

## **CABINET – 18 June 2024**

### **CAPITAL OUTTURN REPORT 2023/24**

**Report by Executive Director of Resources and Section 151 Officer**

#### **Recommendation**

1. **The Cabinet is RECOMMENDED to:**
  - a) note the performance against the capital programme for 2023/24 as set out in the report.
  - b) Approve the creation of a new reserve to support the development of green financing and to make an initial contribution of £1.0m funded from the interest released at the end of 2023/24 (as set out in paragraph 65)

#### **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 updates on the performance against the programme shown in the latest monitoring report for 2023/24 and also compares back to the capital programme agreed by Council in February 2023. Figures shown reflect those to be included in the Council's Statement of Accounts for 2023/24.
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 based on the January 2024 monitoring position, and this was agreed by Cabinet in March 2024. Planned capital spend for 2023/24 totalled £191.3m. Actual capital programme expenditure by 31<sup>st</sup> March 2024 was £175.9m. The variation between the latest programme and the actual expenditure is -£15.4m (-8%). This spend is now expected to take place in 2024/25.
4. The expenditure was funded by £83.1m of capital grants and other external contributions, £30.8m of developer contributions and Community Infrastructure Levy, £2.2m of revenue contributions, and £59.8m of prudential borrowing.

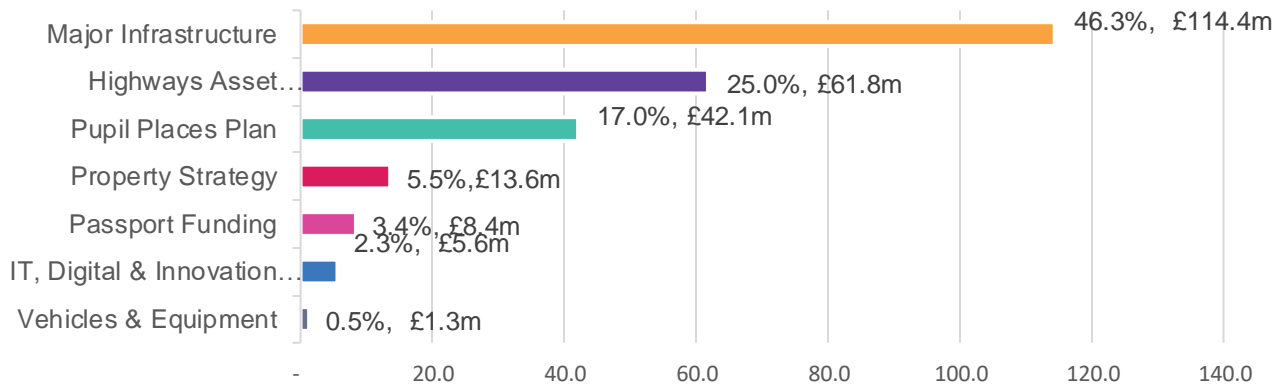
#### **Introduction**

5. 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.
6. 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

