

CABINET – 20 June 2023

CAPITAL PROGRAMME REPORT 2022/23

Report by Director of Finance

Recommendation

1. The Cabinet is RECOMMENDED to:

- a) note the performance against the capital programme for 2022/23 as set out in the report.

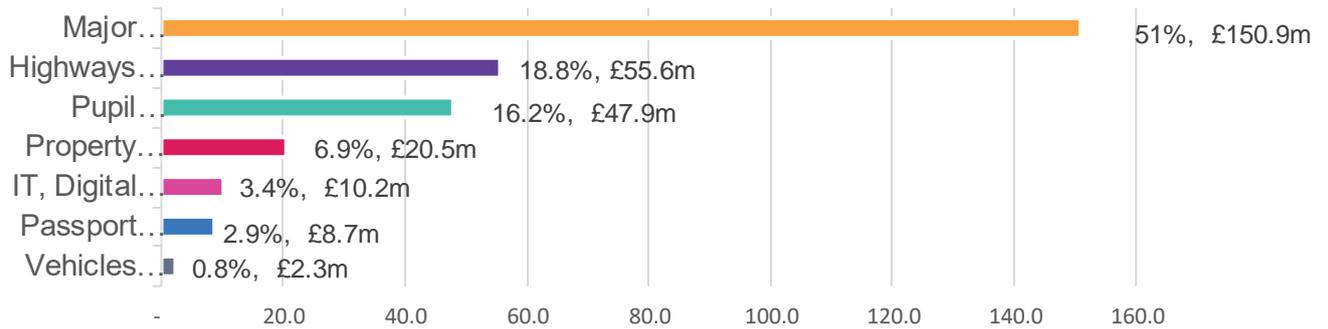
Executive Summary

2. The ten-year Capital Programme sets out the agreed capital investment to deliver the priorities identified in the council's Capital and Investment Strategy. This report sets out the performance against the programme shown in the latest monitoring report for 2022/23 and also compares back to the capital programme agreed by Council in February 2022. Figures shown reflect those to be included in the Council's Statement of Accounts for 2022/23.
3. The capital programme is updated throughout the year to reflect the latest delivery profiles and cost estimates for each programme. The last update was in January 2023 and this was agreed by Cabinet in March 2023. Expected spend for the year totalled £184.0m. Actual capital programme expenditure was £172.2m in 2022/23. The variation between the latest programme and the actual expenditure is -£11.8m (-6%). This spend is now expected to take place in 2023/24.
4. The capital programme expenditure of £172.2m was funded by £99.1m of capital grants and other external contributions, £28.8m of developer contributions and Community Infrastructure Levy, £2.6m of revenue contributions, and £41.7m of prudential borrowing.
5. The availability of workforce and materials and inflationary increases in contract prices are continuing to increase the risk to the deliverability and cost of capital schemes. The combined impact of these factors has affected delivery in 2022/23 and is expected to continue in 2023/24 and future years.

