

CABINET – 17 JULY 2018

CAPITAL PROGRAMME UPDATE AND MONITORING REPORT

Report by the Director of Finance

Introduction

1. This is the first separate capital programme update and monitoring report and focuses on the delivery of the 2018/19 capital programme based on projections at the end of May 2018 and new inclusions within the overall ten-year capital programme.
2. The following annexes are attached:
 - Annex 1 Capital Programme Monitoring
 - Annex 2 Updated Capital Programme
 - Annex 3 Basic Need Programme
 - Annex 4 School Structural Maintenance Programme 2018/19
 - Annex 5 Highways Structural Maintenance Programme 2018/19 to 2019/20
 - Annex 6 Additional Highways Maintenance Programme for 2018/19
 - Annex 7 Outline Prudential Borrowing Proposal

Capital Governance

3. Following an internal audit of Capital Governance, significant work took place during 2017/18 to reshape and improve the capital governance process.
4. In October 2017, the Capital Asset Programme Board was replaced by the Community Infrastructure Portfolio Board (CIPB), a Director-level board which now meets monthly and has cross-directorate representation. A monthly Service Manager-level board (CIDG), again with cross-directorate representation, was created to provide additional governance capacity, challenge, and oversight. Beneath CIDG, projects and programmes are monitored and controlled by the local governance arrangements that exist in each service area.
5. These senior boards are sequenced to allow items to be escalated up through the new decision-making chain, and the organisation's Financial Regulations have been simplified and reworked to align with the new governance tiers.
6. In addition to the control and approval for new projects via a series of decision gateways, monthly reporting thresholds are in place to track the day to day performance of project delivery. Work is underway to build on the above changes to begin reporting a focused set of Key Performance Indicators to track project performance across Time, Cost, Quality, and Benefits.

2018/19 Capital Monitoring

7. The capital monitoring position set out in Annex 1a, shows the forecast directorate programme expenditure for 2018/19 is £115.6m (excluding school's local capital). This has increased by £10.3m compared to the latest approved capital programme. The table in the next paragraph summarises the variations by portfolio area.
8. The variations in 2018/19 take into account the 2017/18 outturn position and schemes that have been re-profiled accordingly. Significant in-year variations for each directorate are listed in Annex 1b. New schemes and total programme/project budget changes are listed in Annex 1c.

Portfolio Area	Last Approved Programme * £m	Latest Forecast Expenditure £m	Variation £m
People: Children Services	30.8	29.1	-1.7
People: Adult Services	1.5	6.9	+5.4
Communities: Transport	50.4	53.3	+2.9
Communities: Other Property Resources	10.3	11.0	+0.7
	12.3	15.3	+3.0
Total Directorate Programmes	105.3	115.6	+10.3
Schools Local Capital	0.9	1.2	+0.3
Earmarked Reserves	13.9	11.1	-2.8
Total Capital Programme	120.1	127.9	+7.8

* Approved by Council 13 February 2018

9. Within the Children's Programme there has been a decrease of £1.7m in the overall forecast project expenditure profiles since the last capital programme update, with a number of significant changes reported in individual projects and programmes. The main variations to note are:
 - a) Rephasing of £3.5m from 2018/19 into later years to reflect the latest progress on the new Secondary School for South West Bicester as the contract award is held pending land issues. The budget provision is £16m.
 - b) Inclusion of s106 funding towards expansion at King Alfred's School in Wantage and the amalgamation into two sites. It is expected that £0.6m will be released in 2018/19 with further funding released from secured agreements once received.
 - c) £0.8m brought forward from 2017/18 in the School Structural Maintenance Programme relating to two planned projects that were not completed within year.
 - d) Inclusion of £0.4m towards the works at Northfield Special School to enable the reoccupation of the school in the short-term.
10. The basic need programme budget provision for the year is £15m. Five projects are forecast to be completed with the financial year, with further projects commencing in year to enable completion before September 2019. With procurement routes for professional services and construction delivery being put in place, a number of projects that were expected to be delivered in-year have been rephased to complete in August 2019. A

number of pre-agreed contingency plans in order to accommodate the additional pupils will be implemented.