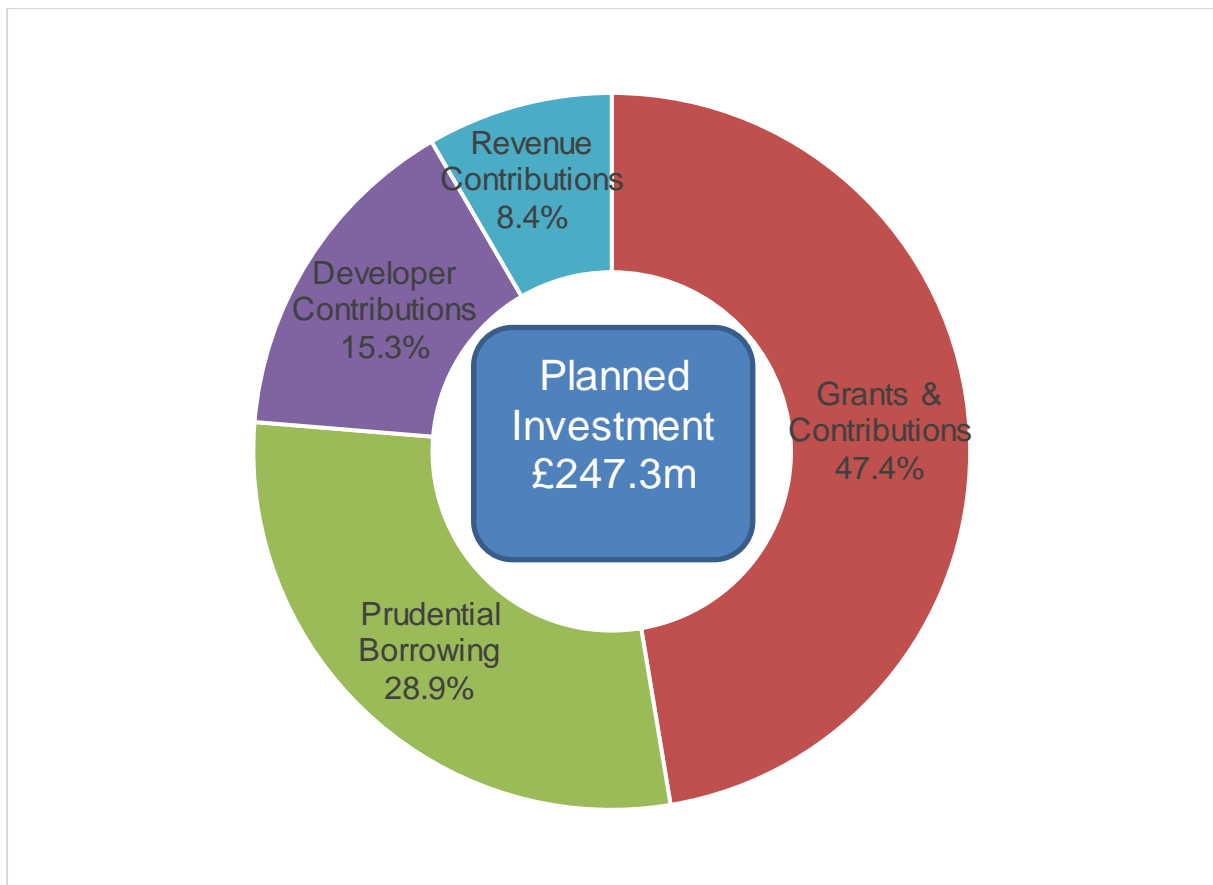
agreed annually by Council alongside the revenue budget and Medium-Term Financial Strategy.

7. 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, software and equipment,
  - **Passported Funds:** including Disabled Facilities Grant and Devolved Schools Capital,
  - **Vehicles and Equipment:** including fire and rescue vehicles and equipment,
  
8. 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
  
9. The original capital programme for 2023/24 was agreed by Council in February 2023 as part of the Capital and Investment Strategy and set out anticipated spend of £247.3m. This included £42.1m (17.0% of the overall programme) for the provision of additional school places and new schools in housing developments and £176.2m (71.2% 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 £5.6m and spend on the Property Strategy of £13.6m. The chart below shows the planned spend and the proportion of the overall programme by programme area based on the original budget plans for 2023/24.

## 2023/24 Original Budget



10. As shown in the chart below it was planned to fund the planned investment of £247.3m from grants and contributions £117.1m (47.4% of the planned investment), developer contributions £37.9m (15.3%), prudential borrowing £71.6m (28.9%) and revenue contributions of £20.7m (8.4%).



11. 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 2024 and set out anticipated investment of £191.3m in 2023/24.

12. Annex 1a sets out a summary of actual expenditure for 2023/24 by strategy area compared to both the original budget and latest budget.

### Performance Summary 2023/24

13. 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' 2024 Capital Monitoring (Cabinet March 2024) £m	Actual Capital Expenditure 2023/24 £m	Variation to Latest Capital Programme £m	Variation to Latest Capital Programme %
<b>Pupil Places Plan</b>	37,300	36,790	-510	-1
<b>Major Infrastructure</b>	67,461	61,711	-5,750	-9
<b>Highways Asset Management Plan</b>	55,190	53,217	-1,973	-4
<b>Property Strategy</b>	15,340	9,636	-5,704	-37
<b>IT, Digital &amp; Innovation Strategy</b>	5,369	4,862	-507	-9
<b>Passport Funding</b>	8,389	8,686	297	4
<b>Vehicles &amp; Equipment</b>	2,242	1,023	-1,219	-54
<b>Total Strategy Programmes Expenditure</b>	<b>191,291</b>	<b>175,925</b>	<b>-15,366</b>	<b>-8</b>

14. Actual capital programme expenditure for 2023/24 was £175.9 compared with £172.2m in 2022/23 and £173.4m in 2021/22.

### Pupil Places Plan

15. Actual expenditure on pupil places was £36.8m in 2023/24. This is £0.5m lower than forecast in the report to Cabinet in March 2024. 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.