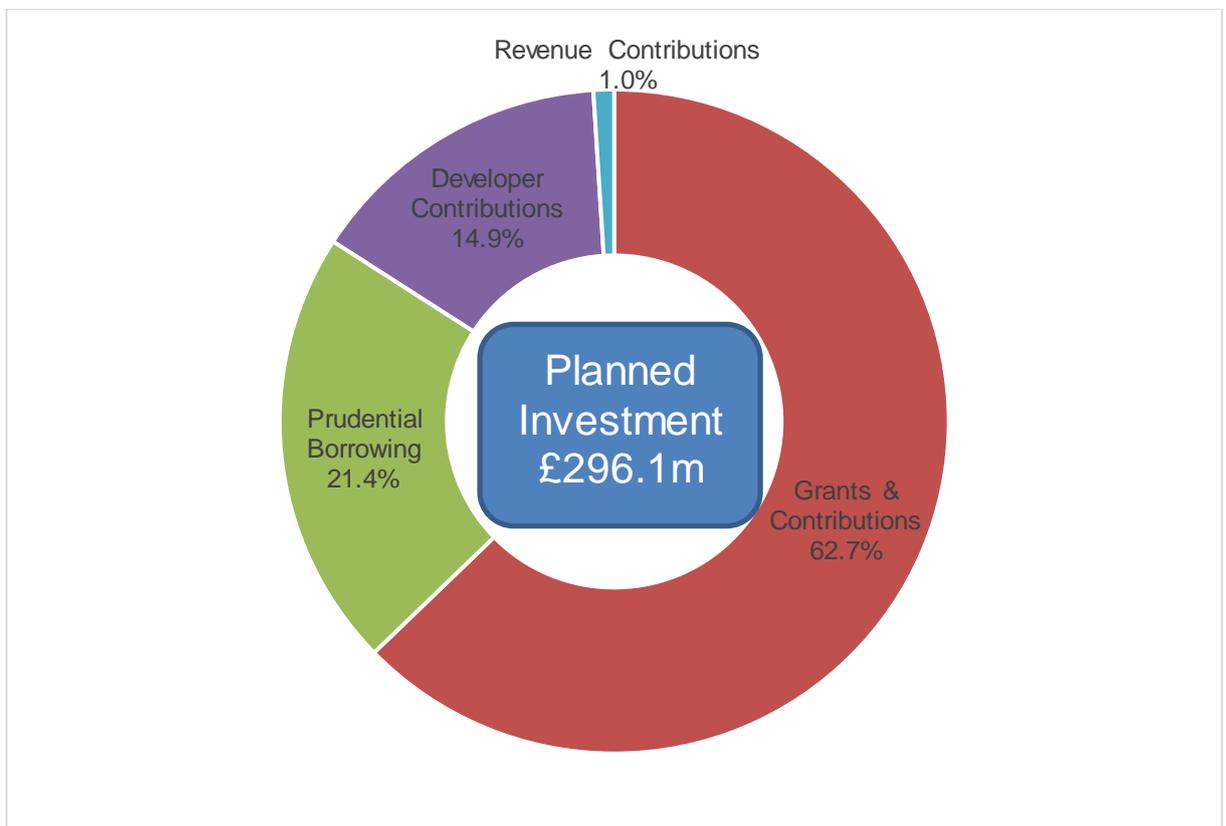
Introduction

6. Capital expenditure is defined as spending that creates an asset for the council (e.g. buildings, vehicles and equipment), and spending which meets the definition in regulations specified under the Local Government Act 2003 which includes spend on non-current assets that are not owned by the Council such as academy schools and the award of capital grants and funding agreements.

7. The council's ten-year capital programme sets out the agreed capital investment to deliver the priorities identified in the Capital and Investment Strategy. This is agreed annually by Council alongside the revenue budget and Medium Term Financial Strategy.
8. The capital programme is currently 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
9. Each strand of the programme is underpinned by supporting strategies which set out the need for capital investment and the contribution of that planned investment towards the council's priorities. These include:
 - Pupil Place Plan and Special Educational Needs and Disability (SEND) Sufficiency Plan
 - Local Transport & Connectivity Plan
 - Highways Asset Management Plan
 - Property & Assets
 - Household Waste Recycling
 - Libraries & Heritage
 - Climate Action Framework
 - IT & Digital
10. The original capital programme for 2022/23 was agreed by Council in February 2022 as part of the Capital and Investment Strategy. This set out an expected programme of spend of £296.1m. This included £47.9m (16.1% of the overall programme) for the provision of additional school places and new schools in housing developments and £206.4m (69.7% of the overall programme) planned expenditure on major infrastructure projects, including large road improvement schemes, and road maintenance. Funding required to deliver the IT Strategy was £10.2m and spend on the Property Strategy of £20.5m. The chart below shows the planned spend and the proportion of the overall programme by programme area based on the original budget plans for 2022/23.



11. As shown in the chart below it was planned to fund the planned investment of £296.1m from grants and contributions £185.8m (62.7% of the planned investment), developer contributions £44.1m (14.9%), prudential borrowing £63.3m (21.4%) and revenue contributions of £2.9m (1.0%).



12. The capital programme is updated four times each year to reflect the latest forecast profile of expenditure. The latest updated programme was agreed by Cabinet in March 2023. This included planned investment of £184.0m in 2022/23.
13. Annex 1a sets out a summary of actual expenditure for 2022/23 by strategy area compared to both the original budget and latest budget.

Performance Summary 2022/23

14. A summary of actual expenditure compared to the latest capital programme update is set out in the table below and Annex 1a.

