Gul-e' – a sub-surface channel, permanently installed into the footway, which secures an Electric Vehicle (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 is planned to deploy 500 cable gullies across Oxfordshire over the next two and a half years, starting late in 2023. The business case around the contribution from residents will be finalised by Spring 2024, 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. The forecast spends in 2023/24 is around £0.2m, the £0.5m balance is to be spent in 2024/25 and 2025/26. The project is expected to be completed by 2025/26.

IT, Innovation & Digital Strategy

46. Forecast expenditure for 2023/24 is £7.1m and there is no change compared to the latest budget.
47. The Rural Gigabit Hub Sites programme commenced in 2021/22 and is progressing well and on schedule with a further £3.7m of externally funded 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 such as village halls. The programme is currently underspent against its allocated budget and this position is being reviewed with the supplier to see whether additional community buildings can be delivered within the existing budget envelope.
48. 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 to meet savings built into the 2023/24 budget will be achieved by these improvements.
49. 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.
50. The Children’s Services Education System project has been completed. Work is now focussed on working with the service to consolidate the improvements implemented.
51. Forecast spend on other IT Innovation and Digital capital funded projects in 2023/24 includes:
 - £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 vehicle use by the council.
 - £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.

- £0.2m on replacing public network PCs in libraries and community sites to improve their performance, reduce downtime so more availability for residents, and make them more energy efficient.

Passported Funding

52. Expenditure for 2023/24 is forecasted to be £8.4m, a decrease of £0.2m compared to the latest budget.
53. The Disabled Facilities Grant for 2023/24 announced in May 2023 confirmed funding of £6.658m as per the forecast within the capital programme. This funding, which is part of the Better Care Fund, is issued to the County Council but has to be passed directly on to the City and District Councils in accordance with the grant determination. An additional grant of £0.581m was received in September 2023 and this has been included within the capital programme.
54. To utilise remaining funding from the Local Growth Fund (LGF), funding of £0.7m has been provided to the A423 Improvement Programme (Inc Kennington Bridge). The LGF programme is managed by Oxfordshire Local Enterprise Partnership (OxLEP). LGF Grant funding is received by the Council on behalf of OxLEP in the Council's role as Accountable Body.

Vehicles and Equipment

55. Expenditure for 2023/24 is forecasted to be £2.2m, no change compared to the latest budget.

CAPITAL GOVERNANCE APPROVALS

Property Strategy

Children's Services Residential Programme, Emotional Behaviours Disorder Home – Oathill Lodge, Enstone, Chipping Norton.

56. To support the sufficiency strategy for placements for Children We Care For, Children's Services plan to deliver four additional children's homes. An extensive search has been carried out across the County to identify properties on the open market. 'Oathill Lodge' has already been operating as a Children's Home for 15 years and will give children the opportunity to live and thrive within a settled and safe community within easy reach of amenities. The property meets the requirements for the Large Emotional Behaviour Disorder (EBD) Home set out in the Business Case proposal for 50:50 joint funding approval by DfE and Cabinet (5 December 2022).
57. Approval is required to release £2.528 of funds within the Children's Homes Programme, agreed by Council in February 2023, to purchase Oathill Lodge and fund the cost of adaptation and refurbishment.

Children's Services Residential Programme Solo Home 2 – Greenways Wootton

58. A second property has been identified, 'Greenways' Wootton, to support the delivery of the four additional children's homes. The property meets the requirements for the Small Solo Children's Home set out in the business case proposals for 50:50 joint funding approval by DfE and Cabinet (5 December 2022).
59. Approval is required to release £1.934m of funds within the Children's Homes Programme, agreed by Council in February 2023, to purchase Greenways, Wootton and fund the cost of adaptation and refurbishment.

Environment & Climate Change

Thames Path Oxford – Bank Repair & Reconstruction Programme

60. The Thames Path is a Public Right of Way and the responsibility of the county council to maintain as the Highway Authority. The towpath is failing in several sections over a length of approximately 1.5km. If work is not carried out the towpath, it may result in needing to be closed to the public.
61. To progress this work, approval is required to add this scheme into the Capital Programme. Cabinet is recommended to release £0.023m to complete design and procurement and to approve the drawdown of £0.529m of the £1.5m funding agreed by Full Council in February 2023 to complete the first phase of work.

Capital Funding Bids

IT, Digital and Innovation Strategy

Oxfordshire Local Electric Vehicle Infrastructure Programme (OXLEVI)

62. OXLEVI is the Oxfordshire Local Electric Vehicle Infrastructure Programme led by OCC in collaboration with Oxfordshire's district councils.. The programme seeks to support the transition to electric vehicles across Oxfordshire with a focus on supporting residents who need access to public EV charging due to their off-road parking.
63. Approval from Cabinet is required to enter the bid.