16. 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.
17. The Basic Needs Programme invested £9.7m during 2023/24. This has created 255 additional pupil places and 16 additional Special Education Needs & Disability (SEND) pupil places. Two temporary classrooms have also been replaced. Schemes completed in 2023/24 include:
  - Glory Farm Primary School – replacement of prefabricated temporary classrooms.
  - Kingfisher Special School – 16 place expansion.
  - Lord Williams’s School – 150 place expansion.
  - North Leigh Primary School – enlargement of school and two additional classrooms.
  - Radley Primary School – 105 place expansion and improvements to the hall.
18. Five projects are currently in construction and are due to be completed in 2024/25 creating further additional pupil places.
19. The Growth Portfolio programme invested £23.6m during 2023/24. Three new schools opened during 2023/24 creating 1,260 additional primary school places, 240 nursery places and 35 additional Special Education Needs & Disability (SEND) pupil places. A further school was re-built, expanded and re-located.
  - Graven Hill Primary School – 420 place new school + 90 nursery places.
  - Sires Academy - 420 place new school + 90 nursery places.
  - St John’s Academy - 420 place new school + 60 nursery places + 35 place SEN Resource Places.
  - Shrivenham CofE Primary School – 315 place replacement primary + 75 place nursery places.
20. One other project, St Edburg’s CE Primary School in Bicester, is currently in construction and is due to be completed in 2024/25 creating further additional pupil places.
21. The Schools Annual Programmes invested £3.3m, delivering projects mainly through the Schools Structural Maintenance Programme. There were also projects delivered aligned with the Public Sector De-Carbonisation Grant

Programme that enabled carbon reduced solutions. A total of 17 projects were completed during the year from 32 planned, with a further 8 projects on site. The remaining projects will be carried forward to be undertaken during 2024/25. A new programme of works in excess of £5m for 2024/25 has been identified and consists of 44 projects.

22. Projects were delivered via the School Access Programme which ensure that mainstream buildings are accessible for pupils with Special Educational Needs and Disabilities. In total, accessibility improvements were made to 12 primary schools and 3 secondary schools enabling disabled pupils to attend their preferred school.

## Major Infrastructure

23. Spend on schemes with the Major Infrastructure Programme was £61.7m. The programme is divided into various sub-programme areas as shown in the table below.

Major Infrastructure	Latest Monitoring	Actual	Variation
	£'000	£'000	£'000
Housing Infrastructure Fund 1 (HIF1)	6,100	5,695	-405
Housing Infrastructure Fund 2 (HIF2) & A40	17,335	16,837	-498
A423 Improvement Programme	3,000	3,644	+644
Active Travel Phase 3	925	883	-42
Bicester & Banbury Locality	3,500	4,605	+1,105
Oxford Locality	14,184	12,346	-1,838
South & Vale Locality	7,771	8,066	+295
<b>Major Infrastructure Sub-total</b>	<b>52,815</b>	<b>52,077</b>	<b>-738</b>
Placemaking	899	727	-172
Transport Policy	13,525	8,789	-4,736
Other Programmes	222	118	-104
<b>Major Infrastructure –Total</b>	<b>67,461</b>	<b>61,711</b>	<b>-5,750</b>

24. The reduction of £5.8m compared to the forecast of £67.5m included in the March programme update reflects a mix of changes. There was better than anticipated progress on the A432 Improvement Programme (+£0.6m) and the A4095 – B4100 Roundabout scheme, Bicester (+£0.8m). £1.3m relating to Oxford Traffic Filters scheme is now expected to be spent in 2024/25.
25. Spend has also been impacted by the Zero Emissions Buses Regional Area (ZEBRA) project (-£3.2m), where the March 2024 target delivery for electric buses slipped into April 2024 due to a short pause in the programme. At the time of writing, 75 buses have been delivered in total, with 65 buses operational on routes around Oxford. The remaining 84 buses will be delivered by August 2024.

26. The majority of the Major Infrastructure programme comprises three main funding areas:

#### HIF1 Programme

27. The HIF1 programme remains in the pre-construction (Stage 2 Design & Procurement) phase awaiting the outcome and decision on the public inquiry which has taken place in early 2024. The in-year spend of £5.7m, is slightly less than previously anticipated. This is in line with the spend profile agreed with Homes England, which looks to optimise the minimum spend required to reduce the risk of programme delay. Subject to the outcome of the inquiry, 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 and includes the following schemes:

- A4130 Widening
- Clifton Hampden bypass
- Culham River Crossing
- Didcot Science Bridge

28. At the time of writing, a Material Change Request (resulting from the delays as a consequence of the public inquiry) has been progressing through the decision making and approval governance process in Homes England. If approved this would see an extended programme timeline and additional funding for the programme. Updates and progress will be reported as part of the routine capital programme and monitoring reports during 2024/25.