Strategy Programmes	Jan' 2023 Capital Monitoring (Cabinet March 2023) £m	Actual Capital Expenditure 2022/23 £m	Variation to Latest Capital Programme £m	Variation to Latest Capital Programme %
Pupil Places Plan	33,656	33,179	-477	-1
Major Infrastructure	65,422	60,739	-4,683	-7
Highways Asset Management Plan	50,580	50,105	-475	-1
Property Strategy	12,865	8,210	-4,655	-36
IT, Digital & Innovation Strategy	9,051	8,945	-106	-1
Passport Funding	10,553	9,867	-686	-7
Vehicles & Equipment	1,907	1,113	-794	-42
Total Strategy Programmes Expenditure	184,034	172,158	-11,876	-6

15. Actual capital programme expenditure for 2022/23 was £172.2m compared with £173.4m in 2021/22 and £163.5m in 2020/21.

Pupil Places Plan

16. Actual expenditure on pupil places was £33.2m in 2022/23. This is £0.5m lower than forecast in the last monitoring report. The Pupil Place Plan includes 3 main programmes:
- Basic Need - these are usually school expansion projects that are funded by central government grant and/or Section 106 developer funding to ensure there are enough school places for children within Oxfordshire.
 - Growth Portfolio – these are usually new school projects within large housing sites allocated in local plans that are funded from contributions sought from developers via a Section 106 agreement towards the costs of providing community and social infrastructure.
 - Schools Annual Programmes – this includes the School Structural Maintenance Programme (SSMP) which addresses the highest condition-based priorities within the school estate enhancing the school stock condition and reducing the backlog maintenance, and the School Access Programme which ensure that mainstream buildings are accessible for pupils with Special Educational Needs and Disabilities.

17. Projects in the basic need and growth portfolio programmes are either delivered directly by the Council, delivered by a housing developer or by a third party (usually an Academy Trust or Diocese) via a funding agreement. Regardless of how they are delivered, each project brings benefits to residents living in Oxfordshire by improving the quality and facilities at existing schools; providing additional pupil places allowing greater parental choice and ensuring that housing developments have the infrastructure necessary for them to become thriving communities.
18. The Basic Needs Programme invested £14.4m during 2022/23. This has created 330 additional pupil places, 52 additional nursery places and 28 additional Special Education Needs & Disability (SEND) pupil places. Three temporary classrooms have also been replaced. Schemes completed in 2022/23 include:
 - John Watson Secondary School (Wheatley) - this school has been expanded to create an additional 16 SEND pupil places and permanent sixth form accommodation.
 - Gagle Brook Primary School (Bicester) - this is a new 12 pupil place SEND resource provision.
 - St Nicholas CE Primary School (East Challow) - this school has been expanded to create 52 nursery pupil places.
 - Wallingford School (Wallingford) - this school has been expanded to create an additional 300 secondary pupil places.
 - William Morris Primary School (Banbury) - this school has been expanded to create an additional 30 primary pupil places and three temporary classrooms were replaced.
19. A further six projects are currently in construction and are due to be completed in 2023/24 creating further additional pupil places.
20. The Growth Portfolio programme invested £16.3m during 2022/23. One new school opened during 2022/23:
 - Folly View Primary School (Faringdon) - this is a new school which has created 420 primary pupil places, 90 nursery pupil places and 8 pupil places SEND resource provision.
21. A further five projects are currently in construction and are due to be completed in 2023/24 creating further additional pupil places.
22. The Schools Annual Programmes invested £2.5m, delivering projects mainly through the Schools Structural Maintenance Programme and there were projects delivered aligned with the Public Sector De-Carbonisation Grant Programme that enabled carbon reduced solutions. A total of 10 projects were completed during the year from 25 planned, with the remaining projects planned to be completed during 2023/24.
23. A school condition survey has been carried out across the maintained school estate in 2022/23. Each maintained school will have a detailed building and

asset condition report compiled and to compliment this it is planned that an energy audit will also be carried out as part of this process. It is envisaged the reports will be ready by the end of May 2023 and each school will be provided with their individual copy. The condition report will provide a more detailed view of the condition of the school stock and help inform the schools structural maintenance program and also feed the carbon neutral agenda identifying opportunities to improve the council's carbon footprint.

24. Projects were delivered via the School Access Programme which ensure that mainstream buildings are accessible for pupils with Special Educational Needs and Disabilities.

Major Infrastructure

25. Total capital expenditure for 2022/23 was £60.7m and compares to the latest forecast of £65.4m. The programme is divided into 5 sub-programme areas as shown in the table below.