11. The Adult Social Care programme now includes the £5.4m Disabled Facilities Grant received for 2018/19. The funding, which is part of the Better Care Fund, is issued to the County Council but passed to the City and District Councils. This is used to support the provision of preventative adaptations and equipment to service users.
12. Within Communities, the Highways programme includes £4.1m additional funding for the Structural Maintenance Annual Programmes, which is a combination of grants being higher than originally budgeted, and budgets underspent in 2017/18 being transferred to the 2018/19 programme. The Integrated Transport budget for 2018/19 has been reduced by £1.1m, largely because some Local Growth Fund projects are now being scheduled to complete later than originally planned.
13. Changes to the Communities Property Programme include a new provision of £0.4m to commence survey and feasibility work on post-Carillion defect work, and a small re-profile in the Salt Stores budget to reflect the latest delivery timeframe of the projects at Deddington & Drayton Highways Depots.
14. Within the Resources Programme, £2.9m of new in-year financial contributions towards Local Growth Fund projects delivered by third parties have been agreed by the Oxfordshire Local Enterprise Partnership (OxLEP). These relate to the Disruptive Innovation Space Centre (DISC) project and Smart Oxford Culham City project.

Actual Expenditure to Date

15. Excluding accruals of £8.7m, actual capital expenditure as at the end of May was £5.4m. In year commitments are £31.3m or 24% of the forecast expenditure.

Ten Year Capital Programme Update

16. The total ten-year capital programme (2018/19 to 2027/28) is now £816.7m, an increase of £35.8m compared to the capital programme approved by Council in February 2018. The updated capital programme is set out in Annex 2. Taking into account the outturn position for 2017/18, the capital programme has increased by £15.0m. The following table summarises the variations by directorate and the main reasons for these variations are explained in the following paragraphs.

Portfolio Area	Last Approved Total Programme (2018/19 to 2027/28) * £m	Latest Updated Total Programme (2018/19 to 2027/28) £m	Variation £m	Variation in the size of the overall programme (including 2017/18) £m
People: Children Services	145.5	157.0	+11.5	+6.4
People: Adults Services	19.9	26.5	+6.6	+6.0
Communities: Transport	385.5	397.0	+11.5	+4.1
Communities: Other	33.5	36.3	+2.8	+0.6
Resources	92.3	98.2	+5.9	+5.6
Total Directorate Programmes	676.7	715.0	+38.3	+22.7
Schools Local Capital	6.0	6.3	+0.3	+0.3
Earmarked Reserves	98.2	95.4	-2.8	-8.0
Total Capital Programme	780.9	816.7	+35.8	+15.0

* Approved by Council 13 February 2018

17. Within the Children's Programme, the total forecast capital programme (2018/19 to 2027/28) is £157m which is an increase of £6.4m compared to the total programme value reported previously.
18. The main variations to the overall programme is the result of the following:
 - a) Inclusion of £0.8m from s106 funding towards King Alfred's expansion and amalgamation into two sites.
 - b) Additional budget provision of £3.9m from corporate resources towards the settlement of final accounts for Carillion delivered basic need, new school and school structured maintenance projects.
 - c) Removal of £0.8m programme provision funded through prudential borrowing for the creation of four new Children's Home's due to unused programme contingency.
 - d) Additional funding of £1.7m from developer contributions and capital receipts towards projects within the basic need programme.
 - e) Return to corporate resources of almost £0.3m from annual programmes in 2017/18.
 - f) Inclusion of £0.6m additional SEN Capital Fund grant.
 - g) Inclusion of £0.4m towards Northfield Special School.
 - h) Additional funding of £0.3m to complete the Matthew Arnold expansion project following the Carillion liquidation. This is funded from the basic need contingency provision.

19. Within the Transport Programme, the total forecast capital programme (2018/19 to 2027/28) is £397m which is an increase of £4.1m compared to the total programme value reported previously.
20. The main variations to the overall programme is the result of the following:
 - a) The Highways Structural Maintenance Programme has increased by £2.7m, reflecting a higher Incentive Fund grant allocation than originally budgeted and an allocation of £1.8m from the Flood Resilience Fund.
 - b) Additional s106 funding of £0.5m towards small value projects.
 - c) An increase of £0.5m to expand the scope of the Backhill Tunnel project at Milton Park following a request from OxLEP. This is funded from the Growing Places Fund.
21. Overall changes to Adult, Communities Other & Resources include:
 - a) The inclusion of £5.4m of Disabled Facilities Grant mentioned in paragraph 11 above (Adult Services).
 - b) An additional £0.6m of developer contribution funding towards Extra Care Housing in Didcot (Adult Services).
 - c) The £0.4m provision to commence survey and feasibility work on post-Carillion defect work as explained in paragraph 13 above (Communities: Other).
 - d) Financial contributions to Local Growth Fund projects of £5m delivered by third parties have been agreed by the OxLEP (Resources).

