

CABINET – 15 SEPTEMBER 2020

CAPITAL PROGRAMME UPDATE AND MONITORING REPORT

Report by the Director of Finance

Recommendations

1. The Cabinet is **RECOMMENDED** to approve the updated Capital Programme at Annex 2

Executive Summary

2. This report sets out the latest monitoring position for 2020/21 capital programme based on activity to the end of July 2020 and provides an update on latest ten year capital programme to 2029/30.
3. The capital monitoring position shows the forecast directorate programme expenditure for 2020/21 is **£198.9m** (excluding earmarked reserves). This has increased by **£18.6m** compared to the latest approved capital programme.
4. Due to a number of new inclusions and changes, the total ten-year capital programme (2020/21 to 2029/30) is now **£1,190.2m**, an increase of **£270.2m** compared to the capital programme approved by Council in February 2020. The updated capital programme is set out in Annex 2. The main variations are set out in paragraphs 14 to 21 of the report.

Introduction

5. This is the first capital programme update and monitoring report for the year and focuses on the delivery of the 2020/21 capital programme based on projections at the end of July 2020 and new inclusions within the overall ten-year capital programme.
6. The following annexes are attached:
 - Annex 1 Capital Programme Monitoring
 - Annex 2 Updated Capital Programme

2020/21 Capital Monitoring

7. The capital monitoring position set out in Annex 1, shows the forecast directorate programme expenditure for 2020/21 is **£198.9m** (excluding earmarked reserves). This has increased by **£18.6m** compared to the latest approved capital programme. This overall variation takes into account the 2019/20 outturn position and the impact of re-profiling schemes into 2020/21.
8. The table below summarises the variations by strategy area:

Strategy Area	Last Approved Programme * £m	Latest Forecast Expenditure £m	Variation £m
Pupil Places	41.6	43.5	+1.9
Major Infrastructure	74.1	84.4	+10.3
Highways AMP	47.1	47.6	+0.5
Property, Estates & Investments	10.9	10.9	+0.0
ICT	5.4	5.4	+0.0
Passport Funding	0.9	6.8	+5.9
Vehicles & Equipment	0.3	0.3	+0.0
Total Strategy Programmes	180.3	198.9	+18.6
Earmarked Reserves	12.1	7.5	-4.6
Total Capital Programme	192.4	206.4	+14.0

* Approved by Council 11 February 2020

9. To date, there has been a minimal impact on the overall programme for 2020/21 arising from Covid-19. At individual project level there have been a range of impacts including requirements for social distancing measures. In the majority of cases the costs arising from these measures can be met by individual project contingency budgets or by greater productivity. The overall 10 year programme includes a contingency budget of £15m which can be called upon to help manage additional cost pressures if they arise. Where it cannot be managed within the project budget a revised business case will be brought forward for inclusion in the programme.
10. Within the Pupil Places Programme there has been a **£1.9m** change to the overall forecast project expenditure profile since the last capital programme update. The main variation is **£1.9m** brought forward from 2019/20 in the Schools Structural Maintenance Programme relating to seven planned projects that were not completed within the last financial year.
11. The basic need programme provision for the year is **£19.0m** and the growth portfolio provision is **£19.8m**. 12 projects are to be completed in Autumn Term 2020/21 to generate 2,090 new pupil places and 65 new nursery places. This includes the completion of three primary schools and one secondary school.

The new primary schools are Barton Park (Oxford), Cherry Fields (Banbury) and GEMS Wantage. All three primary schools include nurseries for two and three year olds. Cherry Fields and Barton Park also incorporate accommodation for Special Educational Needs (SEND) resource bases. The secondary school, Whitelands Academy, in south west Bicester also has accommodation for a SEND resource base.

12. The Major Infrastructure Programme is **£84.4m**, an increase of **£10.3m** to the overall forecast project expenditure profiles since the last capital programme update. This includes a further **£4.4m** relating to the Local Growth Fund projects which were brought forward from 2019/20. These relate to financial contributions to schemes delivered by third parties that have been agreed by the Oxfordshire Local Enterprise Partnership (OxLEP). The funding is held in earmarked reserves until confirmation of the schemes commencing.
13. At 31 July combined spend to date and commitments for the Major Infrastructure Programme represented 15% of the annual budget for the year. This is lower than expected for four months into the year and a review of the programme pipeline is underway which may result in further reprofiling of the programme.
14. Announced in May 2020, the Passport Funding programme now includes **£5.9m** of Disabled Facilities Grant that will be received in 2020/21. 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.

Ten Year Capital Programme Update

15. The total ten-year capital programme (2020/21 to 2029/30) is now **£1,190.2m** (excluding earmarked reserves), an increase of **£323.8m** compared to the capital programme approved by Council in February 2020. The updated capital programme is set out in Annex 2. However, taking into account the slippage in 2019/20 as set out in the outturn position, the capital programme has actually increased by **£270.2m**. The following table summarises the variations by strategy and the main reasons for these variations are explained in the following paragraphs.

