

## CABINET – 17 MARCH 2020

### CAPITAL PROGRAMME UPDATE AND MONITORING REPORT

#### Report by the Director of Finance

#### Recommendations

1. The Cabinet is RECOMMENDED:
  - a) to approve the changes to the programme in Annex 1c;
  - b) to agree to continue to report the Growth Deal at programme level to enable resources to be moved between schemes (as set out in annex 2) but within the overall programme total of £143m.

#### Executive Summary

2. This is the quarterly update report summarising the financial performance in the delivery of the 2019/20 capital programme based on projections at the end of January 2020; and, it highlights the new inclusions within the overall ten-year capital programme.
3. The report and annexes reflect all changes approved by Council in February 2020 as part of the Service & Resource Planning process. Following Council's approval, this is the first update report reflecting the new format of the Capital Programme by strategy area.
4. As shown in Annex 1, there has been a small decrease in the forecast programme expenditure for 2019/20 of **£0.4m**. There are seven projects within the School Structural Maintenance Programme totalling £1.4M that have now been rescheduled for delivery in 2020/21 with minimal impact on the schools' operation. An additional £1M spend has been approved in 19/20 on Local Growth Fund projects relating to financial contributions to schemes delivered by third parties agreed by the Oxfordshire Local Enterprise Partnership (OxLEP).
5. The total ten-year capital programme (2019/20 to 2029/30) is now **£1,027.4m**, an increase of **£1.7m** compared to the latest approved capital programme. The variation is the result of the OXLEP agreeing financial contributions to Local Growth Fund projects that are delivered by third parties.
6. The key matter in this update is the reporting of the Housing and Growth Deal Infrastructure Programme (ref. sections 16 – 19 of this report). The individual schemes and programme of work will change frequently in terms of deliverability, approach and/or forecast cost, as technical assessments are progressed through the key stages of delivery, To ensure efficient and effective delivery these changes will require prompt decision making at an operational level; It is therefore being recommended that the Housing and

## CA8

Growth Deal infrastructure programme continues to be reported at a programme level enabling resources to be moved between schemes but within the overall agreed programme funding. Changes to schemes and/or forecast costs will continue to be reported in the quarterly Capital Programme updates and monitoring reports.

### Introduction

7. This is the fourth capital programme update and monitoring report for the financial year 2019/20. The report focuses on the delivery of the 2019/20 capital programme based on projections at the end of January 2020 and new inclusions within the overall ten-year capital programme.
8. The following annexes are attached:
  - Annex 1 Capital Programme Monitoring
  - Annex 2 Growth Deal Programme

### 2019/20 Capital Monitoring

9. The capital monitoring position set out in Annex 1a, shows the forecast programme expenditure for 2019/20 is **£158.8m** (excluding earmarked reserves). This has decreased by **£0.4m** compared to the latest approved capital programme of **£159.2m**. The table in the next paragraph summarises the variations by strategy area.
10. Significant in-year variations for each strategy are listed in Annex 1b. New schemes and total programme/project budget changes are listed in Annex 1c.

Strategy / Programme	Last Approved Programme * £m	Latest Forecast Expenditure £m	Variation £m
Pupil Places	35.8	34.4	-1.4
Major Infrastructure	60.1	61.1	+1.0
Highways Asset Management Plan	34.1	34.1	+0.0
Property & Estates, Investment Strategy	10.3	10.3	+0.0
ICT	10.8	10.8	+0.0
Passport Funding	7.5	7.5	+0.0
Vehicles & Equipment	0.6	0.6	+0.0
<b>Total Programmes</b>	<b>159.2</b>	<b>158.8</b>	<b>-0.4</b>
Earmarked Reserves	4.3	3.3	-1.0
<b>Total Capital Programme</b>	<b>163.5</b>	<b>162.1</b>	<b>-1.4</b>

\* Approved by Council 11 February 2020

11. Within the 2019/20 annual School Structural Maintenance Programme, seven projects, totalling **£1.4m** will be delivered in 2020/21 and incorporated within next years programme. This rescheduling of works has minimal impact on the school's operation as these projects are predominately condition based flat roofing projects. 14 projects within the programme have been completed in 2019/20.