#### HIF2 & A40

29. The HIF2 & A40 programme has spent £16.8m during 2023/24. In total, the HIF2 and Oxford Science Transit programmes will look to invest £194.2m in infrastructure along the A40 corridor. At the time of writing this report a Material Change Request had been submitted to Homes England for the HIF2 programme. It is yet unknown as to when a decision will be made. This programme will be further delayed until an approved revised timeframe, scope and funding model is agreed. The projects are at various stages of delivery.

30. The elements of the A40 Programme in construction are progressing well, with Oxford North Phase 1 scheme complete and presently progressing through the close out stage. The Eynsham Park & Ride, part of the Science Transit Phase 2 programme is 95% complete and progressing through its defect's rectification stage. While Access to Witney is progressing through its pre-construction phase, including the securing of land parcels.

- A40 – Access to Witney – stage 2, Design & Procurement
- A40 – Oxford North Phase 1 – stage 4, Close out
- A40 – Science Transit Phase 2 – stage 3, Construction & Delivery

## Growth Deal Programme and Other Funding

31. The deadline for spending £142.7m<sup>1</sup> Capital Growth Deal funding agreed with the Department for Levelling Up, Housing and Communities (DLUHC) and Homes England, is 31 March 2025. 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.
32. The following projects have completed construction and are currently in the Close Out stage:
  - Botley Road Corridor
  - Oxford Zero Emission Zone (ZEX) Pilot
  - Active Travel – Oxford schemes Tranche 2
  - A4095 Underbridge and Underpass NW Bicester
  - A361 Road Safety Improvements
33. The following projects have completed the construction stage:
  - Access to Headington
  - North Oxford Corridor – A44 Loop Farm to Cassington Rd
  - North Oxford Canal towpath improvement works
  - Broad Street
34. The following projects are in the construction stage:
  - North Oxford Corridor - Kidlington Roundabout
  - A4095 – B4100 Banbury Road Roundabout
  - Benson Relief Road
  - Wantage Eastern Link Road
  - A4130 Steventon Lights

## **Highways Asset Management Plan (HAMP)**

35. The annual planned target total surfacing programme (excluding patching) for 2023/24, was calculated at 2% of the network. The expectation was that this would enable the council to maintain the 4,656km of network that it is responsible for in as close as possible to a 'steady state' within the funding available. By the year end, 2% of the network had been resurfaced as follows:
  - a) Over 88km of the network was, either wholly or in part, reconstructed or resurfaced,
  - b) Approximately 23km of the network was renewed to an 'as new' condition,
  - c) Approximately 65km 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,

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



d) Approximately 1km of the network prone to road traffic accidents were prioritised for works to improve and enhance the likelihood of future collisions.

36. The total spend in 2023/24 was £53.2m compared to the latest forecast of £55.2m in the report to Cabinet in March 2024. 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	36,000	34,673	-1,327
Improvement Programme	3,680	3,739	+59
Major Schemes & Other Programmes	14,510	13,403	-1,107
Other	1,000	1,402	+402
<b>Highways Asset Management Plan – Total</b>	<b>55,190</b>	<b>53,217</b>	<b>-1,973</b>

37. The annual Structural Maintenance Programme invested £34.7m, -£1.3m less than last reported and delivered 97% of the planned schemes, the underspend was in the Bridges and Electrical programmes.

38. The planned and delivered activities for the main programmes are tabled below:

Project	Original Planned Schemes	Schemes/ Units Delivered	Comments on actual compared to planned delivery
Surface Treatments (schemes)	43	43	Schemes to restore the condition or prolonging the life of existing carriageways. There is also pre-works for next year's programme, however these schemes are not included in this number.
Carriageways (schemes)	17	15	Surfacing/reconstruction/strengthening of roads. 2 schemes were deferred due to cost increase
Structural Highways Improvements (schemes)	65	65	Surface inlay and minor patching schemes across the county. There will also be minor works carried out in addition to this throughout the year.
Footways (schemes)	33	34	Repair/construction of footways and cycleways.
Drainage (schemes)	130	146	Repair/renewal of existing drainage infrastructure and provision of new infrastructure to resolve known drainage issues. There is also planned reactive work which will be carried out.

