

CABINET – 15 MARCH 2022

CAPITAL PROGRAMME UPDATE AND MONITORING REPORT

Report by the Director of Finance

Recommendations

1. The Cabinet is RECOMMENDED to:
 - a) Endorse the latest capital monitoring position for 2021/22 set out in Annex 1.
 - b) Agree that the following scheme should be added to the capital programme:
 - Sustainable Warmth Fund: £1.187m grant funded project to support the retrofitting of energy efficiency measures in homes in fuel poverty in Oxfordshire.
 - c) Agree a contribution of £0.998m, funded by S106 contributions, to the Department for Education (DfE), towards the new Bloxham Grove SEND Free School.
 - d) Approve the updated Capital Programme Summary (Annex 2) incorporating the changes set out in this report.

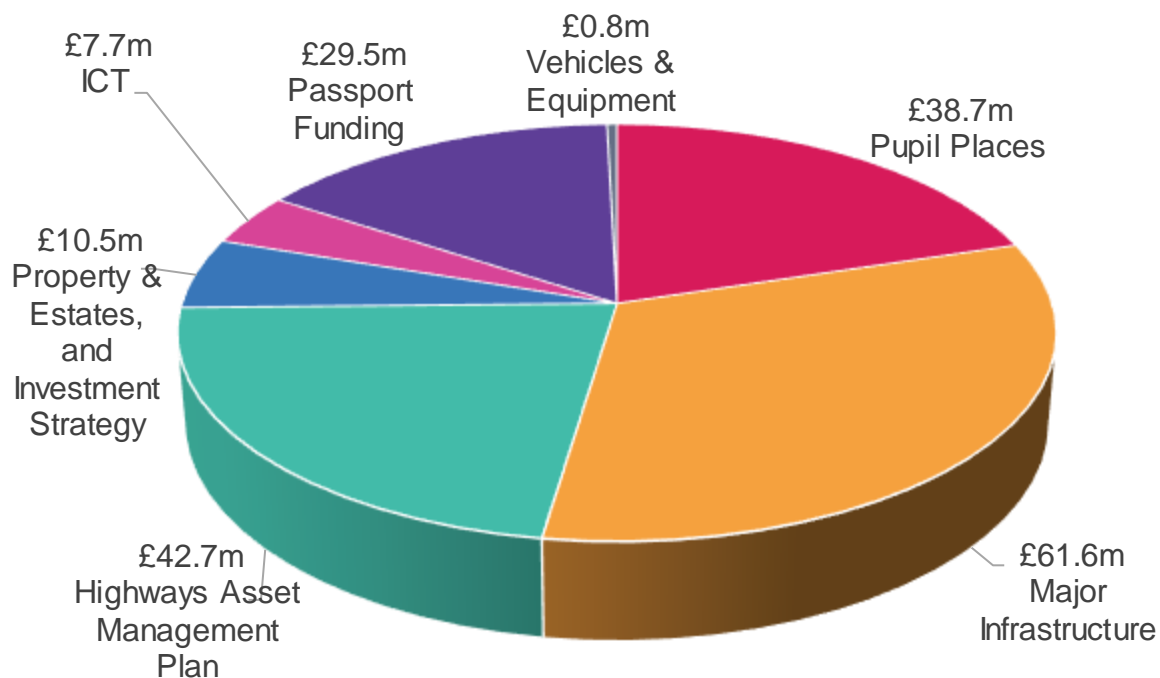
Executive Summary

2. This report is the fourth monitoring report and Capital Programme update for 2021/22. This update sets out the monitoring position based on activity to the end of January 2022 and updates the Capital Programme approved by Council on 8 February 2022.
3. The latest outturn forecast spend for the capital programme for 2021/22 is **£191.5m** (excluding earmarked reserves). This has reduced by **£5.5m** compared to the capital programme approved by Council on 8 February 2022. The latest update agreed by Council had decreased by **£8.3m** compared to the latest monitoring report to Cabinet in December 2021. This further updated position reflects the anticipated spend profile from the latest delivery programme.
4. The total ten-year capital programme (2021/22 to 2031/32) is now **£1,512.4m**. This has increased by **£2.6m** since the capital programme was approved by Council on 8 February 2022. The updated capital programme summary is set out in Annex 2. The main variations are set out in this report.