Strategy Area	Last Approved Total Programme (2020/21 to 2029/30) * £m	Latest Updated Total Programme (2020/21 to 2029/30) £m	Variation £m	Variation in the size of the overall programme (including 2019/20) £m
Pupil Places	225.2	230.6	+5.4	+1.7
Major Infrastructure	213.8	510.6	+296.8	+261.0
Highways AMP	321.4	321.9	+0.5	-0.2

Property, Estates & Investments	75.7	82.8	+7.1	+0.2
ICT	19.1	26.4	+7.3	+0.0
Passport Funding	10.4	17.1	+6.7	+7.4
Vehicles & Equipment	0.8	0.8	+0.0	+0.1
Total Strategy Programmes	866.4	1,190.2	+323.8	+270.2
Earmarked Reserves	74.8	82.3	+7.5	+3.1
Total Capital Programme	941.2	1,272.5	+331.3	+273.3

* Approved by Council 11 February 2020

16. The Pupil Places programme will deliver a further 700 new pupil places in 2021/22 with the completion of 6 projects.
17. Within the Major Infrastructure Programme, the total forecast capital programme (2019/20 to 2028/29) is **£510.6m** which is an increase of **£261.0m** compared to the total programme value reported previously.
18. The Didcot Garden Town Housing Infrastructure Fund (HIF) and HIF Marginal Viability projects at Bicester and Wantage that were approved by Cabinet in October 2019 have now all been included within the Capital Programme. This includes £218.0m HIF grant and S106 funding of £20.0m supporting the delivery of the programme. A further £8.7m from HIF Marginal Viability grant has also been added.
19. The Infrastructure elements of the Housing & Growth Deal are under continual review to ensure that the schemes being taken forward can be delivered within the time frame of the agreement and meet the deal objective of accelerating housing. An agreement in principle has been reached with Homes England and the Ministry of Housing, Communities and Local Government (MHCLG) so that schemes in an approved programme can be delivered beyond March 2023, but by March 2024, unless otherwise agreed.
20. The inclusion of £4.4m from the OxLEP programme to third party schemes as set out in paragraph 11 also accounts for the additional funding entering the capital programme.
21. The Affordable Housing element of the Housing & Growth Deal is received by the County Council as the Accountable Body and passported to the District and City Councils for the delivery of Affordable Housing as agreed with Homes England. The programme delivery is therefore out of the direct control of the County Council but through our partnership arrangements this element is overseen through the Growth Deal Programme Board. The original programme included planned spend of £60m over three years as set out in the Housing & Growth Deal Delivery Document agreed in February 2018; 2020/21 is the final year of the programme. The 2020/21 allocation included in the capital programme is £31.8m. A total of £14.3m was spent in the first two years of the programme taking the forecast total spend for the three-year programme to £46.1m. This would leave a balance £13.9m of unutilised funding. An agreement in principle has been reached with Homes England and MHCLG to

extend the programme into a fourth year, and that any schemes begun in Year 4 with substantial completion and with clear delivery can go into Year 5 by agreement. The remaining funding will now be reprofiled over 2020/21 and 2021/22. The projected number of affordable homes will also be reprofiled to reflect the change to the programme. The revised programme will be included in the next capital Monitoring report.

22. The increase of £6.7m to the Passport Funding programme is due to the inclusion of £5.9m of Disabled Facilities Grant set out in paragraph 13 above and realignment of available schools Devolved Formula Capital funding over the 10 year period.

Capital Funding Update

23. During April 2020, the Department for Education (DfE) confirmed that the 2022/23 School Places capital allocation was zero for Oxfordshire. This is in line with forecasts as early payment of £27.1m was received in 2018/19 for 2020/21 to 2022/23.
24. The School Condition Allocation for 2020/21 was announced in April 2020. Oxfordshire will receive an allocation of **£2.8m**, compared to the forecast funding of **£2.5m** included in the latest Capital Programme. In June 2020, an additional £560m for repairs and upgrades to school buildings as part of a Transformative School Rebuilding Programme was announced by the Prime Minister. Oxfordshire will receive an additional **£1.3m** on top of funding already allocated this year.
25. On 23 May 2020 the Secretary of State for the Department for Transport (DfT) announced the creation of the Emergency Active Travel Fund. The funding is in two tranches. Tranche one supports the installation of temporary projects for the COVID-19 pandemic. The allocation for Oxfordshire is £0.1m capital funding and £0.2m revenue funding, total grant of £0.3m. The **£0.1m** capital funding will be added into the Capital Programme for 2020/21 and included in the next monitoring report. Tranche 2 is for the creation of longer-term projects that support active travel. The indicative allocation for Oxfordshire is **£2.4m**.
26. The preparation and development of the Kennington Bridge replacement scheme continues. The funding for the scheme has yet to be finalised. The opportunity to bid for funding of £30m from the DfT Challenge Fund is no longer available to the Council as central government decided on an alternative approach of distributing the available funding pot and has allocated the funding. Oxfordshire's allocation was **£11m**. A further **£8m** has been secured through OxLEP (City Deal programme) that was previously allocated to a scheme at Hinksey Hill that cannot currently progress. The Council is currently looking at options to fund the estimated shortfall of **£12m** for the scheme. This will be identified through the Budget and Business Planning process which will consider the prioritisation of capital funding over the ten-year programme.

27. Following a successful bid to the £900m Getting Building Fund (GBF), OxLEP has been allocated **£8.4m** to deliver 'shovel-ready infrastructure projects' that will boost economic growth and fuel local recovery and jobs. Schemes funded by the GBF must be completed by March 2022. This funding will be received by the Council on behalf of OxLEP in the Council's role as Accountable Body. These schemes, the majority of which will be delivered by third parties, will be incorporated into the Capital programme for 2020/21 and 2021/22 and included in the next monitoring report.

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Background papers: None

Annexes:

- Annex 1 Capital Programme Monitoring
- Annex 2 Updated Capital Programme

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