Schools Capital Funding

22. Announced during March 2018, was £0.3m from the Healthy Pupils Capital Fund 2018/19. This is funding from the Soft Drinks Industry Levy for 2018/19 only. The proposed funding methodology will ensure that all schools receive an allocation of at least £2,000.
23. This fund is intended to improve children's and young people's physical and mental health by improving and increasing availability to facilities for physical activity, healthy eating, mental health and wellbeing and medical conditions.

Capital Programme Approvals

24. The Community Infrastructure Programme Board (CIPB) recommend that Cabinet approve the following schemes and programmes for inclusion in the capital programme. The business case documents presented to CIPB are available as background papers.

Basic Need Programme for September 2018 and September 2019

25. The Basic Need Programme sets out the prioritisation for investment to create additional pupil places in existing schools. The two-year firm programme for projects planned up to September 2019 is set out in Annex 3 (excluding current named projects already in the capital programme). Further projects are planned and will be delivered subject to forecasted pupil numbers and local housing developments.
26. Cabinet is recommended to approve the projects and budget provision identified within the Basic Need Programme as detailed in Annex 3.

Schools Structural Maintenance Programme for 2018/19

27. The School Structural Maintenance Programme sets out the prioritisation for investment in the school estate. The one-year programme for the school's structural maintenance activities is set out in Annex 4 and has been developed to reflect current needs to ensure that prioritisation of projects enables the Council to derive the greatest value from the funding available.
28. Cabinet is recommended to approve the projects and budget provision identified within the 2018/19 School Structural Maintenance Programme as set out in Annex 4.

New Schools

29. Housing developers have taken the option to deliver new schools, with Council involvement to manage and oversee the developer's delivery of the schools and the provision of loose ICT, furniture and equipment with the Academy provider.
30. Cabinet is recommended to approve the inclusion of the following projects within the Capital Programme:
 - a) Crab Hill, Wantage – New 2 form entry Primary School £1.550m
 - b) Curbridge, West Witney – New 1.5 form entry Primary School £1.300m
 - c) Graven Hill, Bicester – New 2 form entry Primary School £1.630m

It is forecasted that all three projects will be fully funded from s106 contributions. Funding has also been secured for the provision of temporary education facilities serving the housing development site before the opening of the school if required and towards the school start-up costs.

Reprovision of Maltfield Children's Home

31. Maltfield House is a six-bed, single sex (girls) children's home located in Oxford. The need to re-provide Maltfield House is highlighted in the Council's Children's Placement Strategy 2016-2019. The main drivers for re-provision include:

- The location and layout of the home:
The location of Maltfield is no longer suitable for a children's home due to localised risk factors (including: deprivation levels, crime statistics, a lack of accessible/good education provisions, child sexual exploitation and drug exploitation perpetrator risks).
 - The need for mixed gender rather than single sex accommodation:
Having mixed-gender homes will maximise our potential to match children in stable and effective local residential environments in keeping with the Service's Placement Strategy
 - The continued need for in county residential accommodation for children:
There is a rise nationally and locally in the number of children becoming looked after and there is also an increase in the number of children living in residential children's homes. Local and national policy is to keep children in county.
32. Cabinet is recommended to approve commencement of the re-provision of Maltfield House (6 beds) and the expansion to include an additional one bed self-contained annex.
33. The budget of £3m is being funded from prudential borrowing funded by the service.

