

CABINET – 15 OCTOBER 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 the submission of a bid for £2.800m to Sustrans T8 (pending potential funding from Active Travel England) for a number of schemes to improve the National Cycle Network and to note the total match funding of £0.355m required. Match funding will be met by a combination of Community Infrastructure Levy funds, S106 funding and corporate resources. (para 68)
4.
 - a. approve the submission of a bid to the Public Sector Decarbonisation Scheme: Phase 4 (PSDS4) to support the programme to implement decarbonisation measures across the corporate estate.
 - b. delegate authority to the Executive Director of Resources and S151 Officer and Director of Property and Assets to approve the grant offer letter in the event of a successful award of funding for PSDS4 and
 - c. note the required match funding for PSDS4 which is estimated to be between £6.00m and £9.00m, which will be addressed as part of the 2025/26 business planning process. (para 71)
5. approve the carry forward of £1.651m from the current Early Years Programme and include new funding of £1.286m received from the Department for Education Childcare Expansion Capital Grant to support the extension of early years childcare and wraparound provision for children in working families. (para 73)

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 second capital programme update and monitoring report for 2024/25 and sets out the monitoring position based on activity to the end of August 2024.
6. The report also updates the Capital Programme approved by Cabinet on 16 July 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 £285.2m (excluding earmarked reserves). This has decreased by £40.5m compared to the previous capital programme for 2024/25 approved by Cabinet in July 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 £1,247.1m. The updated capital programme summary is set out in Annex 2. The main changes since the report to Cabinet on 16 July 2024 are set out in this report.

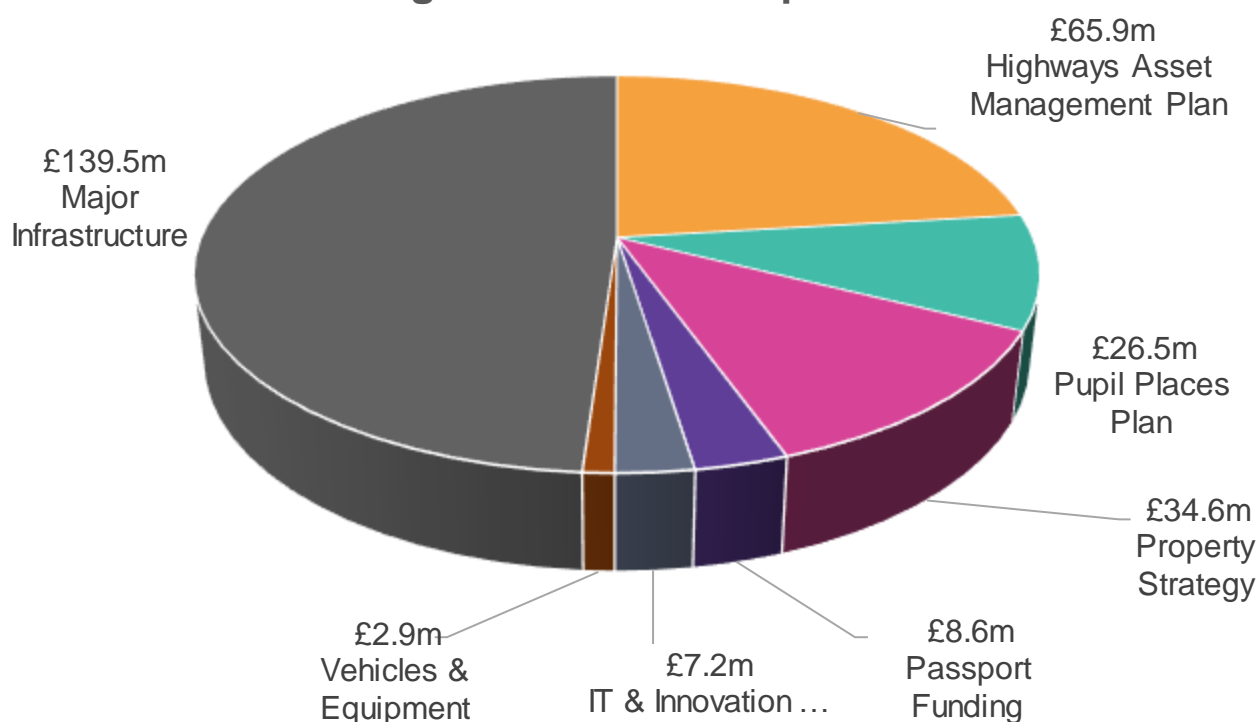
Introduction

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 second 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 August 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 £285.2m excluding earmarked reserves). This has decreased by £40.5m compared to the latest capital programme approved by Cabinet in July 2024. The updated programme reflects the forecasted year end position for 2024/25 and the impact of re-profiling expenditure in 2024/25 where necessary to reflect the anticipated scheme delivery.