Project	Original Planned Schemes	Schemes/ Units Delivered	Comments on actual compared to planned delivery
Bridges (schemes)	14	9	Strengthening/replacement/imposition of management measures on weak structures. 5 schemes were deferred to next year, due to things such as high-water levels and protracted lead-in times from external agencies for licences. Additional area bridges programme is determined during the year.
Public Rights of Way	8	6	Improved Pedestrian Access Points (delivered as planned-reactive – dependent upon need). In addition to this new/refurbished kit bridges (delivered as planned-reactive with in-house resource). Two schemes have been deferred, due mainly to delivery issues relating to high-water levels for both watercourses and ground water levels, resulting from prolonged wet weather periods.
Electrical	6,513	6067	LED Replacement units being installed this year.
20mph Speed limit (schemes)	34 84	34 72	Phase 1 – Remaining schemes reprogrammed from last year. Phase 2 - schemes this year. The remainder reprogrammed to be delivered Q1 24/25. Work involved revised speed limit orders and installing signs in towns and parishes.
Section 42 contributions (schemes)	78	56	Programme delivered by the City Council and covers all the unclassified roads and footways within the city. Over 20 schemes have been re-scheduled to the next year, due to increases in costs that exceeded the available funding.

39. The annual Improvement Programme invested £3.7m in line with latest forecasts. This includes 81 road safety and traffic improvements including road markings, cycle provision improvements, pedestrian crossings, footway improvements and speed limit alterations. The programme also includes enhancement to support journey time reliability, which also aid bus movements, and traffic signal improvement schemes.
40. The Structural Maintenance Major Schemes programme invested £13.4m, - £1.1m less than previously reported. A total of 6,067 LED replacement units were delivered in 2023/24 but this was 446 units (or 7%) less than planned. Some of the funding has been reallocated to traffic signals to be delivered in

2024/25. The total number of LED units now replaced is approximately 93%. The remaining lighting units and columns will be replaced by the end of 2024/25.

## Property Strategy

41. The total capital expenditure in 2023/24 was £9.6m, £5.7m lower than the latest monitoring report. The majority of this underspend relates to the Children's Homes Programme (£1.9m), Homes Upgrade Grant 2 (£2.0m) and contributions to the Resonance Supported Homes Fund (£1m).
42. Corporate Estate Development spent £4.4m. The two largest projects being delivered are:
  - Children's Homes Programme (£2.1m) – Children's Services successfully secured DfE match funding to purchase and refurbish four new children's homes, with programme delivery to run to March 2025. The £10.45m capital programme will increase the placement sufficiency for Children We Care For by 12 beds for 11-17 year olds. Two new properties (Chinor and Enstone) were acquired in 2023/24 and will be refurbished during 2024/25. Two further homes are expected to complete and be refurbished in 2024/25
  - Aston Children's Home – this was successfully completed in December 2023 creating a new, purpose-built home for 4 children and 2 staff.
43. Construction has also begun for a new salt barn at Deddington Highways Depot which will be ready for use in Winter 2024. Following a review and changes to the business case various options are being investigated for the future location of Banbury Library.
44. The Corporate Estate Condition Programme spent £2.1m. This includes 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 £1.0m works, the majority across various schools within the 2023/24 programme. This takes the overall programme expenditure to £10.1m.
45. The office rationalisation & co-location programme continued. Nash Court was vacated and released, with staff moved into Union Street. Phase 1 of the closure of Knights Court also took place during 2023/24, with moves into Oxford Community Support Service, Union Street, County Hall and Ron Groves House. These works allowed the property to be vacated and released with the resultant revenue savings. Phase 2 of this project will commence in 2024/25 with £1.675m to be spent across the properties above. It is also expected to that Abbey House will be vacated during 2024/25.
46. The total investment to date is £3.0m of the £5.0m provision under the Resonance Supported Homes Fund. At 31 March 2024, 5 properties have been purchased, four are in development and one is now occupied. The current properties are in Banbury, Bicester, Kidlington, Oxford, and Witney. Of the four properties in development, detailed property specifications are being finalised

with delivery of the remaining four properties expected in 2024. The fund will result a total of 22 new shared living options. A further payment of £1m is due at the beginning of financial year 2024/25.