Major Infrastructure	Latest Monitoring	Actual	Variation
	£'000	£'000	£'000
Housing Infrastructure Fund 1 (HIF1)	3,500	3,755	+255
Housing Infrastructure Fund 2 (HIF2) & A40	18,712	20,926	+2,214
A423 Improvement Programme	4,000	3,587	-413
Active Travel Phase 3	200	166	-34
Growth Programme	28,163	28,924	761
Major Infrastructure Sub-total	54,575	57,358	+2,783
Other Programmes	10,847	3,381	-7,466
Major Infrastructure –Total	65,422	60,739	-4,683

26. The main reasons for the in-year variation with the latest capital programme are due to delays in the A40 Access to Witney (-£1.6m) and the A44 Corridor Improvement (-£2.5m) project. There was better than anticipated progress on the HIF 2 West Oxon A40 Smart Corridor programme (+£2.2m).
27. Spend on Other Programmes has been impacted by the ZEBRA project (-£7.7m), where the first payments to the bus companies have taken longer than expected to agree due to changes in the pattern of spend anticipated in the Funding Agreement.
28. Though the overall programmes remain on track, delays resulting from cost pressures, and changes in some project scopes requiring further funding partner negotiations and funding approvals, have meant that stages originally expected to be completed in 2022/23 will now fall into 2023/24.
29. The majority of the Major Infrastructure programme comprises three main funding areas:

HIF1 Programme

30. The HIF1 programme is in the final phases of the design and procurement stage, prior to construction and has spent £3.8m during 2022/23. In total, this programme is expected to invest £296.2m in infrastructure around Didcot Garden Town to facilitate housing and employment growth in South and Vale districts. All projects are currently in stage 2, Design and Procurement.
- A4130 Widening
 - Clifton Hampden bypass
 - Culham River Crossing
 - Didcot Science Bridge

HIF2 & A40

31. The HIF2 & A40 programme has spent £20.9m during 2022/23. In total, the HIF2 and Oxford Science Transit programmes will invest £194.2m in infrastructure along the A40 corridor. The projects are at various stages at delivery.
- HIF2 Programme – stage 2, Design & Procurement
 - A40 – Access to Witney – stage 2, Design & Procurement
 - A40 – Improvements Phase 1 – stage 3, Construction & Delivery
 - A40 – Science Transit Phase 2 – stage 3, Construction & Delivery

Growth Deal Programme and Other Funding

32. The £142.7m¹ Capital Growth Deal funding agreed with the Department for Levelling Up, Housing and Communities (DLUHC) and Homes England, has been extended by two years to 2024/25. Some projects have completed and others are now progressing through the construction stage. The remaining projects are progressing through their respective optioneering, feasibility and design & procurement stages.
33. The construction stage for the A44 Improvement Corridor programme has been delayed as a result of changes in network management arrangements, though it is still planned to complete the construction stage in 2023/24.
34. The Oxford North and Broad Street projects have been completed during 2022/23. Projects in the construction stage at end of 2022/23 were:
- A40 Science Transit – Eynsham Park & Ride
 - Ploughley Rd / A41 Junction Improvements, Bicester
 - A44 Corridor Improvements
 - Active Travel - Tranche 2 City Schemes

¹ Total Growth Deal infrastructure grant funding is £150m allocated as £142.7m capital & £7.3m revenue.

Highways Asset Management Plan (HAMP)

35. The annual planned target total surfacing programme (excluding patching) for 2022/23, was calculated at 3% of the network. The expectation was that this would enable the council to maintain the 4,479km of network that it is responsible for in as close as possible to a 'steady state' within the funding available. By the year end, 3% of the network had been resurfaced as follows:
- Over 140km of the network was, either wholly or in part, reconstructed or resurfaced,
 - Approximately 20km of the network was renewed to an 'as new' condition,
 - Approximately 120km of the network's surface was treated in order to slow down deterioration, delaying the need for more extensive repairs, often by well over ten years,
 - Approximately 2km of the network prone to road traffic accidents were prioritised for works to improve and enhance the likelihood of future collisions,
36. The last road condition survey of the highway network had the most critical Road Condition Indicator (RCI) range 'Red' at 11.5% for 2022. This is a slight improvement on 2021, where it was at 12.1% but a worse position than in 2016 when the RCI was at 10.3%. The average RCI Red Condition figure for English Local Authorities is 11%.
37. Total spend was £50.1m in 2022/23 compared to the latest forecast of £50.6m in the report to Cabinet in March 2023. The programme is divided into sub-programme areas as shown in the table below.