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

Strategy Area	Last Approved Programme 2024/25 * £m	Latest Forecast Expenditure 2024/25 £m	Variation £m
Pupil Places Plan	27.8	26.5	-1.3
Major Infrastructure	180.4	139.5	-40.9
Highways Asset Management Plan	66.0	65.9	-0.1
Property Strategy	33.7	34.6	+0.9
IT, Digital & Innovation Strategy	6.6	7.2	+0.6
Passported Funding	8.6	8.6	+0.0
Vehicles & Equipment	2.6	2.9	+0.3
Total Strategy Programmes	325.7	285.2	-40.5
Earmarked Reserves / Pipeline Schemes	4.7	4.6	-0.1
Total Capital Programme	330.4	288.7	-40.6

* Approved by Cabinet 16 July 2024

16. Actual capital expenditure at the end of August 2024 was £81.0m. The combined spend to date and current forecasted in-year commitments for the Capital Programme are £168.3m or 59% 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 £26.5m compared to the latest forecast of £27.8m in 2024/25, a decrease of £1.3m. 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 £10.1m in 2024/25 compared to the previous forecast of £9.7m, an increase of £0.4m to reflect the latest delivery timeframe. Currently, four projects are in construction and are due to be completed this financial year creating the following additional pupil places and improved facilities:

- Woodstock Primary School (105 additional pupil places) - complete
- Oxfordshire Hospital School (Remodelling of Cuddeston Corner to accommodate Family Solutions and Oxford Hospital School).
- St Frideswide SEND Resource Base (16 additional SEND 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 to support increased pupil numbers).

In addition, there are 9 projects in the pre-construction phase, some of which will commence on site this financial year:

- 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 £8.2m in 2024/25, a reduction of £1.7m compared to the previous forecast. Currently, one project has been completed since the beginning of the 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),

Three further schools are being delivered by the ESFA (Education Skills Funding Agency) and financial contributions towards the schools are included within the capital programme:

- Bloxham, Grove SEND Free School (118 additional SEND pupil places) – completed January 2024.
- SEND Free School, Faringdon (118 additional SEND pupil places).
- Grove Airfield – Secondary phase of a new all-through School (600 additional pupil places).

Schools Annual Programmes

21. The forecast for the School Access Initiative provision is £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 in 2024/25 is £7.5m in line with previous forecasts.

Major Infrastructure

24. The latest capital forecast for 2024/25 is £139.5m and has changed by £40.9m compared to the previous forecasted position. The programme is divided into sub-programme areas as shown in the table below

Major Infrastructure	Last Budget	Latest Forecast	Variation
	£'000	£'000	£'000
Housing Infrastructure Fund 1 (HIF1)	22,791	21,004	-1,787
Housing Infrastructure Fund 2 (HIF2) & A40	28,904	20,384	-8,520
A423 Improvement Programme	9,000	2,750	-6,250
Active Travel Phase 3 & Mobility Hubs	4,740	3,555	-1,185
Bicester & Banbury Locality	23,405	23,160	-245
Oxford Locality	17,045	14,348	-2,697
South & Vale Locality	33,869	24,418	-9,451
Major Infrastructure Delivery Sub-total	139,754	109,619	-30,135
Major Infrastructure Placemaking Sub-total	12,156	2,127	-10,029
Transport Policy Sub-total	28,473	27,736	-737
Major Infrastructure –Total	180,383	139,482	-40,901

Major Infrastructure- Delivery

25. Forecast capital spend of £109.6 is £30.1m less than the latest capital budget of £139.7m. 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. Homes England, in the meantime, have approved the council's Material Change Request, which confirms an extended programme timeline and additional funding, pending the inquiry decision. The current forecast variance (-£1.8m) mainly reflects the impact on the delay caused by extended pre-contract negotiations on the Didcot Science Bridge project.

