

CABINET – 16 JULY 2024

CAPITAL PROGRAMME UPDATE AND MONITORING REPORT

Report by the Executive Director of Resources and Section 151 Officer

Recommendations

1. The Cabinet is RECOMMENDED to:

Capital Programme

1. Note the capital monitoring position for 2024/25 set out in this report and summarised in Annex 1.
2. Approve the updated Capital Programme at Annex 2 incorporating the changes set out in this report.

Budget Changes / Budget Release

3. approve to release £4m of corporate funds back to the capital programme from the Special Education Needs (SEN) Provision Programme due to the additional SEN High Needs Grant funding received between 2021/22 and 2024/25 following the announced funding allocations (paragraph 76).
4. approve the inclusion of Oxford Community Support Service (CSS) Cowley into the Capital Programme with an indicative budget of £1.078m to be funded from the Asset Rationalisation Programme, Property Decarbonisation Programme and Section 106 funding (paragraph 68).
5. approve the change of the use of the budget for the purposes of relocating Banbury Library (paragraph 70).

Executive Summary

2. The Strategic Plan sets out our vision to lead positive change by working in partnership to make Oxfordshire a greener, fairer, and healthier county.
3. The Capital and Investment Strategy agreed in February 2024 articulates how capital investment will help achieve this vision and the council's nine priorities. In addition, the capital programme also supports statutory functions such as school placements and urgent health and safety capital maintenance works.
4. The ten-year Capital Programme sets out how the council will use capital expenditure to deliver these council 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.

5. This is the first capital programme update and monitoring report for 2024/25 and sets out the monitoring position based on activity to the end of May 2024.
6. The report also updates to the Capital Programme approved by Council on 20 February 2024 taking into account additional funding and new schemes. The updated programme also incorporates changes agreed through the Capital Programme Approval Reports to Cabinet during the year as well as new funding.
7. The forecast programme expenditure for 2024/25 is £325.7m (excluding earmarked reserves). This has increased by £11.7m compared to the original capital programme for 2024/25 approved by Council in February 2024. The updated programme reflects the spend profile from the latest delivery timeframes and the inclusion of new grants received by the Council.
8. The total ten-year capital programme (2024/25 to 2033/34) is £1,233.8m. The updated capital programme summary is set out in Annex 2. The main changes since the report to Council on 20 February 2024 are set out in this report.