47. The Climate Action Programme spent £2.7m in 2023/24, -£2.2m less than previously reported. This is predominately due to the delays relating to the Homes Upgrade Grant (HUG2). Expenditure included:
- £1.8m spent in 2023/24 on Green Homes Grant, originally awarded from the Department for Business, Energy, and Industrial Strategy (BEIS), now the Department for Energy Security and Net Zero (DESNZ), delivering 218 energy-saving retrofit measures to 129 owner-occupied and privately rented homes with D-rated energy ratings or below.
  - The Capital Monitoring Report to Cabinet in December 2023 noted that £0.7m of the Home Upgrade Grant (HUG1) has not been spent within the grant timeframe and would be returned to the grant provider. This was due to the availability of accredited installers, early capacity issues and the award of funds under HUG2 which meant HUG1 could not continue once HUG2 was in operation.
  - £0.8m spent in 2023/24 on the Home Upgrade Grant (HUG2) that delivered 118 retrofit measures to 65 homes. This is a two-year programme, running until the end of March 2025, and we have a target to deliver retrofit improvements to a further 150 owner-occupied properties in 2024/25.

## **IT, Digital & Innovation Strategy**

48. The total capital expenditure on ICT schemes in 2023/24 was £4.9m compared to the forecast of £5.4m set out in the March 2024 report.
49. A further £0.4m was spent on the Children Education Systems project (overall programme budget £3.3m). The project has now completed, with some budget available for the further development of this strategic system covering both education and children's social care.
50. The Rural Gigabit Hub Sites programme which commenced during 2021/22 incurred expenditure of £1.97m in 2023/24 (Total spend £5.7m against an original budget of £8m) for build work completed under the programme. This programme has enabled 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. 178 sites have been completed to date and a further 15 community hub buildings are due for completion in 2024/25. This project was funded partly by Department for Culture, Media and Sport (DCMS), and partly out of the Gainshare payments received from BT under the completed Better Broadband for Oxfordshire project (£5m). This programme has helped to reduce the cost of connections required for the Council'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.

51. The 5GIR programme commenced in towards the end of 2023/24 and incurred £0.2m of expenditure in 2023/24 after being awarded £3.8m of grant funding by the Department for Science, Innovation and Technology (DSIT) to increase adoption of 5G connectivity focussing on regional strengths in research and development, advanced engineering and manufacturing. The programme is a regional partnership, known as England's Connected Heartland (ECH) which comprises of local bodies from Oxfordshire, Berkshire, Buckinghamshire, Bedfordshire and Cambridgeshire, with Oxfordshire as the lead authority. ECH will deploy resources from each of the participating authorities to develop joint opportunities with the wireless telecoms supply chain and the sectors to create an Advanced Wireless ecosystem. The project will do this by stacking use cases as vertical propositions that can then be lifted into other applications more widely across the region. The project plans to deploy two physical 5G infrastructure builds; the 5G Science & Innovation Campus Project at Harwell and the 5G railway project to utilise trackside fibre to deliver 5G along the East West Rail line between Bicester and Bletchley. A further workstream plans to offer a grant scheme to help drive adoption of 5G technologies by removing financial barriers to deployment and facilitating innovative applications.
52. The digital infrastructure programme (to deliver the outcomes of the ITID Strategy) incurred expenditure of £2.3m. There have been variations to the previous forecast as the costs for several projects will now be incurred in 2024/25. Project expenditure in 2023/24 includes:
  - £0.2m for network connectivity equipment to implement a secure “zero trust” network at up to 148 council sites across the county. The project has successfully completed implementation, with all sites enjoying improved connectivity at a lower cost.
  - An investment of £1.1m in improving customer kit – typically laptops and mobiles (where needed). A new contract for the supply of laptops is now in place providing up to date devices at a lower unit cost.
53. IT are working on a number of applications, these include:
  - One Fleet – enabling the vehicle asset management system to move towards carbon reduction in vehicle use.
  - Digital Post Room – supporting centralised post room function for efficiencies.
  - ATS (Applicant Tracking System) Recruitment system – improved offer for managers and potential employees to attract talent and meet our Employer of Choice as part of OCC's vision.
  - Power BI and Social Care Dashboards – to meet the provision of data driven decisions within a social care setting.

- Investment in enhancing council's digital presence with a new home page, and web content designed for specific audiences.

54. The following projects went Live in 2023/2024:

- The Council's Desk Booking system – Kadence – supports agile working and provides data for the future rationalisation of office space.
- Health & Safety Accident Reporting – enables the statutory H&S requirements of the organisation.
- Investment in enhancing the Council's digital presence with new home page, and content designed for specific audiences to improve engagement with residents.

## **Passported Funding**

55. Disabled Facilities Grant of £7.2m, 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.
56. Schools Devolved Formula Capital expenditure was £1.5m for the year. This is grant funded by the Department of Education. School capital balances have decreased by £0.5m to £2.1m as at 31 March 2024.
57. Fire Control Renewal Fund incurred £0.5m of expenditure in 2023/24 towards replacing the servers as part of the hardware refresh project at the Thames Valley Fire Control Service.