Children's Services IT System – Liquid Logic Phase 2

34. Cabinet is recommended to approve commencement on phase 2 of the LiquidLogic (LCS) Children's electronic social care record system. Phase 2 relates to a wider set of Children's Services requirements for the provision of statutory service provision, including:
- Managing Exclusions and Reinstatement/Tracking and Monitoring Attendance
 - Missing from Education/ Vulnerable Groups
 - Management of Home to School Travel Arrangements
 - Special Educational Needs
 - Manage and Support Children in Entertainment Employment
 - Allegations against staff
 - Early Years
 - Admissions and Admissions Portal
 - Statutory Returns
 - Manage Core Establishments Data (schools)
 - Governors Information & Activities
35. The budget of £1.240m is already earmarked in the Council's capital programme (Operational Assets). Implementation of phase 2 will supersede a number of standalone systems being decommissioned. Annual support and payment for these systems will also cease. Once fully implemented, annual savings of £0.150m have been identified. The implementation of Phase 1 is expected to be delivered in early 2019 and has a budget provision of £1.760m.

Highways Structural Maintenance

36. A two-year detailed Highway Structural Maintenance programme was agreed by Council in February 2018. A revised programme for 2018/19 and 2019/20 is attached at Annex 5 for Cabinet approval following the increase in funding as set out in paragraph 20 above.
37. In addition, Cabinet is recommended to approve a further £10m Highway Maintenance programme for 2018/19 as set out in Annex 6. This is to be funded from future years highways maintenance allocations. Existing capital programme budgets have been re-prioritised due to an ambition as part of Service & Resource Planning to make a significant capital investment in the Council's assets (£100m+) over the medium term. An overview of the investment proposal is set out in Annex 7 and Cabinet is recommended to approve that a business case is produced to support the investment.

Street Lighting

38. Oxfordshire County Council operates close to 60,000 streetlights with a variety of lantern types. The annual operating cost is approximately £4.9m (£3.5m of electricity and £1.4m for maintenance). This exceeds the current budget provision for street lighting.
39. Cabinet is recommended to approve the inclusion of a £40.8m street lighting investment programme into the overall capital programme. This will be rolled out over 4 years between 2019-2023:
 - Leading to significant cost avoidance through replacement of our remaining 51,000 traditional lanterns with LED
 - Moving towards a more cost effective and sustainable asset management approach by replacing 24,000 end of life columns.
 - Improving customer experience and reducing complaints through a more robust estate and
 - Maximising savings and allowing service transformation through a Centralised Management System (CMS).
40. The programme will be funded by prudential borrowing, repaid from the savings in the energy budget the programme will generate and reprioritisation of some funding in the existing medium term financial plan.

Housing & Growth Deal Infrastructure Schemes

41. In March 2018, the Government announced a £215m Housing and Growth Deal for Oxfordshire. Of this, £150m is to be spent on infrastructure schemes that enable the accelerated delivery of housing in the County. The Oxfordshire Growth Board approved a list of schemes to utilise the first year allocation of £30m. Many projects are utilising the revenue element of the grant funding, however Cabinet is recommended to approve the Botley Road Corridor scheme for entry into the capital programme.

42. The Botley Road Corridor project will improve cycling and pedestrian infrastructure support safety of non-motorised users, improve journey time reliability for all modes, and reduce overall journey times especially for bus users along this key arterial route in and out of Oxford. There will be priority for buses, improved cycle and pedestrian provision and a better road condition overall. The project will also see the introduction and use of smart technology along the corridor as part of the vision to give the corridor a sustainable transport boost.
43. The project budget is £9.1m and is funded by:
- £5m from the National Productivity Investment Fund
 - £3.25m from the Housing & Growth Deal
 - £0.850m from Developer Contributions

Housing Infrastructure Fund (HIF) Scheme Development Funding

44. In March 2018, the Ministry of Housing, Communities & Local Government (MHCLG) confirmed that of the three Housing Infrastructure Fund (HIF) Expressions of Interest submitted by the Council, two have been invited to move to the next stage of the process to submit Strategic Outline Business Cases through co-development with MHCLG.
45. The Access to Didcot Garden Town ask is estimated at £175.2m with an estimated total scheme cost of £189.2m for a package of schemes that includes:
- A4130 Widening
 - Science Bridge
 - Culham to Didcot River Crossing
 - Clifton Hampden Bypass
46. The West Oxfordshire A40 Smart Corridor ask is an estimated £141m for a package of schemes that includes:
- A40 Dualling
 - A40 Westbound Bus Lane
 - Dukes Cut Structure Pinch Point
 - A40/NCN Cycle Link
 - B4044 Eynsham to Botley Community Path
47. Cabinet is recommended to approve £1.0m (£0.5m for each package of schemes) to develop the Strategic Outline Business Cases for the Didcot Garden Town & A40 Housing Infrastructure Fund (HIF) bids to Government. This will be forward funded from corporate resources.