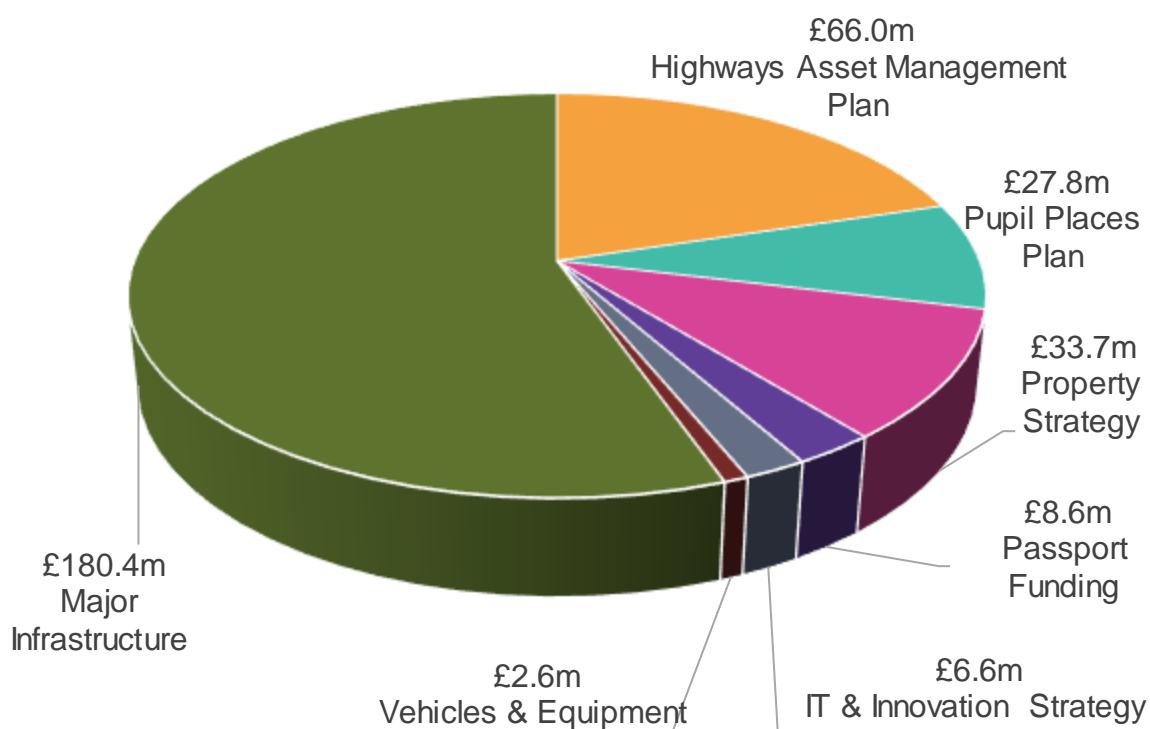
Introduction

9. Capital expenditure is defined as spending that creates an asset for the council (e.g. buildings, vehicles, and equipment) as well as spending which meets the definition in regulations specified under the Local Government Act 2003. This 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.
10. The capital programme supports the delivery of the council's vision and priorities as set out in the Strategic Plan. The programme is updated quarterly and fully refreshed annually as part of the Budget and Business Planning Process to ensure that it remains aligned with the latest priorities, reflects the latest cost projections and profile for delivery, and incorporates the current funding position.
11. The programme comprises the following strategy areas:
 - **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, the Investment Strategy and climate change measures,
 - **IT, Digital & Innovation Strategy:** including broadband and equipment

- **Passported Funds:** including Disabled Facilities Grant and Devolved Schools Capital
- **Vehicles and Equipment:** including fire and rescue vehicles and equipment

12. The detailed investment profile for the 2024/25 Capital Programme is set out below:

2024/25 Programme - Latest Spend Forecast



13. This is the first capital programme update and monitoring report for the financial year and focuses on the delivery of the 2024/25 capital programme based on projections at the end of May 2024 and new inclusions within the overall ten-year capital programme.

14. The following annexes are attached:

- Annex 1 Capital Programme Monitoring 2024/25 (Summary)
- Annex 2 Updated Capital Programme 2024/25 – 2033/34 (Summary)

2024/25 Capital Monitoring

15. The capital monitoring position set out in Annex 1, shows forecast expenditure for 2024/25 of £325.7m (excluding earmarked reserves). This has increased by £11.7m compared to the latest capital programme approved by Council on February 2024. The updated programme reflects

the year end position for 2023/24 and the impact of re-profiling expenditure into 2024/25 where necessary to reflect the anticipated scheme delivery.

The table below summarises the changes since February 2024 by strategy area:

| Strategy Area | Last Approved Programme 2024/25 * £m | Latest Forecast Expenditure 2024/25 £m | Variation £m |
|---------------------------------------|---|---|-----------------|
| Pupil Places Plan | 26.4 | 27.8 | +1.4 |
| Major Infrastructure | 176.4 | 180.4 | +4.0 |
| Highways Asset Management Plan | 64.2 | 66.0 | +1.8 |
| Property Strategy | 29.9 | 33.7 | +3.8 |
| IT, Digital & Innovation Strategy | 6.6 | 6.6 | +0.0 |
| Passported Funding | 8.0 | 8.6 | +0.6 |
| Vehicles & Equipment | 2.5 | 2.6 | +0.1 |
| Total Strategy Programmes | 314.0 | 325.7 | +11.7 |
| Earmarked Reserves / Pipeline Schemes | 6.0 | 4.7 | -1.3 |
| Total Capital Programme | 320.0 | 330.4 | +10.4 |

* Approved by Council 20 February 2024

16. Actual capital expenditure at the end of May 2024 was £16.6m. The combined spend to date and current forecasted in-year commitments for the Capital Programme are £119.7m or 37% of the revised estimate for the year. The rate of expenditure is expected to increase in the remaining months of the year due to a number of schemes reaching the delivery stage.

Pupil Places Plan

17. The Pupil Place Programme has forecast spend of £27.8m compared to the original budget of £26.4m in 2024/25, an increase of £1.4m. The Pupil Place Plan includes three main programmes:
- Basic Need - these are usually school expansion projects that are funded by central government grant and/or Section 106 developer funding / Community Infrastructure Levy 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 funded from the School Condition Allocation, 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.

18. 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.

Basic Need Programme

19. The Basic Needs Programme is forecasting spend of £9.7m in 2024/25 and is broadly expected to be in line with budget. Currently, four projects are in construction and are due to be completed this financial year creating the following additional pupil places and improved facilities:
- Oxfordshire Hospital School (Remodelling of Cuddeston Corner to accommodate Family Solutions and Oxford Hospital School)
 - Woodstock Primary School (105 additional pupil places).
 - Aston & Cote CE Primary School (35 additional pupil places)
 - Bloxham Primary School (New hall and reconfiguration of internal spaces to create new kitchen).