Introduction

5. Capital expenditure is defined as spending that creates an asset for the Council (for example, 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 academies and the award of capital grants and funding agreements.
6. The Capital Programme sets out how the Council will use Capital expenditure to deliver the Council's 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.
7. The programme is currently structured as follows:
 - **Pupil Place Plan:** including basic need (new schools and expansion), maintenance, health and safety and improvements
 - **Major Infrastructure Schemes:** including the Growth Deal Infrastructure programme
 - **Highways and structural maintenance:** including street lighting, and bridges
 - **Property and Estates:** including health & safety, maintenance, improvements and the Investment Strategy
 - **ICT Strategy:** including broadband and End User equipment
 - **Passported Funds:** including Disabled Facilities Grant and Devolved Schools Capital
 - **Vehicles and Equipment:** including fire and rescue vehicles and equipment
8. The investment profile for the 2021/22 Capital Programme is shown on the next page and in the summary table at paragraph 11.

2021/22 Programme - Latest Spend Forecast



9. The following annexes are attached:

Annex 1 Capital Programme Monitoring 2021/22 (Summary)

Annex 2 Updated Capital Programme 2021/22 – 2031/32 (Summary)

Overview

10. The capital monitoring position set out in Annex 1 shows forecast capital programme expenditure for 2021/22 totalling **£191.5m** (excluding earmarked reserves). This has reduced by **£5.5m** when compared to the latest approved capital programme.

11. The table below summarises the changes by strategy area:

Strategy Area	Last Approved Monitoring 2021/22 £'m	Last Approved Programme 2021/22 * £'m	Latest Forecast Expenditure 2021/22 £'m	Change £'m
Pupil Places	37.7	37.8	38.7	+0.9
Major Infrastructure	67.7	65.4	61.6	-3.8
Highways Asset Management Plan	48.1	43.1	42.7	-0.4
Property, Estates & Investments	12.3	11.0	10.5	-0.5
ICT	7.6	7.7	7.7	+0.0
Passport Funding	31.1	31.2	29.5	-1.7
Vehicles & Equipment	0.8	0.8	0.8	+0.0
Total Strategy Programmes	205.3	197.0	191.5	-5.5
Earmarked Reserves	0.00	0.00	0.0	0.0
Total Capital Programme	205.3	197.0	191.5	-5.5

* Approved by Council 8 February 2022

12. The total ten-year capital programme (2021/22 to 2031/32) is now **£1,447.8m** (excluding earmarked reserves). This has increased by **£2.6m** compared to the capital programme approved by Council on 8 February 2022.
13. Actual capital expenditure at the end of January 2022 was **£116.9m**. The combined spend to date and current forecasted in-year commitments for the Capital Programme is **£162.9m** or 85% of the revised estimate for the year but the rate of expenditure is expected to increase in the remaining two months of the year.

Strategy Area	Last Approved Total Programme (2021/22 to 2031/32) * £'m	Latest Updated Total Programme (2021/22 to 2031/32) £'m	Variation £'m
Pupil Places	246.9	247.8	+0.9
Major Infrastructure	749.6	749.6	+0.0
Highways Asset Management Plan	282.3	282.3	+0.0
Property, Estates & Investments	80.6	82.1	+1.5
ICT	30.1	30.1	+0.0
Passport Funding	45.3	45.5	+0.2
Vehicles & Equipment	10.4	10.4	+0.0
Total Strategy Programmes	1,445.2	1,447.8	+2.6
Earmarked Reserves	64.6	64.6	+0.0
Total Capital Programme	1,509.8	1,512.4	+2.6

* Approved by Council 8 February 2022

14. The updated capital programme is set out in Annex 2. Changes in each programme area are set out in Annex 1 and detailed below.

Pupil Places

15. The Pupil Places Programme is forecast to spend **£38.7m**, an increase of **£0.9m** for 2021/22. Eleven projects (eight expansions, two new schools and Special Educational Needs and Disability (SEND) resource bases at two schools) have been completed in year.
16. A further eight projects are either on-site or have reached the construction stage that are planned to be completed in future years.
17. School Structure Maintenance (SSM) Programme forecast spend is **£2.9m**, **£0.4m** less than the approved capital programme. Of the 44 projects that were identified in the 2021/22 SSM programme, 26 projects have been delivered, five are aligned with the Public Sector De-Carbonisation Grant Programme (PSDG) that will enable carbon reduced solutions and 13 projects will be carried forward to be delivered in 2022/23. A budget transfer of **£0.139m** has been made to the PSDG programme from the SSM programme to support school related projects.