HIF2 & A40

27. The HIF2 Programme and in particular the Integrated Bus Lane scheme, are still awaiting the Homes England decision on the council's Material Change Request, which has been delayed. This and the delay in getting into contract on the Dukes Cut project have further delayed the in-year progress of the programme, resulting in a -£6.9m reprofiling.
28. The elements of the A40 Programme in construction are progressing well. However, planning delays in the Access to Witney scheme has increased further in the in-year variation by -£1.6m.

Growth Deal Programme and Other Funding

29. The programme is now forecasting spend of £68.2m, compared to the previous forecast of £88.1m, a decrease of £19.9m. However, plans are still on-going to spend all the available Growth Deal funding in 2024/25. The main projects contributing to the forecasted changes for the expenditure level in 2024/25 are as follows:

- A4095 Banbury Road Roundabout (+£1.4m) – post-design changes to construction
 - Tramway (-£0.8m) due to delays in entering into contract
 - Watlington Relief Road (-£3.3m) due to delays in the planning decision.
 - A4130 Steventon Lights (-£6.4m) due to delays in contract negotiations, majority of which will be spent in Q1 of 25/26.
 - Kennington improvement programme (-£6.2m) due to delays in planning and ongoing negotiations on construction price.
 - Oxford Traffic Filters (-£1.8m) delays in the project resulting from the extended closure of the Botley Road.
30. The overall Growth Deal programme is currently over-profiled by £0.7m. This compares to the previous over-profiled position of £1.6m compared to the available capital grant funding of £142.727m.
31. Schemes substantially completed in the first half of 2024/25 are Wantage Eastern Link Road and Kidlington Roundabout. Ongoing schemes currently in construction are Banbury Road Roundabout, Bicester (anticipated completion February 2025) and Benson Relief Road (anticipated completion October 2024) with Woodstock Road Corridor and Padbury Roundabout recently having started on site.
32. Construction contracts have been agreed and entered into for Abingdon, Lodge Hill, (construction anticipated to start October 2024) and Steventon Lights (construction start due October 2024).
33. Further S106 funding has been identified for Access to Witney (£1.4m) and Steventon Lights (£2.8m), further derisking the scheme from the 31 March 2025 Growth Deal deadline and Growth Deal funding has been returned to the Growth Deal programme. As reported in the Capital Approvals report approved by Cabinet in September 2024, cost pressures were reported on the Banbury Road Roundabout and Tramway Road Schemes and additional Growth Deal funding has been allocated to alleviate this with other funding.

Major Infrastructure – Placemaking

34. The programme is forecasting a spend of £2.1m which is £10.0m less than the latest budget. The change is due to the reprofiling of the financial contribution towards the Oxford Station Development due to delays on the network rail project and the reprofiling of the Cherwell Street Corridor project.

Transport Policy

35. The programme is forecasting a spend of £27.7m, a decrease of £0.7m when compared with the previous forecast from budget provision identified towards the East West Rail Programme. The £27.2m spend forecast relates to the grant payments to the bus companies (contribution towards the purchase of electric buses under the Zero Emission Bus Regional Area

programme). 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

36. 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.
37. The total in-year forecast capital expenditure for 2024/25 is estimated to be £65.9m and has decreased by £0.1m compared to the previous forecast. 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	42,171	42,575	+404
Improvement Programme	2,100	2,000	-100
Major Schemes & Other Programmes	16,692	16,050	-642
Network Management Programme	3,774	3,973	+199
Other	1,300	1,300	+0
Highways Asset Management Plan – Total	66,037	65,898	-139

38. The main project variations relate to the LED investment scheme (£-1.2m) and a new spend forecast for the Thornhill Park & Ride Scheme (£1.0m) which was approved in April 2024 as part of the £2m identified towards Park & Ride facilities.
39. 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.

Project	Planned Schemes	Comments on actual compared to planned delivery
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
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.

40. 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.
41. 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.
42. 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

43. The Property Strategy is forecasting expenditure of £34.6m in 2024/25, an increase of £0.9m compared to the previous forecast of £33.7m.

Estate Decarbonisation Programme

44. 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.

45. 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.
46. 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.
47. 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.
48. 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.
49. 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.
50. This programme supports both the key objectives within the Climate Action Framework and Carbon Management Plan, but also the property strategy.
51. The Decarbonisation works proposed for the 33 sites totals £9.7m and includes £3.1m of grant funding for decarbonisation (PSDS3c) which needs to be spent by 31 March 2025.

Corporate Estate Development

52. Projects in the construction phase:
 - Deddington Highways Depot will be completed in time for use in Winter 2024.
 - Speedwell House – strip-out works have commenced.