Property Strategy

Property Decarbonisation Programme

64. The strategic approach to the development of the Decarbonisation Programme to set a programme of works up to 2030 has been conducted in line with the energy hierarchy, with a focus on energy efficiency measures prior to an increase in renewable energy. To support the programme, the Council can bid for grant funding through the Public Sector Decarbonisation Scheme.
65. Approval is from Cabinet is required to enter the bid.

Major Infrastructure

- A423 Improvement Programme (Including Kennington Bridge)
66. The A423 Kennington Rail Bridge is a crucial part of the Environment Agency's Oxford Flood Alleviation Scheme (OFAS) as floodwater from the scheme needs to pass under it to re-join the River Thames and ensure the efficient movement of water through the floodplain. The current capacity of the channels under the bridge are too small to meet OFAS requirements, and the scheme requires larger channels in this location.
 67. The initial proposal as part of the OFAS was to construct two new culverts within the A423 road embankment either side of the Kennington Rail Bridge. The culverts would carry the flood flows beneath the A423, either side of the bridge. However in mid-2019, the Council determined that the bridge needed to be replaced. At that stage they also advised that due to the bridge's current poor condition, it would be unsafe to build the proposed new culverts immediately adjacent to it.
 68. As the existing bridge is due to be replaced, it was agreed as part of the project to enlarge the Hinksey streams under the bridge's side spans to achieve the required increased flood flow capacity for the flood scheme.
 69. The integration OFAS with the replacement of Kennington Railway Bridge is now the most efficient way to deliver the OFAS and realise its wide-reaching benefits. The funding from the Housing Infrastructure Fund Marginal Viability (HIFMV) will be used to enable the OFAS to be delivered.
 70. It is proposed that the Council can accept £2.0m of HIFMV funding to be spent on design costs for the A423 Kennington Improvement Programme by 31 March 2024 from Oxford City Council due to linkage with the Environment Agency Oxford Flood Alleviation Scheme. This £2.0m will be passed to the Environment Agency when they start construction. The final version of the agreements between OCC, Oxford City Council and the Environment Agency will be subject to standard OCC governance arrangements.

Ten Year Capital Programme Update

71. The total ten-year capital programme (2023/24 to 2032/33) is now £1,269.5m (excluding earmarked reserves) and has increased by £3.9m compared to the capital programme approved by Cabinet in July 2023. A summary of the updated capital programme is set out in Annex 2. The following table summarises the variations by strategy. The main reason for the increase is the release of some pipeline provision approved as part of the capital priorities in February 2023, closedown of projects and the addition of Section 106 contributions supporting projects already in the capital programme.

Strategy Area	Last Approved Total Programme (2023/24 to 2032/33) *	Latest Updated Total Programme (2023/24 to 2032/33)	Variation
	£m	£m	£m
Pupil Places Plan	228.3	227.7	-0.6
Major Infrastructure	684.8	687.3	+2.5
Highways Asset Management Plan	243.5	245.6	+2.1
Property Strategy	54.7	54.7	0.0
IT, Digital & Innovation Strategy	12.9	12.9	0.0
Passported Funding	14.6	14.5	-0.1
Vehicles & Equipment	26.8	26.8	0.0
Total Strategy Programmes	1,265.6	1,269.5	+3.9
Earmarked Reserves	88.8	87.8	-1.0
Total Capital Programme	1,354.4	1,357.3	+2.9

Approved by Cabinet 18 July 2023.

Capital Funding Update

Prudential Borrowing

72. 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 £70m. The majority of this relates to schemes that have already been delivered but have, until now, been funded temporally 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.
73. 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

74. The level of earmarked reserves has decreased by £1m from the previous reported position (July 2023). This includes the release of some of the pipeline provision (£2.7m) approved as part of the capital priorities in February 2023 (Thames Towpath, Travellers Sites). An Additional £1.2m included from the budget being returned from the Defect Liability Fund.

This includes the capital programme contingency for the delivery of the current ten-year capital programme plus identified provisions.

Capital Reserves

75. The current level of capital reserves (including capital receipts and capital grants reserves) is approximately £190m. This is expected to reduce to approximately £52m 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

76. 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.
77. 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.
78. HIF1 is a significant financial risk to the authority because the scheme cannot now be completed before the end date of reclaiming expenditure of March 2026. However, following the outcome of the planning inquiry a decision will be required to stop the scheme or alternatively an extension to time/additional funding/rescoping of the scheme would need to be agreed with Homes England. As such it is expected that the financial risks will be managed through either of those routes.
79. Following a review of the council's strategic risk register in March 2023, the council is now focussing on assessing and tracking seven strategic risks in 2023/24. One of these risks is "Major Infrastructure Portfolio Schemes become undeliverable". Updates on this risk are being reported through the Business Management & Monitoring Reports to Cabinet.

Financial Implications

80. 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.

81. 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
82. 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.
83. 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

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

Equality & Inclusion Implications

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

Legal Implications

86. 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
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Background papers:

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