Highways Asset Management Plan	Latest Monitoring	Actual	Variation
	£'000	£'000	£'000
Structural Maintenance Annual Programme	33,009	32,530	-479
Improvement Programme	3,000	3,167	+167
Major Schemes & Other Programmes	13,671	13,565	-106
Other	900	843	-57
Highways Asset Management Plan – Total	50,580	50,105	-475

38. The annual Structural Maintenance Programme invested £32.5m. This includes additional funding of £16m in 2022/23, the fourth of a five-year programme to invest an additional £80m on the highway network. Despite the £0.5m reduction in actual expenditure against the last reported forecast, the programme, which includes the majority of all footway & carriageway surfacing works, delivered a greater number of schemes than was originally intended and the outturn expenditure for the programme is £2.3m greater than the original allocation agreed for 2022/23.
39. The increase in activity in 2022/23 compared to the original plans for key structural maintenance deliverables is summarised in the table below.

Project	Original Planned Schemes	Schemes/ Units Delivered	Comments on actual compared to planned delivery
Surface Treatments (schemes)	71	117	Schemes to restore the condition or prolonging the life of existing carriageways. Additional schemes delivered by accelerating the 3year programme for Micro Asphalt.
Carriageways (schemes)	17	17	Surfacing/reconstruction/strengthening of roads and embankments. 1 scheme moved to delivery spanning the financial year end & has not been included in the schemes completed column. One additional previously unscheduled scheme was also delivered for which additional funds were secured.
Structural Highways Improvements (schemes)	19	22	Additional schemes delivered, made possible due to efficiencies in programme planning. A further 121 "planned reactive" minor patching schemes also delivered in year.
Footways (schemes)	40	70	Repair/construction of footways and cycleways. Additional schemes delivered due to enhanced budget in year.
Drainage (schemes)	17	17	Repair/renewal of existing drainage infrastructure and provision of new infrastructure to resolve known drainage issues. In addition 148 "planned relative" works packages undertaken.
Bridges (schemes)	35	29	Strengthening/replacement/imposition of management measures on weak structures (scheme numbers include design work). Some slippages of programme to next year due to weather and water levels. 21 of these scheme were smaller planned reactive schemes were carried out.
Public Rights of Way	1	1	New/Refurbished Kit Bridges (delivered as planned-reactive). Improved Pedestrian Access Points (delivered as planned reactive dependent upon need).
Electrical	20,950 8,600 9	24,383 5,498 8	LED Replacements – accelerated throughout the year Columns replacements Traffic Signal scheme delivered. One scheme was not possible due to design complications.

Project	Original Planned Schemes	Schemes/ Units Delivered	Comments on actual compared to planned delivery
Section 42 contributions (schemes)	N/A	12	Schemes delivered by ODS for the Section 42 roads within the City. Note that this programme line has in part been amalgamated by works type into the above programme areas

40. The annual Improvement Programme invested £3.2m in line with latest forecasts. This includes 88 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, completing 7 schemes, which also aid bus movements, and traffic signal improvement schemes.
41. Further expenditure of £0.5m was incurred on the A423 Kennington Railway Bridge maintenance project during 2022/23 to support the interim stabilisation work before the commencement of the A423 Improvement Programme that is part of the Major Infrastructure programme.
42. The total number of assets fitted with LED lanterns by the end of March 2023 was 51,992. That means 86% of the streetlights within the County are now fitted with efficient LED equipment. This is a 44% increase compared to the position at the end of 2021/22. Delays in procurement, contract mobilisation and material shortages have impacted on the programme overall. The lantern conversion element will be completed by the end of March 2024, with the column replacement element finishing by the of March 2025.

Property Strategy

43. The total capital expenditure in 2022/23 was £8.2m, £4.7m lower than the latest monitoring report. The majority of this underspend relates to the Climate Action Programme (£2.2m) where the delivery has been extended to July 2023, Resonance Fund (£1m) where the purchase of properties are still on-going, and the Estate Condition Programmes (£0.8m) due to final completion in the first quarter of 2023/24.
44. Corporate Estate Development spent £1.3m and the 3 largest projects being delivered are:
- Aston Children's Home
 - Bicester Library
 - Faringdon Library Improvements
45. The Climate Action Programme spent £1.5m. This included:
- £1m spent in 2022/23 on Green Homes from the £1.5m grant funding previously awarded from the Department for Business, Energy and Industrial Strategy (BEIS) towards the targeting of 150 homes with

energy ratings below a D, experiencing fuel poverty for energy efficiency retrofit measures. Further grant funding of £2.2m was awarded in 2022/23 for similar aims targeting 280 properties, with separate targets for properties using mains gas for their space-heating, and those using other fuel types (such as oil, coal, LPG, biomass and electricity). A significant portion of the programme will be delivered in 2023/24.