In addition, there are 10 projects in the pre-construction phase, some of which will commence on site this financial year:

- Oxford, St Frideswide SEND Resource Base (Resource Base) and
- Oxford, Mabel Prichard Special School (23 additional SEND places).
- Woodstock, Marlborough CE School (150 additional pupil places)
- Witney, Woodgreen School (150 additional pupil places).
- North Hinksey CE Primary School (replacement of temporary accommodation)
- Faringdon Community College (replacement of temporary accommodation)
- Sonning Common, Bishopswood SEN (relocation of accommodation and expansion of secondary base within Chiltern Edge School),
- Grove CE Primary School (105 additional pupil places),
- Chinnor, Mill Lane Primary School (replacement of temporary accommodation),
- Heyford Park School (150 additional pupil places),

Growth Portfolio Programme

20. The Growth Portfolio programme is forecasting to spend £9.9m in 2024/25 and is broadly expected to be in line with budget. Currently, one project is in construction and is due to be completed this financial year:
- St Edburg's CE Primary School (210 additional pupil places)

In addition, there are 4 projects in the pre-construction phase, some of which will commence on site this financial year:

- Wallingford, St Nicholas CE Primary School (relocation) (70 additional pupil places),
- Didcot, Great Western Park SEND School (120 additional SEND pupil places) and
- Upper Heyford Primary School (315 place new primary + 65 place nursery),
- Didcot Valley Park Primary School (630 place new primary),

Schools Annual Programmes

21. The funding for the School Access Initiative has increased from £0.200m to £0.300m to ensure that mainstream school buildings are accessible for pupils with Special Educational Needs and Disabilities. Projects at primary and secondary schools will be carried out throughout this financial year.
22. The School Structural Maintenance Programme for 2024/25 has highlighted a total of 58 projects to be completed over a two-year programme. This includes 14 projects which began in 2023/24. Nine of these are Air Source Heat Pump projects which are substantially completed but are awaiting the distribution network operator upgrades to fully complete.
23. A further 44 projects are in various stages of progression for delivery by the end of March 2026. The latest spend forecast is £7.5m in 2024/25 as per budget. Some of the larger projects included are:
 - Woodeaton Manor School – New roof,
 - Abingdon, Caldecott Primary School – New boilers and roof repairs,
 - Crowmarsh Gifford C of E Primary School – Fire alarm, drainage and roofing,
 - Ambrosden, Five Acres Primary School – New heaters and cladding,
 - Thame, John Hampden County Primary School – New roof,
 - Bicester, Langford Village Community Primary School – New roof,
 - Banbury, Queensway Primary School – Drainage and roof,
 - Chinnor, St Andrews’s C of E Primary School – Roof and cladding,
 - Henley-on-Thames, Valley Road Primary School – New windows and boilers,

Major Infrastructure

24. The latest capital forecast for 2024/25 is £180.4m and compares to the original budget of £176.4m, an increase of £3.940m. The programme is divided into sub-programme areas as shown in the table below

| Major Infrastructure | Original Budget | Latest Forecast | Variation |
|----------------------|-----------------|-----------------|-----------|
| | £'000 | £'000 | £'000 |
| | | | |

| | | | |
|---|----------------|----------------|----------------|
| Housing Infrastructure Fund 1 (HIF1) | 18,600 | 22,791 | +4,191 |
| Housing Infrastructure Fund 2 (HIF2) & A40 | 47,400 | 28,904 | -18,496 |
| A423 Improvement Programme | 7,000 | 9,000 | +2,000 |
| Active Travel Phase 3 & Mobility Hubs | 4,750 | 4,740 | -10 |
| Bicester & Banbury Locality | 23,920 | 23,405 | -515 |
| Oxford Locality | 11,687 | 13,937 | +2,250 |
| South & Vale Locality | 32,700 | 33,869 | +1,169 |
| Major Infrastructure Delivery Sub-total | 146,057 | 136,646 | -9,411 |
| Major Infrastructure Placemaking Sub-total | 14,879 | 15,264 | +385 |
| Transport Policy Sub-total | 15,507 | 28,437 | +12,966 |
| Major Infrastructure –Total | 176,443 | 180,383 | +3,940 |

Major Infrastructure- Delivery

25. Forecast capital spend of £136.7m is £9.4m (or 6%) less than the original capital budget of £146.1m. The programme comprises of three main funding areas and the key in-year budget variations are reported below.