12. A further **£1.0m** relating to the Local Growth Fund projects were approved to be spent in 2019/20. These relate to financial contributions to schemes delivered by third parties that have been agreed by the Oxfordshire Local Enterprise Partnership (OxLEP).

### Actual Expenditure to Date

13. Excluding forecast expenditure on third party schemes (OxLEP funded schemes and the Housing and Growth Deal Affordable Housing element), the 2019/20 programme reduces from **£158.8m** to **£127.9m**. Actual capital expenditure as at the end of January for Council controlled projects was **£54.1m** with in-year commitments at **£30.0m**. The combined value is 66% of the forecast expenditure.
14. The 2019/20 Affordable Housing element of the Housing and Growth Deal will be paid to the County Council (as Accountable Body) by Homes England in April 2020 when the number of affordable homes delivered has been agreed. The Council will then pass this funding to the relevant district councils. It is currently forecasted that this will total **£8.1m** for 2019/20 which will be subject to final confirmation by 31 March 2020.

### Ten Year Capital Programme Update

15. The total ten-year capital programme (2019/20 to 2029/30) is now **£1,025.7m** (excluding earmarked reserves), an increase of **£1.7m** compared to the latest approved capital programme. The increase is a result of financial contributions to Local Growth Fund projects of £1.7m delivered by third parties being agreed by the OxLEP.

The following table summarises the variations by programme.

Strategy / Programme	Last Approved Total Programme (2019/20 to 2029/30) * £m	Latest Updated Total Programme (2019/20 to 2029/30) £m	Variation £m
Pupil Places	261.0	261.0	+0.0
Major Infrastructure	277.8	279.5	+1.7
Highways Asset Management Plan	351.6	351.6	+0.0
Property & Estates, Investment Strategy	86.0	86.0	+0.0
ICT	29.9	29.9	+0.0
Passport Funding	18.0	18.0	+0.0
Vehicles & Equipment	1.4	1.4	+0.0
<b>Total Programmes</b>	<b>1,025.7</b>	<b>1,027.4</b>	<b>+1.7</b>
Earmarked Reserves	79.1	77.4	-1.7
<b>Total Capital Programme</b>	<b>1,104.8</b>	<b>1,104.8</b>	<b>+0.0</b>

\* Approved by Council 11 February 2020

## **Housing & Growth Deal Programme**

16. The Housing and Growth Deal Programme comprises £150m to fund an infrastructure programme and £60m to fund affordable housing to be delivered by the District Councils. In relation to the infrastructure programme, of the £150m funding, £15m has been received as a revenue grant. This was to provide flexibility in the early years of the programme where there is a higher proportion of design and other revenue funding requirements. Of the £15m received as revenue funding, it is expected that £7m will be treated as such and the remaining £8m as capital. As a consequence, the existing capital programme includes a £143m for infrastructure schemes and £60m in relation to the affordable homes element of the Housing & Growth Deal.
17. The latest approved capital programme indicates a programme level budget of £122m with the remaining provision of £21m already drawn-down to support the delivery of the Botley Road scheme and Watlington Relief Road scheme which have previously been individually approved.
18. The Housing & Growth Deal infrastructure programme is currently forecast at £152.1m, this includes over programming of £2.1m. The over programming will be managed by a mixture of projects slowing, stopping or changing scope throughout the programme's lifetime and/or recovery of Deal funding from third parties. The current schemes within the programme are set out at Annex 2.
19. The individual schemes and programme of work is expected to change as technical assessments are progressed through the key stages of delivery. This will result in frequent changes across the programme in terms of scheme deliverability, delivery approach and/or forecast cost. To support operational efficiency and to reflect the challenging delivery programme, it is recommended that continue the Housing & Growth Deal infrastructure programme continues to be reported at programme level to enable resources to be moved between schemes but within the overall programme total of £143m. Changes to schemes and/or forecast cost will continue to be reported as part of future Capital Programme updates and monitoring reports.

**LORNA BAXTER**  
Director of Finance

Background papers:

Contact Officer: Hannah Doney, Head of Corporate Finance. Tel: 07584174654

March 2019