- £0.4m on Electrical Vehicle Charging Points in Car Parks, grant funding of £1.2m was awarded from the Office for Zero Emission Vehicles (OZEV) towards installing 238 electric vehicle charging points (119 charging units) in 19 District Council car parks across Oxfordshire. This complements a wider grant fund from Innovate UK to deploy these chargers developed from a local business as part of a wider £5.5m project.

46. Corporate Estate Condition Programme spent £3.9m

- The Defect Liability programme (to address legacy issues arising from Carillion's liquidation, including rectification of known defects with completed projects and the treatment of latent defects) completed a further £2.0m works, the majority across various schools within the 2022/23 programme. This takes the overall programme expenditure to £9.2m.
- The Public Sector De-Carbonisation Grant Programme spend £1.4m from Grant funding of £2.1m awarded from Department for Business, Energy & Investment Strategy (BEIS) under the Public Sector Decarbonisation Scheme (PSDS) as an opportunity for the public sector to implement property decarbonisation measures. Eleven sites are included within the programme; four maintained schools, two fire stations, two children & family centres, a library and other corporate buildings.

47. A further £1m was invested (taking the total investment to date to £3.0m of the £5.0m provision) into the Resonance Supported Homes Fund in 2022/23. At the end of the year, 3 properties had been purchased, with a further two expected by the end of June 2023. The current properties are in Banbury, Bicester, Kidlington and Witney. Detailed property specification development is in progress to plan refurbishment costs and finalise rent model testing, alongside nomination rights agreements and support provider specifications to go to the market to procure appropriate support. At this stage it is anticipated that the fund will result a total of 25 new shared living options.

48. The office rationalisation & co-location programme commenced with expenditure of £0.5m required to undertake works at Union Street to relocate services from Nash Court.

IT, Digital & Innovation Strategy

49. The total capital expenditure on ICT schemes in 2022/23 was £8.9m compared to the forecast of £9.0m noted in the March 2023 report.
50. A further £1.8m was spent on the Children Education Systems project (overall programme budget £3.3m). The project has completed its next phase and fully replaced the legacy education system. Further discussions are in progress about additional modules to be implemented in 2023/24.
51. The Broadband for Businesses in Rural Oxfordshire (BiRO) programme which started delivery in 2020/21 and completed delivery under both supplier contracts in 2022/23. The final contract position is £4.9m spent against the original budget of £6.3m. This investment has delivered 777 rural businesses and 818 residential premises with full fibre services, in some of the most isolated parts of the county, where they would not have had access to these services otherwise. The average infrastructure build cost per premises was £3,051 and was entirely grant funded following a successful bid by the programme team into Defra. All grant monies have been received by the council. Take up of services is already strong and expected to continue to grow, further benefitting local businesses and the wider Oxfordshire economy. These premises previously had very poor broadband and the project meets a number of corporate priorities – tackling rural inequalities, improving access for children to online educational content, helping small businesses, and addressing the climate emergency by enabling people to avoid work travel.
52. The Rural Gigabit Hub Sites programme which commenced during 2021/22 incurred expenditure of £3.2m in 2022/23 for build work completed under the programme. This programme is enabling 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 hub buildings like village halls. This project is funded partly by Department for Culture, Media and Sport (DCMS), and partly out of the first Gainshare payment now received from BT under the completed Better Broadband for Oxfordshire project (£5m). This programme is helping to reduce the cost of connections required for OCC's buildings, help tackle inequalities in Oxfordshire (a number of schools in socially deprived areas are included in the project), and by connecting a number of Community buildings will help provide a platform for local delivery of health and social care, facilitate a reduction in isolation, and provide the means for these important local assets to be at the heart of the community.
53. The digital infrastructure programme (to deliver the outcomes of the ICT Strategy) incurred expenditure of £3.3m. This included:
 - £0.4m for successful implementation of a property management system that provides a single view of assets for FM and Estates services and will enable the property service to manage operations with up to date and accurate information.