Bloxham Grove SEND Free School

18. Demand for places at special schools, in particular for children with Social, Emotional and Mental Health needs (SEMH) or Autistic Spectrum Disorder (ASD) needs, continues to rise faster than population growth. Despite an ongoing programme of expansions of existing special schools, including the complete rebuild and expansion of one SEMH school in Oxford, there is a growing shortage of provision which leads to a dependence on high-cost independent and independent, non-maintained special school provision.
19. In 2017 the government's Free School programme supported a bid from Gallery Trust to construct a new SEND school in the North of the county. The DfE has identified a surplus part of The Warriner School site in Bloxham (Academy) for this project. The project will create 100 new places for children from 7-19 years with Social, Emotional and Mental Health needs (SEMH)/Autistic Spectrum Disorder (ASD). The project is incorporated into the council's SEND Sufficiency Strategy (December 2018).
20. Oxfordshire's current maintained special school provision for pupils with ASD/SEMH needs is concentrated in and around Oxford city, leaving pupils in the north and south of the county facing very long journeys to access suitable provision. The new schools, Bloxham Grove in the north of the county and the Wave 2 SEN school in the south of the county, are therefore required to meet increasing demand and reduce travel distances.
21. The proposed scheme was expected to be fully funded and delivered by DfE and gained planning permission in 2019 with conditions related to necessary Highways works to be completed. A detailed and comprehensive highways scheme has now been approved by the council as meeting all the requirements of that consent. The extensive works will

also offer general benefits for the local community and for The Warriner School which the council expanded by 2 forms of entry (2fe) in 2019.

22. The final costs for the scheme have increased by £3m. As this is higher than the amount that the DfE originally allocated to build the school, the project will need to be presented to the Parliamentary Under Secretary of State (Minister for the School System) for approval to proceed. Because of the increase in the overall cost and additional funding required, the DfE have asked the council to consider meeting a proportion of the additional £2.2m highways works included in the scheme, as these would also benefit residents locally. **£0.998m** has been identified as available to contribute towards the project cost. This would be funded through the utilisation of S106 funding secured by the council and S278 agreements. The funding will be provided to the DfE through a funding agreement, and they will be responsible for procurement of the project as part of the free school programme. The council's contribution will be capped, and conditions will need to be set on the timing of the transfer of funds to ensure there is no risk of the project not being completed once commitments are made. Through this contribution the council will support the delivery of a 100 place SEND school.
23. The overall ten-year programme has been increased by **£0.9m** due to the budget virement to the PSDG Programme and the inclusion of the financial contribution towards the Bloxham Grove SEND School.

Major Infrastructure

24. The Major Infrastructure Programme is now forecast to spend **£61.6m** in 2021/22. This is **£3.8m** less than the last capital programme. Further detail on the changes to the timing of anticipated spend is provided below:
- **HIF 1** – increase of **£1.2m** to the 2021/22 budget provision of **£7.7m**. Spend on all projects is running ahead of the previously re-profiled budget for this year, as pre-construction activities continue.
 - **HIF2 & A40** – the forecast spend is **£23.6m**, **£1.2m** less than the approved capital programme, due mainly to the reprofiling of the Access to Witney Scheme. The total scheme cost and timeframe for delivery of the scheme is expected to be unaffected.
 - **Banbury & Bicester** – the forecast spend is **£9.2m**, **£0.8m** less than the approved capital programme due mainly to an update on the final costs of the A4095 underbridge.
 - **Oxford** – the forecast spend is **£12.0m** in current year, **£0.1m** less than the approved capital programme.
 - **South & Vale** – the forecast spend is **£4.6m**, **£2.6m** less than the capital programme. This is due to in-year underspends on a number of projects including Abingdon, Lodge Hill (**£1.2m** less than the capital programme) where the design phase of the project has slipped into 2022/23. There are also in year changes of between **£0.3m and £0.5m** reported on each of the Relief to Rowstock, Watlington Relief Road,

and Wantage Eastern Link Road Schemes. The overall costs of all of these schemes is unchanged.

- **Other Programmes** – the forecast spend is **£3.3m, £0.3m** less than the approved capital programme.