Didcot Library

48. As part of the Community Asset Review, it is recognised that Didcot Library has the capacity for better utilisation of facilities, including office accommodation. Cabinet is recommended to approve the inclusion of the £1.6m project into the overall capital programme. This will be funded from s106 contributions of which £1.4m is currently held.

Capital Funding Update

49. During May 2018, the DfE published the 2020/21 School Places capital allocations. This confirmed Oxfordshire's allocation of £27m for 2020/21, compared to the forecast funding of £3.250m included in the latest Capital Programme approved by Council in February 2018 (2018/19 to 2027/28).
50. This will be reviewed when the Basic Need programme is updated to reflect the latest position of schemes and in particular the detailed delivery programmes and consequential capital funding implications, with further pressures identified for the next service & resource planning process between 2019/2020 and 2028/29.
51. A further £0.571m was awarded towards the SEN Capital Fund 2018-21 to increase the overall allocation to £3.025m. This has been added to the basic need programme.
52. Announced during March 2018, was the School Condition Allocation for 2018/19. This confirmed Oxfordshire's allocation of £3.410m for 2018/19, compared to the forecast funding of £3.5m included in the latest Capital Programme. No budget changes are being made to the annual school programmes for 2018/19.

RECOMMENDATIONS

53. **The Cabinet is RECOMMENDED to:**
 - a) **note the report;**
 - b) **approve the updated Capital Programme at Annex 2 and the associated changes to the programme in Annex 1c;**
 - c) **approve the basic need programme up to September 2019 set out in Annex 3;**
 - d) **approve the School Structural Maintenance Programme for 2018/19 set out in Annex 4;**
 - e) **approve the inclusion of the budget requirement of £1.550m for the developer led new primary school for Crab Hill, Wantage;**
 - f) **approve the inclusion of the budget requirement of £1.300m for the developer led new primary school for North Curbridge, West Witney;**
 - g) **approve the inclusion of the budget requirement of £1.630m for the developer led new primary school for Graven Hill, Bicester;**
 - h) **approve the commencement of the re-provision of Maltfield House with a £3m budget provision;**
 - i) **approve the stage 0 budget requirement of £1.240m towards the Children Services Phase 2 electronic social care record system;**
 - j) **approve the revised two-year Highways Structural Maintenance Programme set out in Annex 5;**
 - k) **approve the additional £10m Highways Structural Maintenance Programme for 2018/19 as set out in Annex 6;**

- l) approve that a business case is produced to support the significant borrowing investment in the Council's assets;**
- m) approve the inclusion of £40.8m for the investment in the Street Lighting estate;**
- n) approve the inclusion of the Botley Road Corridor scheme with a budget provision of £9.1m as part of the Growth Deal Infrastructure Programme;**
- o) approve the inclusion of the budget requirements of £0.5m each towards the Housing Infrastructure Fund bid projects for Didcot Garden Town and A40; and**
- p) approve the inclusion of the budget requirement of £1.6m towards improvements to facilities at Didcot Library.**

LORNA BAXTER

Director of Finance

Background papers:

ED918 Crab Hill, Wantage New Primary School – Stage 0 amendment,
ED927 Curbridge, West Witney New Primary School - Stage 0,
ED919 Graven Hill New Primary School – Stage 0,
ED932 Maltfield House – Stage 0,
R28 ICT Children Services Phase 2 – Business Case
Creating a Modern Streetlighting Estate – Stage 1 Business Case
Botley Road Corridor – Stage 0 Business Case
HIF – Access to Didcot Garden Town – Stage 0 Business Case
HIF – A40 Smart Corridor – Stage 0 Business Case
CS19 Didcot Library, Community Hub – Stage 0 Business Case

Contact Officers: Katy Jurczynszyn, Strategic Finance Manger
(Financial Strategy & Monitoring)
07584 909518

July 2018