HIF1 Programme

26. The HIF1 programme remains in the pre-construction phase awaiting the outcome and decision on the public inquiry. Ahead of that Homes England have approved a Material Change Request, which confirms an extended programme timeline and additional funding should approval for the scheme to go ahead be received. At the time of writing this report final internal approvals are progressing so that a revised Grant Determination Agreement can be approved. Work on the programme to reduce the risk of any delay, pending the inquiry decision, is progressing better than originally anticipated. This is reflected in the latest forecast of £22.8m, which is £4.2m higher than the latest budget.

HIF2 & A40

27. The HIF2 Programme and in particular the Integrated Bus Lane scheme, has been paused, as the council awaits Homes England's decision on a Material Change Request, which is now due in July 2024. This request seeks approval for a revised timeframe, scope, and funding model. The delay in progressing the programme means that the anticipated in-year forecast of £15.0m is now £18.8m less than the original budget of £33.8m.
28. The elements of the A40 Programme in construction are progressing well. The Oxford North Phase 1 is in the final part of the close out stage. The Eynsham Park & Ride, part of the Science Transit Phase 2 programme, continues through its defect's rectification stage. While the Access to Witney scheme is progressing through its pre-construction phase, including the securing of land parcels. As such there is nothing material to report in terms of in-year financial variation to the latest budget.

Growth Deal Programme and Other Funding

29. The programme is now forecasting spend of £85.0m, compared to the original budget of £80.1m, an increase of £4.9m. The main projects

contributing to the net increased spend (and allowing for the 2023/24 outturn position) are as follows:

- Oxford Citywide Cycle and Walk scheme is now in the close out stage and has come in under budget by £0.8m
 - Oxford Zero Emission Zone Scheme, following the main procurement phase for construction, is forecasting an increased in-year cost of £1.0m.
 - A4130 Steventon Lights scheme has accelerated its programme, mainly through utility diversions, prior to construction, forecasting an additional £0.7m this year.
30. Construction is ongoing for Benson Relief Road, Wantage Eastern Link Road, Kidlington Roundabout and Bicester, Banbury Road Roundabout schemes with forecasted completion dates in 2024/25. Construction contracts have been agreed for the Lodge Hill and A4130 Steventon Lights Schemes with construction expected to commence in 2024/25 and continue into 2025/26.
31. There are several other schemes included in the capital programme which are at various development stages, these include Woodstock Road Corridor, A40 Access to Witney, Oxpens to Osney Bridge and Banbury, Tramway Road and Watlington Relief Road.
32. The Housing and Growth Deal funding allocation that is supporting various schemes has to be spent by March 2025.

Major Infrastructure – Placemaking

33. The programme is forecasting a spend of £15.3m which is £0.4m more than the original budget of £14.9m. Included within the programme is the £10m contribution (funded through OxLEP) with National Rail, who are progressing the development at the Oxford Railway Station.

Transport Policy

34. The programme is forecasting a spend of £28.5m, an increase of £13.0m, when compared with the original budget of £15.5m. This is due mainly to the reprofiling of the grant payments to the bus companies (contribution towards the purchase of electric buses under the Zero Emission Bus Regional Area programme) following changes to their delivery plans. It is forecasted that the delivery of the programme through the £38.8m overall funding provision will be completed during 2024/25.

Highways Asset Management Plan

35. The planned target total surfacing programme (excluding patching) for 2024/25, is calculated at 4.4% 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.

36. The total in-year forecast capital expenditure for 2024/25 is estimated to be £66.0m and has increased by £1.9m compared to the original budget. The programme is divided into sub-programme areas as shown in the table below:

| Highways Asset Management Plan | Latest Budget | Forecast | Variation |
|---|---------------|---------------|---------------|
| | £'000 | £'000 | £'000 |
| Structural Maintenance Annual Programme | 43,055 | 42,171 | -884 |
| Improvement Programme | 2,000 | 2,100 | +100 |
| Major Schemes & Other Programmes | 14,569 | 16,692 | +2,123 |
| Network Management Programme | 3,543 | 3,774 | +231 |
| Other | 1,000 | 1,300 | +300 |
| Highways Asset Management Plan – Total | 64,167 | 66,037 | +1,870 |

37. The annual Structural Maintenance Programme is forecast to spend £42.2m this year, a reprofile of £0.9 compared to the original budget of £43.1m.