- £1.0m for network connectivity equipment to implement a secure “zero trust” network at up to 148 OCC sites across the county. Almost 20% of sites – including County Hall – have been migrated and enjoying improved connectivity at lower cost. The remainder of the sites being migrated by end of 2023, working with Property Services to align with the development of agile workspaces.
- An investment of £0.7m made in improving customer kit – typically laptops and mobiles (where needed), to support agile working, enhanced security and device performance so that people can work efficiently from multiple locations.
- The One Fleet project spent £0.15m to implement the projects first technology solution – a vehicle asset management system. The project is still in progress and aligning with operational changes. A telematics system to track usage and other metrics on vehicles will be installed in 2023/24. These are enablers for the service to deliver a zero carbon fleet, and provide a quality, risk managed and harmonised set of operational processes.
- Investment also made on advice and consultancy for reviewing business case for change for the IBC service from Hampshire County Council, and to replace the recruitment solution as enabler for the recently approved Resourcing Strategy.
- Additional investment has been made to showcase an engaging approach to web content with pilots in place, an example being the Oxfordshire Music Hub site [Oxfordshire Music Hub | Oxfordshire](#)

Passported Funding

54. Disabled Facilities Grant of £6.7m, was passed to the City and District Councils in accordance with the Better Care Fund 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 a person’s needs and kitchens designed for a wheelchair user.
55. Schools Devolved Formula Capital expenditure was £1.2m for the year. The Department of Education provided an additional £1.5m of devolved formula capital funding in January 2023. School capital balances increased from £1.2m to £2.6m as at 31st March 2023.
56. A further £2m was spent between the Local Growth Fund and the Getting Building Fund through the issue of grants to third party schemes from the OxLEP programme. Grant funding is received by the Council on behalf of OxLEP in the Council’s role as Accountable Body. A small amount of allocated

funding remains, and the schemes are anticipating being completed by the summer of 2023/24.

Vehicles and Equipment

57. At year end, vehicles and equipment costing over £20,000 purchased for use by the Fire & Rescue Service and in-house Transport Service have been added to the Council's asset register under proper accounting practices. The value of vehicles and equipment purchased and funded by revenue budgets in 2022/23 was £0.4m. For the Fire & Rescue Service, the remaining revenue provision for 2022/23 of £0.7m was transferred into reserves. This has increased the balance held in reserves for the future purchase of vehicles to £2.4m. A further £0.7m was spent on Fire Protective equipment.

Comparison with Original Financial Plans (agreed in February 2022)

58. The capital programme and monitoring report is submitted to Cabinet four times during the financial year. The table in Annex 1c compares the original budget for 2022/23 to actual expenditure for each programme area at each update.
59. The original budget plan for 2022/23 was £296.1m. The various monitoring reports during the financial year reduced the expected outturn position to £184.0m in the report to Cabinet in March 2023. Actual expenditure for 2022/23 was £172.2m. This represents delivery of 58% on the original financial plan for the year agreed by council in February 2022.
60. The variations during the year were explained within the monitoring reports and can be summarised within three main areas:
- a) Major Infrastructure: Reduction to original plan of £90.1m

The first monitoring report to Cabinet in July 2022 identified that £50.7m of reprofiling to later years compared to the programme agreed by council in February 2022 was required to better reflect anticipated delivery timescales. Further changes were reported during the year end the total variation to the original plan by March 2023 was -£90.1m. The programmes and projects which were significantly reprofiled are listed below:

- HIF1 Programme – delay in Compulsory Purchase Order and planning
- HIF2 Programme – review of scheme due inflationary pressures
- Growth Deal Funded Programme – discussions with Homes England about the availability of the final £30m funding led to some delays in contract execution. The reprofiled programme is expected to deliver full spend by March 2025 in line with the deadline for utilising the grant funding.
- A34 Lodge Hill – continued negotiations with government departments.

- Wantage Eastern Link Road – delays due to additional survey work, with construction now planned for summer 2023.
- M40 Junction 10 Improvements – delays due review of scheme due to Strategic Rail Freight interchange proposals in the area.
- A40 Science Transit phase 2 – delays in initiating construction phase, now underway.

b) Pupil Place Plan: Reduction to original plan of £14.7m

The report to Cabinet in January 2023 updated expenditure plans from the contractors expected cash flow forecasts for the delivery on new schools. The overall project cost remains within the approved budget with no significant impact on the delivery programme. The School Structural Maintenance Programme for 2022/23, as detailed in this report, experienced a number of projects being carried forward into 2023/24.

c) Property Strategy: Reduction to original plan of £12.3m

The report to Cabinet in October 2022 identified a £6.6m reprofile across the programme and included the prioritisation work and the delivery requirements for Carterton Community Safety Centre and reprovision of Banbury Library.