25. The following schemes are planned to be fully or substantially completed in 2021/22:

- A40 [Oxford North] – New Bus Lane (east bound), improved urbanised corridor supporting connection to the new commercial and residential area. The scheme is on site with completion forecast for Quarter 4 of 2021/22. A small element of the works may slip into quarter one of 2022/23 but an update will be provided at year end.
- Active Travel [Bicester and Witney] – two pedestrian and cycle improvement schemes to promote Active Travel and provide better links to and from Bicester and Witney town centres respectively. Current Status: Construction complete and close down activities underway.
- A4095 Underbridge and Underpass North West Bicester – the construction of an underbridge and underpass through the embankment supporting the twin train track (Marylebone to Aynho line) at Bicester. Current Status: Construction completed and close down activities underway.
- Phase 1.2 of the Botley Road Corridor works – a series of improvements between Eynsham Road and Binsey Lane. Current Status: Complete.
- Phase 1.3 of the Botley Road Corridor works. This phase includes improvements to bus, cycle & pedestrian facilities on the section of Botley Road that junctions with the A34/A4210 slip road. Scheduled for completion in April 2022; an update will be provided at year end.

26. DfT funding for the Oxford Science Transit Scheme of **£35m** has now been received and work is progressing to deliver the scheme as planned.

27. The overall ten-year programme for Major Infrastructure is unchanged from the programme approved by council.

Highways Asset Management Plan

28. The Highways Asset Management Plan Capital Programme is currently forecasting to spend **£42.7m** which is **£0.4m** less than the latest approved capital programme. This is due to several small project variations.

29. The Street Lighting LED Replacement programme has been re-profiled and 11,439 LED lanterns are planned to be delivered within the **£5.8m** budget. The overall programme is still planned to install just under 45,500 LED lanterns and around 21,000 columns, within the total approved programme budget of **£40.8m**.

30. The Structural Maintenance Programme includes the reconstruction/ resurfacing of 140km of the County's Highway Network, 25km renewed to 'as new' condition and the remainder has received a surface treatment to slow the rate of its deterioration. Prioritisation has been given to locations prone to road traffic accidents and approximately 2.5km of the network has been improved and enhanced to reduce the likelihood of future collisions. A road/rail crossing has also been refurbished. The programme is on track to be fully spent by year end.
31. Work has also been undertaken to safeguard, strengthen, repair or improve 20 highway structures across the county ranging from modest stone arches serving grazing land along the Public Rights of Way network, up to the on-going temporary propping of the Kennington Rail Bridge, whilst arrangement are made for its replacement.
32. The overall ten-year programme is unchanged.

Property, Estates and Investments

33. The year end spend for the Property, Estates and Investment Programme for 2021/22 is forecasted at **£10.5m**, **£0.5m** less than the latest approved budget.
34. Green Homes Grant: **£1.5m** is planned to be fully spent by year end; to date Energy Retrofit measures have been delivered to 100 homes.
35. A paper was submitted to Cabinet on 19 November 2021 noting the submission of a bid under the Sustainable Warmth Fund Local Authority Delivery 3 (SWF LAD3) in line with the council's climate action framework. The project was subsequently awarded capital funding of **£1.187m** by the Department for Business, Energy and Industrial Strategy (BEIS). The grant funding was received in December 2021 and will be used between April 2022 and March 2023 for energy efficiency retrofit measures in 120 homes with the worst energy efficiency who are experiencing fuel poverty.
36. Electrical Vehicles Charging Points: **£1.2m** grant funding is being used to support the installation of 238 electric vehicle charging points (119 charging units) in 19 district council car parks across Oxfordshire. Although it was planned to have completed the installation in the majority of car parks by the end of the financial year **£0.5m** of the work is now expected to slip into April 2022. This reflects technical and licence issues which have now been resolved.
37. Public Sector De-Carbonisation Grant programme: The forecast outturn has increased to **£2.4m** from **£2.1m**. The completion date for these projects has been extended by BEIS to 30 June 2022 and all projects are currently being delivered to meet this timescale. The budget provision has been enhanced by **£0.139m** from the School Structural Maintenance Programme for the school related projects and **£0.125m** from the Estate Decarbonisation & Condition Programme towards the corporate building projects.

38. The delivery for the Faringdon Library Improvements project is set to commence in early 2022/23 with a budget provision of **£0.205m** funded from held S106 contributions. The scope of works includes greater flexibility in the use of library space with moveable shelving to enable the main library to be used to a variety of community activities, as well as dedicated work spaces for individual study and a greatly expanded children's area. Work to enable the library garden to be used by the public has already been completed.
39. The overall ten-year programme has increased by **£1.5m** due to the budget virement from the SSM Programme and the inclusion of both the Faringdon Library Improvements and Sustainable Warmth Fund schemes.