38. The planned activities for the main programmes are summarised below:

| Project | Planned Schemes | Comments on actual compared to planned delivery |
|--|-----------------|--|
| Surface Treatments (schemes) | 120 | Schemes to restore the condition or prolonging the life of existing carriageways. |
| Carriageways (schemes) | 9 | Surfacing/reconstruction/strengthening of roads. |
| Structural Highways Improvements (schemes) | 56 | 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) | 107 | Repair/construction of footways and cycleways. |
| Drainage (schemes) | 40 | 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. |
| Bridges (schemes) | 14 | Strengthening/replacement/imposition of management measures on weak structures. |
| Public Rights of Way | 5 | 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). |
| Electrical | 2,822 | LED Replacement units being installed this year. |
| 20mph Speed limit (schemes) | 16 90 | Phase 2 – Remaining Schemes reprogrammed from last year. Phase 3 – potential schemes this year |

| Project | Planned Schemes | Comments on actual compared to planned delivery |
|------------------------------------|-----------------|--|
| Section 42 contributions (schemes) | 40 | 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 funding. |

39. The annual Improvement Programme is forecasting to spend £2.1m in 2024/25. This provides 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. Major Schemes & Other Programme is forecast to spend £16.7m in 2024/25, an increase of £2.1m compared to the programme agreed in February 2024. This is mainly due to additional grant funding of £1.3m (Capital Approvals – Cabinet April 2024) from the Department for Transport (DfT) Road Safety Fund. The forecast also includes the Vision Zero Programme which is forecast to spend £1.9m in 2024/25.
41. Following a fatal road traffic collision near to RAF Croughton in Northamptonshire, a road safety review identified a number of schemes in Oxfordshire that have been approved and funded for delivery by the Department for Transport. The Council has received £3.994m of funding (an additional £1.3m) to deliver the programme of improvements. Recognising the importance of these measures, additional resources have been mobilised to deliver the programme within the current financial year.

Property Strategy

42. The Property Strategy is forecasting expenditure of £33.7m in 2024/25, an increase of £3.8m compared to the original budget of £29.9m.

Estate Decarbonisation Programme

43. The council declared a climate emergency in 2019 with a target of 2030 to bring the council's operations and activities to net zero. Alongside this the UK government target for net zero, which the council is party to, is for an area wide target of net zero by 2050.
44. The council's property accounts for approximately 33% of the emissions within this 2030 target (on 2022/23 data). It is clear there is a long-term plan for decarbonisation of the UK electricity grid, however this target is in line with the UK government commitment of net zero by 2050.

45. As such the strategic approach to reaching the decarbonisation targets is to stop fossil fuelled activities within the council's properties, which is predominantly heating, via the electrification of these components.
46. Although there will be a carbon component remaining by 2030 from the use of electricity, this will be much reduced and the council will be on the pathway to fully net zero in line with the decarbonisation of the electricity grid. This should enable a reducing need for carbon offsetting by 2030 and beyond.
47. The transition to electric heating will predominantly be via heat pumps and infrared heating. Due to the lower operating temperatures of the heat pumps improvements are required in thermal building fabric (e.g. single glazing to double or triple glazing, insulation installations, etc.) to decrease the potential running costs. Nonetheless even with these improvements because of the, currently, low cost of gas compared to electricity the running costs would be increased. As part of the strategic approach the Council would seek to install renewable electricity measures (solar PV) and upgrade electrical components (particularly lighting to LED), in order to ensure the overall running costs do not increase.
48. A reactive only maintenance approach has left much of the council's estate in a very poor-quality condition, with many components past their expected working life. As a result, there is an anticipated need to replace components, such as boilers, which would represent a cost avoidance.
49. This programme supports both the key objectives within the Climate Action Framework and Carbon Management Plan, but also the property strategy.
50. The Decarbonisation works proposed for the 33 sites (including underspend from last financial year and Salix monies), totalling £9.7m are predominantly being delivered via the same delivery mechanism. The council is about to start design work and £3m of grant funding for decarbonisation (PSDS3c) needs to be spent by 31 March 2025.

Corporate Estate Development

51. One project is in the construction phase:
 - Deddington Highways Depot will be completed in time for use in Winter 2024.

Several projects are in the pre-construction phase including:

- Carterton Fire Station
- New Fire Station at Rewley Road
- Redbridge Household Waste Recycling Centre improvement works
- Speedwell House – a contractor has been appointed to carry out strip-out works which should be completed during 2024/25.
- Union Street (Second Phase).

Office Rationalisation & Co-location

52. The office rationalisation & co-location programme continues. Nash Court and Knights Court have been closed with staff moved to new locations.
53. Phase 2 of the Knights Court move will happen this year with further works to Union Street and Oxford Community Support Service (CSS) with the project cost estimated at £1.675m to be spent across the properties.
54. Abbey House located in Abingdon will be vacated in June 2024 with staff moved to various locations in the south of the County. Supported Transport will move to Water Eaton later in 2024/25 at an estimated cost of £0.6m.