## **Vehicles and Equipment**

58. At year end, vehicles and equipment costing over £0.020m purchased for use by the Fire & Rescue Service and in-house Fleet Management have been added to the Council's asset register. The value of vehicles and equipment purchased in 2023/24 across both services was £0.5m. For the Fire & Rescue Service, the remaining revenue provision for 2023/24 of £0.5m was transferred into reserves. This has increased the balance held in reserves for the future purchase of vehicles to £2.9m.

## **Comparison with Original Financial Plans (agreed in February 2023)**

59. 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 2023/24 to actual expenditure for each programme area at each update.

60. The original budget plan for 2023/24 was £247.3m. Changes to plans set out in reports during the financial year reduced the expected outturn position to £191.3m in the report to Cabinet in March 2024. Actual expenditure for 2023/24 was £175.9m. This represents delivery of 71% (58% in 2022/23) on the original financial plan for the year agreed by council in February 2023.
61. The variations during the year were explained within the monitoring reports and can be summarised within the following areas. The variations for schemes within each programme are set out in detail in Annex 1c:

a) Major Infrastructure: Reduction to original plan of £52.7m

The actual outturn position is £52.7m lower than the original plan. This is made up of a reduction of £47.0m when comparing the March position with the original plan agreed in February 2023 and a further £5.7m reduction when comparing the last reported position to actual outturn. The programmes and projects which were significantly reprofiled were:

- HIF1 Programme – delayed as a result of the public inquiry and the requirement for a final decision. Meanwhile, with approval from Homes England, a minimum level of spend is being maintained to reduce the risk of any future delays to the programme following the outcome of the inquiry.
- HIF2 Programme – delayed as a result of a requirement to re-scope of the programme in light of cost increases. This is awaiting a decision by Homes England to approve a Material Change Request.
- Zebra Electric Bus payments – changes to the delivery profile of the electric buses impacted on when the payments can be made. While this has slipped some buses were delivered in early 2024/25 and are now in operation around Oxford, the remaining buses will be delivered by August 2024.
- Active Travel Phase 3 – slippage due to delays in entering into contract for the various projects within Tranche 3.
- Benson Relief Road – there was a delay in entering the construction phase of the programme. However, this scheme is now under construction.
- Wantage Eastern Relief Road – there was a delay in entering the construction phase of the programme. This is now underway and expected to be completed by Summer 2024.

b) Pupil Place Plan: Reduction to original plan of £5.3m

The report to Cabinet in January 2024 updated expenditure plans based on updates from contractors for the delivery of new schools. While some spend has slipped to 2024/25 the overall project cost remains within the approved budget with no significant impact on the delivery programme – the additional capacity is still expected to be available as planned.

The variations during the year were explained within the monitoring reports and can be summarised within the following areas:

- Provision of School Places – Expansions (-£1.0) – Reprofiting due to commencement date of construction phase.
- New Schools (-£1.1m) – Reprofiting due to commencement date of construction phase.
- School Structural Maintenance Programme (-£3.0m) - due to schemes that have commenced in 24/25 and are not yet complete and £1.4m of schemes have not yet commenced. These schemes been included as carry forward projects into the 2024/25 programme.

c) Property Strategy: Reduction to original plan of £4m

The reduction is mainly due to the timeframe needed to acquire suitable sites for the delivery of four new children’s homes, the decision on the relocation of Banbury Library, the timing of the next payment due to the Resonance Supported Homes Fund, which is now expected to be made in 2024/25, and the delivery timeframe for the Decarbonisation Programme.

d) Highways Asset Management Plan: Reduction to original plan of £8.6m

The reduction is mainly due to the reprofiling of the final phase of the LED Replacement programme, which is currently 93% complete. It is anticipated that the remaining replacements will be completed in 2024/25.

## Capital Programme Financing

62. The table in Annex 1b summarises the financing of the 2023/24 capital programme and compares it to the financing planned in the original and latest capital programme.
63. Capital grants totalling £81.6m have been used towards the funding capital investment during 2023/24. These include the various funding streams to support the major infrastructure programme including £9.3m of Housing Infrastructure Funds towards the Didcot Garden Town and A40 programmes and £12.7m on A40 Oxford science Transit project. A further £20.5m expenditure has been incurred on the Growth Deal infrastructure programme and has been met from recycled funds ahead of claiming the remaining grant in 2024/25.
64. Capital funding received from developer contributions totalled £60m in 2023/24. £30.8m developer contributions and Community Infrastructure Levy (CIL) funding was used in 2023/24 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 £270m as at 31 March 2024. A total of £168m of this funding (including secure funding) is built into the capital programme from 2024/25 onwards. The remainder will be used to support future schemes in line with the relevant agreements.
65. Following a change in approach to applying indexation to developer contributions it is proposed create a new reserve to support the development of



green financing and to make an initial contribution of £1.0m funded from the interest released at the end of 2023/24.