Capital Programme Financing

61. The table in Annex 1b summarises the financing of the 2022/23 capital programme and compares it to the financing planned in the original and latest capital programme.
62. Various capital grants totalling £98.8m have been used towards the funding capital investment during 2022/23. These include the various funding streams to support the major infrastructure programme including £11.9m of Housing Infrastructure Funds towards the Didcot Garden Town and A40 programmes and £25.8m on the Growth Deal infrastructure programme.
63. Capital funding received from developer contributions totalled £59m in 2022/23. £28.8m developer contributions and Community Infrastructure Levy (CIL) funding was used in 2022/23 to finance various capital projects with the majority of this towards the delivery of the Pupil Places Plan programme. The balance of capital developer contributions held by the council has increased to £254m as at 31 March 2023 and includes interest of £5.0m added at year end in line with the Section 106 agreements. A total of £188m of this funding (including secure funding) is built into the capital programme from 2023/24 onwards. The remainder will be used to support future schemes in line with the relevant agreements.
64. The level of the un-ringfenced grant funding held in the Capital Grants Reserve has increased by £23.3m during the year to £148.6m. The increase includes £7m as part of the 2023/24 SEN High Needs Capital Grant and receipt of the

£30m Zero Emission Bus Regional Areas (ZEBRA) allocation towards the purchase of electric buses expected to be delivered during 2023/24 and 2024/25.

65. The majority of un-ringfenced grants do not have conditions and are not time limited so can be used flexibly across the Capital Programme. Therefore, where available, other funding sources are used to fund capital expenditure before un-ringfenced grants. The balance of un-ringfenced grants is forecast to be spent over the ten-year capital programme period.
66. The balance of unapplied ringfenced Capital Grants held by the Council has reduced by £6.6m to £8.3m as at 31 March 2023. The balance includes the £4.3m of Community Infrastructure Levy funding received towards various projects and £2.5m towards the Green Homes / Sustain Warmth fund, climate change agenda.
67. The capital receipts and capital reserve balances are £31.7m and £43.5m respectively at 31 March 2023. The capital receipts and reserve balances are forecast to be spent over the ten-year capital programme period.

Key performance Indicator

68. A 2022/23 Key Performance Indicator (KPI) included in the Financial Strategy for 2022/23 requires that 80% or more of capital projects completed in year should be delivered on time and within budget. The baseline for the budget is set when the Outline Business Case is approved, and this is compared to the latest approved budget in the year the scheme is completed to calculate the measure.
69. During the year, 6 major school construction schemes were completed. Of these, four were completed within the baseline budget set out in the Outline Business Case. Taking account of a mix of increases and decreases compared to the original baseline budgets the combined change compared to the Outline Business Case was -£1.1m or -4.5%.

Ref	Completed Schemes / Programmes 2021/22	Number of Schemes	Stage 1 OBC £'000	Latest Approved Budget £'000	Change £'000	Change %
1)	New Schools	1	10,880	10,124	-756	-6.9
2)	School Expansions	5	12,857	12,535	-322	-2.5
3)	Major Infrastructure	2	6,440	11,247	4,807	79.5
4)	Annual Programmes		36,180	35,432	-748	-2.1
	Total	6	66,357	69,338	2,981	4.5

70. Major Infrastructure Schemes completed were Oxford North and the pedestrianisation of Broad Street. The approved budget at the construction stage for the A40 Oxford North scheme was £8.4m. This was expected to fund the implementation of public highway improvements in accordance with the A40 strategy and to mitigate the effects of the Oxford North mixed-use development. The instructed contract works were completed in July 2022. During the construction work various additions to the scope were instructed and implemented. These were required to ensure progress, minimize contractor downtime, reconcile utility design, and to implement evolving requirements for safety, design, and non-motorized use to ensure that the scheme met the council's priorities. The revised budget requirement by that stage was £10.7m and reflects those changes.

Risk Management

71. As reported previously, and reflected in this report, there are a mix of factors continuing to impact on the deliverability and cost of capital schemes. Where those schemes are grant funded (for example Housing & Growth Deal, and HIF 1 and 2) 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.
72. 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 is being undertaken in June 2023 so that all timelines, contingencies and risks for the major programme areas are transparent and understood.
73. 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.

Staff Implications

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

Equality & Inclusion Implications

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

Financial Implications

76. This report is mostly concerned with finance and the implications are set out in the main body of the report.

Comments checked by:
Lorna Baxter, Director of Finance

Legal Implications

77. 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: Paul Grant, Head of Legal and Deputy Monitoring Officer

LORNA BAXTER

Director of Finance

Contact Officer: Kathy Wilcox, Head of Financial Strategy.

June 2023