Resonance Supported Homes Fund

55. A further £1m has been paid under the Resonance Supported Homes Fund, total investment to date is £4.0m of the £5.0m provision. As detailed in the 2023/24 capital outturn report, five properties have been purchased, four are in development and one is now occupied. The fund will result in a total of 22 new shared living options. It is forecasted that the remaining sites will be occupied by the end of the calendar year.

Electric Vehicle Charging

56. The project to make EV charging gullies available for Oxfordshire residents has been affected by some technical challenges but the business plan is expected to be signed off in September 2024 with applications opening as soon as possible after that. Due to the later start the amount budgeted for this year is forecasted at £0.2m. The delivery timeframe for the roll out of the public charging across Oxfordshire Local EV infrastructure grant funded programme is forecasted later in the year with the possibility of a contract start before the end of the financial year.

Green Home's Upgrade (HUG2)

57. This is the second year of a two-year programme, which runs until the end of March 2025, to deliver energy-saving retrofit measures to owner occupied and privately rented properties in Oxfordshire. The programme is fully funded from the Green Homes Grant managed by Department for Energy Security and Net Zero (DESNZ).
58. Due to on-going market conditions owing to the availability of accredited installers, the national approval process for installers and the sign up from owners, it is currently forecasted that between 90 to 150 properties will be delivered in 2024/25 with a budget provision of £2.4m. The original grant offer from DESNZ made funding available up to £3.2m.

IT, Innovation & Digital Strategy

59. The total forecast expenditure for 2024/25 is £6.6m with no change from the original budget.

Digital Infrastructure

60. IT are working on a number of projects to implement new applications during 2024/25. Projects expected to be completed include:

- Vehicle Management Service – enabling the vehicle asset management system to move towards carbon reduction in vehicle use.
- Applicant Tracking System - recruitment system – improved offer for managers and potential employees to attract talent and meet our Employer of Choice as part of the council's vision.
- Power BI and Social Care Dashboards – to meet the provision of data driven decisions for social care and education services.

Projects starting in 2024/25 include:

- Public Services Telephone Network Withdrawal – working with suppliers to reduce risks and impacts of the withdrawal of the copper telephony network.

Broadband

61. Forecast expenditure for the Rural Gigabit Hub Sites programme is £1m in 2024/25, a decrease of £0.6m compared to the February capital programme. The original budget forecast for the programme was based on the £8m commitment, however the final spend for the overall programme is expected to be £6.8m. The programme is funded from grant and income from the Broadband Gainshare. It is forecasted that the drawdown from the Gainshare will be lower than originally budgeted and will be prioritised on future projects.

62. The 5GIR programme commenced in 2023/24 after being awarded £3.8m of grant funding by the Department for Science, Innovation and Technology to increase adoption of 5G connectivity. The programme is a regional partnership, known as England's Connected Heartland (ECH) which comprises local bodies from 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 to create an Advanced Wireless ecosystem. The project plans to deploy two physical 5G infrastructure builds; the Science & Innovation Campus Project at Harwell and the East West Railway Project to utilise trackside fibre between Bicester and Bletchley. Both projects are currently in the open procurement process with preferred bidders awards expected in August 2024. Depending on the delivery timeframe and commencement following the contractor appointment, it is forecasted £2.9m could be spent this financial year.

63. The Smart Infrastructure Pilot Programme commenced towards the end of 2023/24. Grant funding of £0.250m from the Department for Science, Innovation and Technology, requires match funding of £0.250m, which includes a match contribution from the private sector. The programme is for the deployment of up to 15 smart lighting columns, with the capability to seamlessly incorporate connectivity (5G and Wifi), alongside Internet of Things devices such as smart sensors and CCTV cameras along a corridor

between Oxford rail station and County Hall. These columns will be provided by Signify, who are providing a match contribution in the form of provision and management of a private 5G network. The procurement exercise for the columns and associated contracts have been completed during of 2024/25. It is forecasted that all columns will be deployed during the current financial year.

Passported Funding

64. Expenditure for 2024/25 is forecasted to be £8.6m, with an increase of £0.6m compared to the latest budget.
65. The Disabled Facilities Grant for 2024/25 announced in May 2024 notified funding of £7.262m. This funding, which is part of the Better Care Fund, is issued to the County Council but must be passed directly on to the City and District Councils in accordance with the grant determination.