Resonance Supported Homes Fund Update

40. As set out in the report to Cabinet in June 2021, the council will invest **£5m** in the Resonance Supported Homes Fund during 2021/22 and 2022/23 to deliver supported living accommodation for up to 25 people with learning disabilities and autism. The plan was for Resonance to set up the programme in Oxfordshire and work with 3-5 registered providers to manage and rent the units to the service. However, engagement with interested registered providers to set up an approved framework which the service would agree nomination rights to rent the accommodation has taken longer than anticipated. In the meantime the service has taken the opportunity to review the mix, and type of accommodation, the current market price, scale of adaptations and the number of units that can be obtained.
41. Resonance's procurement team has now been set up, and registered providers are expected to be in place within the next two months.

ICT

42. The year end forecast for the ICT Programmes in 2021/22 is estimated at **£7.7m**, in-line with the latest approved budget.
43. The Broadband for Business in Rural Oxfordshire scheme is expected to spend **£0.7m** more than last forecast as COVID-19 related supplier delays have been partially mitigated.
44. The Rural Gigabit Hub Sites programme is anticipated to spend **£0.5m** on completion of the First Milestone by the end of March 2021, delivering 10 sites within 6 months.
45. The Wide Area Network Replacement programme is **£1.1m** underspent. The forecast expenditure for the Wide Area Network replacement project is underspent in 2021/22 as the contract award will be made in February 2022, with initial actual expenditure starting in March 2022. The majority of the project's budget will be spent in 2022/23 as the Zero Trust secure network and Wi-Fi is installed at sites around the county.
46. Progress continues to be made on the implementation of the Children's Services Phase 2 project. There are some delivery timeline issues to be resolved but spend is progressing as expected.

47. The overall ten-year programme has remains unchanged.

Passported Funding

48. The **£29.5m** spend forecast for capital funding passported to other organisations has reduced by **£1.7m** from the latest approved budget. The programme includes the Local Growth Fund and the Getting Building Fund with 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. The current expectation is that a total of **£2.6m** will be carried forward into the next financial year as a number of schemes are forecasting completion in the early part of 2022/23.
49. The Getting Building Fund was announced by the Government in August 2020 and aims to help kick-start the UK's economic recovery from the pandemic, OxLEP has secured **£8.4m** for Oxfordshire. Much of this investment will support a number of emerging clean energy projects in the county, creating hundreds of new jobs in the process.
50. The overall ten-year programme has increased by **£0.2m** due to the inclusion of further Growing Places grants that are issued through the OxLEP programme.

Capital Funding & Earmarked Reserves Update

51. The level of capital earmarked reserves is **£64.6m** as previously reported to Council.

Risk Management

52. As noted in the previous report there are a number of factors increasing the risk to the deliverability and cost of capital schemes. These include supply chain issues and inflation, labour market supply, the on-going impact of COVID-19 and the HS2 project absorbing market capacity.
53. The combined impact of these factors is affecting delivery across three key areas:
- Workforce – both skilled and unskilled
 - Availability of materials
 - Contract price
54. Difficulties in obtaining the right skills and or materials, at the right time could put further pressure on the overall cost of projects and will present increased challenges with programming.
55. General uncertainty in the market is also impacting on the risk contractors are comfortable to take when bidding for work. Prices, which used to be held for several months, are now being held for a number of days so contract prices are much more volatile. These risks are particular

significant for major infrastructure projects where the Council is potentially exposed to any increases in costs and where there are fixed-value grants or contributions from other parties.

56. These risks are being mitigated as far as possible by:
- supply chain management and development - ensuring the supply chain is aware of the project opportunities on the horizon.
 - early contractor engagement in the scheme development.
 - attempting to recruit more permanent staff in the client team.
 - ensuring all project budgets are regularly reviewed to include adequate provision for price inflation and risk based contingency.
 - ensuring all project risks and costs are regularly reviewed by technical and market experts.
57. Risks are managed at both project and programme level and up to an assurance board led by senior officers which reports to the relevant cabinet portfolio holder. Capital governance within the council is currently being reviewed with a view to creating a more systematic and robust process. Funding for additional on-going staffing capacity to strengthen the co-ordination and oversight of the capital programme and the associated risks was agreed as part of the budget for 2022/23 and recruitment is now progressing.

Staff Implications

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

Equality & Inclusion Implications

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

Financial Implications

60. 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

61. In year changes to the capital programme must be approved by Cabinet in accordance with Financial Regulation and in particular paragraph 5.1.1(IV) permitting Cabinet to agree resource inclusion into the capital programme via a periodic Capital Report to Cabinet, based on the recommendation of

the Director of Commercial Development, Assets, and Investment and the
S.151 Officer

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