66. Un-ringfenced grant funding held in the Capital Grants Reserve decreased by £1.8m during the year to £146.8m as at 31<sup>st</sup> March 2024. This balance is £16.7m higher than previously reported due to £13m of new grant allocations being received in March 2024. These include Active Travel Phase 4, A420 Road Safety and additional SEN High Needs Capital Grant.
67. Within the total there is £26.7m SEN High Needs Capital Grant, £23.4m Zero Emission Bus Regional Areas (ZEBRA) allocation towards the purchase of electric buses that is expected to be passed to the bus companies in 2024/25 and £20.7m towards the A40 Oxford Science Programme.
68. 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.
69. The balance of unapplied ringfenced capital grants held by the Council has increased by £5.4m to £13.7m as at 31 March 2024. The balance includes £6.2m of Community Infrastructure Levy funding received towards various projects and £3.3m towards the Local Electrical Vehicle Infrastructure programme.
70. The capital receipts and capital reserve balances are £33.1m and £47.4m respectively at 31 March 2024. The capital receipts and reserve balances are forecast to be spent over the ten-year capital programme period.

## **Risk Management**

71. As reported previously, there are a mix of factors continuing to impact on the deliverability and cost of capital schemes. Where those schemes are grant funded (particularly Housing & Growth Deal, HIF1 and HIF2) there is a risk that slippage could impact on the availability of grant funding as it is not possible to complete the scheme by the funding deadline. While the impact of inflation has reduced there is also a risk that costs increase further by the point the relevant schemes reach the construction phase eroding the value of the grant funding so that is insufficient to meet the revised scheme costs.
72. These risks, including the impact of inflation where relevant, 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.
73. HIF1 is a significant financial risk to the authority because the scheme cannot now be completed before the existing end date of reclaiming expenditure of March 2026. However, following the outcome of the planning inquiry a decision

will be required to stop the scheme or alternatively an extension to time/additional funding/rescoping of the scheme will need to be agreed with Homes England. As such it is expected that the financial risks will be managed through either of those routes.

74. There are ongoing negotiations with Homes England in relation to the HIF2 scheme funding and timeline which presents a potential risk if a successful resolution is not reached.
75. The council is focussed on assessing and tracking seven strategic risks in 2023/24. One of these risks is "Major Infrastructure Portfolio Schemes become undeliverable". Updates on this risk have been reported through the Business Management & Monitoring Reports to Cabinet.

### **Staff Implications**

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

### **Equality & Inclusion Implications**

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

### **Financial Implications**

78. The report sets out the position at the end of 2023/24 for the planned investment and available funding for the ten-year Capital programme.
79. The following risks are inherent within the funding of the capital programme:
  - Certainty over the timing and value of future capital receipts and Section 106 Contributions
  - Certainty over the receipt and security of future grant funding.
  - Ability to meet the deadlines for the use of grant funding.
80. If capital receipts or section 106 contributions are not received within the planned timeframe it may be necessary for the Council to temporarily fund capital expenditure through prudential borrowing. The council has a prudential borrowing reserve to help manage the revenue impact of additional prudential borrowing.
81. Where additional funding is required to fund schemes on a permanent basis this will need to be addressed by reducing investment elsewhere within the programme (reprioritisation) or by permanently funding through prudential borrowing. This would require the identification of long-term revenue funding as

the Prudential Borrowing is usually repaid over 25 years through the Minimum Revenue Provision.

82. Since the introduction of new governance measures in 2022, there has been a commitment to continuously improve upon what is already in place. An ongoing programme of work is aiming to build upon these foundations, which will enable efficiency, transparency and effectiveness across all areas of Capital Programme governance. Central to this, is the integration of technology tools which will provide senior leaders with increased visibility and oversight of the capital programme and an enhanced capacity to make evidence-based decisions.

Comments checked by:  
Kathy Wilcox, Head of Corporate Finance

## **Legal Implications**

83. 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**

Executive Director of Resources and Section 151 Officer

Contact Officers: Kathy Wilcox, Head of Corporate Finance  
Natalie Crawford, Capital Programme Manager

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