Vehicles and Equipment

66. Expenditure for 2024/25 is forecasted to be £2.6m, a £0.01 increase compared to the latest budget.

Vehicle Management Services

67. Vehicle Management Services plan is for the installation of charging points (7kW, 22kW and 50kW DC) at 11 strategic depot locations, to enable overnight and opportunity charging of the council's fleet vehicles. To date, 8 of those sites have been completed with new charge points commissioned, enabling new EVs for the council fleet to be deployed. The remaining sites are scheduled for installations in the coming weeks, with wave 1 work due to be completed by the end of July 2024. In addition, 46 legacy charge points, installed in 2019/20 for fleet charging, are now reaching the end of their serviceable life and some equipment needs to be replaced urgently, including legacy units at some fire stations across the County.

CAPITAL GOVERNANCE APPROVALS

Property

Oxford Community Support Service (CCS)

68. Phase One works at Oxford CSS facilitated the staff move from Knights court as part of the Asset Rationalisation Programme. The next phase of work to be undertaken will increase user capacity and improve accessibility to the buildings. Approval is required to enter this programme of work into the Capital Programme with an indicative budget of £1.078m. £0.602m of the work is to be funded through the Asset Rationalisation Programme (£4.700m agreed by Council in February 2022 and a further £2.300m agreed in February 2024). The decarbonisation work required to meet the Council's Net Zero 2030 target is currently unfunded; a bid will be made through the next round of central government decarbonisation allocation to

fund the works. This will also be included within the next capital priority requirements through the budget & business planning process.

Relocation Banbury Library

69. Banbury Library is in a building currently leased by the Council at a cost of £0.055m per annum and is no longer suitable for a modern library service. A previously agreed scheme to co-locate Banbury Library alongside retail facilities was approved but later discounted due to escalating costs. To refit and to meet our decarbonisation targets, the required investment on the leased site will exceed £2m. To enable Banbury Library to relocate to a new site, the existing budget will be used to purchase a new site and contribute towards the refurbishment of the premises to fulfil the Library and Council requirements including our decarbonisation approach.
70. Approval is required to change the use of the budget to enable the relocation of Banbury Library to freehold premises. This will enable options to be explored in the area for a suitable site acquisition. In addition to the purchase price, there will be additional works required to the property to fit out, refurbish and decarbonise. The organisation will investigate alternative funding options to support the acquisition and the programme of works and the capital requirements will be included through the annual budget & business planning process.

CAPITAL FUNDING

71. Since the budget was set in February 2024, there have been further funding announcements of one-off funding and updates to the annual funding allocations that support the capital programme.

School Condition Allocation

72. The School Condition Allocation for 2024/25 was announced by the DfE in May 2024. Oxfordshire will receive a formulaic allocation of £4.386m, compared to the forecast funding of £4.200m included in the latest Capital Programme, additional funding of £0.186m. This will be added to the annual School Structural Maintenance Programme for maintained schools.

SEN High Needs Capital Allocation

73. The SEN High Needs Capital allocations for 2021/22 to 2023/24 were revised and the allocation for 2024/25 was announced in March 2024. The grant is being provided to assist in the delivery of new places or to improve existing provision for pupils with high needs across a range of different educational settings.
74. Oxfordshire County Council will receive a formulaic allocation of £28.2m for the period 2021/22 to 2024/25, compared to the forecast funding of £24.2m included in the latest Capital Programme, additional funding of £4.0m. This will be added to the SEN provision within the Pupil Places Capital Programme.

75. As part of the capital investment priorities through the budget & business planning process in February 2023, a budget provision of £8m from corporate funds was earmarked towards the expansion of Special Schools (phase 2). This was to support an overall budget provision of £37m funded from the SEN High Needs, S106 contributions and corporate funds.
76. As an additional £4m SEN High Needs capital grant is available up to 2024/25, it is proposed that £4m of the £8m corporate funds are reprioritised towards other capital investment priorities to be determined in the annual budget and business planning process. The overall budget provision will remain unchanged towards the delivery of the SEN Strategy.

Ten Year Capital Programme Update

77. The total ten-year capital programme (2024/25 to 2034/35) is now £1,233.8m (excluding earmarked reserves) an increase of £66.5m when compared to the latest capital programme approved by Council in February 2024. This is partly due to the 2023/24 outturn position. A summary of the updated capital programme is set out in Annex 2. Details of the position at the end of 2023/24 were set out in the Capital Programme Report for 2023/24 considered by Cabinet on 18 June 2024.
78. After taking account of the differences from the 2023/24 position, new funding added to the programme, and recent approvals, the overall ten-year capital has increased by £32.9m. The main reason is the inclusion of new grants coming into the capital programme (these were identified in the capital outturn 23/24 report).

| Strategy Area | Last Approved Total Programme (2024/25 to 2033/34) * £m | Latest Updated Total Programme (2024/25 to 2033/34) £m | Variation £m | Variation in the size of the overall programme (including 2023/24) £m |
|-----------------------------------|--|---|-----------------|--|
| Pupil Places Plan | 209.3 | 224.3 | +15.0 | 12.6 |
| Major Infrastructure | 621.3 | 647.9 | +26.6 | -0.2 |
| Highways Asset Management Plan | 212.8 | 219.4 | +6.5 | +12.3 |
| Property Strategy | 74.1 | 90.0 | +15.9 | +7.5 |
| IT, Digital & Innovation Strategy | 10.9 | 11.8 | +0.9 | +0.0 |
| Passported Funding | 13.4 | 14.3 | +0.9 | +1.2 |
| Vehicles & Equipment | 25.4 | 26.1 | +0.7 | -0.5 |
| Total Strategy Programmes | 1,167.3 | 1,233.8 | +66.5 | +32.9 |
| Earmarked Reserves | 113.0 | 110.7 | -2.3 | -2.3 |
| Total Capital Programme | 1,280.3 | 1,344.5 | +64.2 | +30.6 |

* Approved by Council 20 February 2024.

Capital Funding Update

Prudential Borrowing

79. The ten-year Capital Programme includes a requirement to fund £212.4m through prudential borrowing. The latest borrowing expected to be taken in 2024/25 is £76.9m. The majority of this relates to schemes that have already been delivered but have, until now, been funded temporarily by borrowing from other funding sources within the Capital Programme to delay the need to apply the prudential borrowing. The borrowing in 2024/25 is expected to include a further £14m from the £120m agreed in 2018 (£105m in total), and £17m from the £88.4m agreed in 2022. A further £15.3m for the £41.7m borrowing supporting the OxLEP City Deals programme, and £17.7m drawdown of the £40.8m supporting the Street Lighting LED replacement programme is also expected to be taken in 2024/25.
80. The use of prudential borrowing will increase the Council's Capital Financing Requirement. The Council is required under statute to set aside a Minimum Revenue Provision to pay down the Capital Financing Requirement. Prudential borrowing is generally paid over 25 years. The Medium-Term Financial Strategy takes account of this cost. As the Capital programme includes the OxLEP City Deal Programme, the borrowing costs relating to this scheme (for which the Council is the Accountable body) will be fully funded through Enterprise Zone 1 retained business rates.

Earmarked Reserves

81. The level of earmarked reserves has decreased by £2.3m from the previous reported position (Council 20 February 2024) to £110.7m due to the receipt of additional grant off set by the release of funding to support the Decarbonisation Programme following the announcement of the grant. The reserves includes £57.5m of budget provisions approved through the capital budget & business planning process in February 2024 and previous years. The reserves also includes the capital programme contingency for the delivery of the current ten-year capital programme plus other identified provisions.

Capital Reserves

82. The current level of capital reserves (including capital receipts and capital grants reserves) is approximately £197m. This is expected to reduce to approximately £63m at the end of 2025/26. The reduction is mainly due to the delivery of the Growth Deal Programme and the A423 Improvement Programme. Reserves can be used to temporarily fund schemes to delay the need for prudential borrowing or to help manage timing difference between the delivery of schemes and the receipt of Section 106 funding. The level of reserves impacts on the cashflow of the capital programme and the overall Council Balances and is already factored into the funding of the overall capital programme.

Risk Management

83. 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 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. Inflationary pressures may also mean that costs increase further by the point the scheme reaches the construction phase eroding the value of the grant funding so that is insufficient to meet the revised scheme costs.

84. These risks 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.
85. The deadline for claiming the remaining £30m Housing & Growth Deal grant funding is 31 March 2025. Schemes in the programme, and planning decisions impacting on the achievability by that deadline, are being closely monitored during 2024/25 and action will be taken to maximise the use of the grant funding while minimising the risk to the council.
86. 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.
87. The council is assessing and tracking seven strategic risks in 2024/25. One of these risks is that if either HIF1 or HIF2 programmes become undeliverable and/or the potential financial risk to the council. Updates on this risk are being reported through the Business Management & Monitoring Reports to Cabinet.

Financial Implications

88. The report sets out the planned investment and available funding for the ten-year Capital programme including the risks associated with the delivery of the programme.
89. 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
90. 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.
91. 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.

Comments checked by:

Kathy Wilcox
Head of Corporate Finance & Deputy S151 Officer

Staff Implications

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

Equality & Inclusion Implications

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

Legal Implications

94. 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: Anita Bradley, Director of Law & Governance & Monitoring Officer

LORNA BAXTER

Executive Director of Resources and Section 151 Officer

Background papers:

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June 2024