Several projects are in the pre-construction phase including:

- New Fire Station at Rewley Road
- Redbridge Household Waste Recycling Centre improvement works
- Union Street (Second Phase).

- Oxford Community Support Service.

Office Rationalisation & Co-location

53. The office rationalisation & co-location programme continues. The Council has vacated Abbey House in Abingdon with staff relocated to new locations.
54. Phase 2 of the Knights Court move will happen this year with further works to Union Street and Oxford Community Support Service (OCSS).
55. Supported Transport will move to Water Eaton later in 2024/25 at an estimated cost of £0.6m.

Resonance Supported Homes Fund

56. 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

57. The project to make EV charging gullies available for Oxfordshire residents has been affected by some technical challenges but the business plan was 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.

Children's Homes Programme

58. The council is currently forecasting £6.6m spend in 2024/25 from the £10.450m programme towards the delivering of four new Children's Homes. Four sites have been acquired; refurbishment has started at two sites with the remaining two expecting to commence this financial year. The programme will create 12 additional beds.

Green Home's Upgrade (HUG2)

59. 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).
60. 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 forecasted spend of £2.7m in 2024/25.

IT, Innovation & Digital Strategy

61. The total forecast expenditure for 2024/25 is £7.2m, an increase of £0.6m compared to the previous forecast. This is due to the inclusion of the budget provision towards the Public Services Telephone Network Withdrawal programme released from earmarked reserves.

Digital Infrastructure

62. 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

63. Forecast expenditure for the Rural Gigabit Hub Sites programme is £1m in 2024/25. The programme is funded from grant and income from the Broadband Gainshare.
64. 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. Depending on the delivery timeframe and commencement following the contractor appointment, it is forecasted £2.9m could be spent this financial year.

Passported Funding

65. Expenditure for 2024/25 is forecasted to be £8.6m, no change from the previous reported position.

66. 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

67. Expenditure for 2024/25 is forecasted to be £6.0m, an increase of £0.4m from the previous reported position due to the inclusion of Library refurbishment works at Goring and Henley Libraries funded through Community Infrastructure Levy.

CAPITAL GOVERNANCE APPROVALS

Major Infrastructure

Sustrans T8

68. A bid totalling £2.800m is to be submitted to Sustrans, pending potential funding from Active Travel England, for a number of schemes to improve the National Cycle Network. The total bid comprises a combination of feasibility/design schemes as well as schemes that could enter construction.
69. The feasibility / design schemes proposed are as follows and require match funding of £0.185m to be met by Community Infrastructure Funding, S106 funding and corporate resources:
- Eastern Corridor (Banbury)
 - Banbury Canal Towpath
 - Banbury Railway Station to Bodicote
 - NCN442 East End to Fawler (West Oxon)
 - NC575 Minster Lovell to Witney via B4074
 - Barracks Lane / Bartlemas Close to Horsparth Road
 - NCN5 Jericho
 - NCN51 North Oxford cycle Route
 - Parallel / Toucan Crossing across Port Way A4074 (Crowmarsh Gifford)
 - Toucan Crossing at Brightwell-cum-Sotwell
 - A417 crossing link to NCN544 (Hungerford Road)
70. The construction schemes proposed are as follows. Match funding of £0.150m is required specifically for Abbey Meadows / Barton Fields Bridge and will be met by South and Vale District Council through their Community Infrastructure Levy Funds:
- Abbey Meadows / Barton Fields Bridge Replacement
 - Horspath NCN57
 - North Quay Barrier Removal (Abingdon)
 - Modification of barriers on B4016 (Didcot North)

Property

Public Sector Decarbonisation Scheme: Phase 4 (PSDS4)

71. A new bid to the Public Sector Decarbonisation Scheme: Phase 4 (PSDS4) is to be submitted. As with previous grant awards, the Council was required to provide corporate resources to fulfil the grant conditions. The funding conditions of the latest grant bid is currently unknown.
72. The total proposed programme is forecasted to spend between £7.0-£13.0m. Depending on the grant criteria, a grant bid of between £1.00m & £4.0m is expected to be submitted, leaving a funding gap of between £6.0m to £9.0m if the grant bid is successful. The overall budget requirement to deliver the next phase of the decarbonisation programme will be included as part of the 2025/26 business planning process and capital programme for Council approval in February 2025.

Childcare Expansion Capital Programme

73. The Council previously allocated £1.500m of additional funding in February 2019 to add to existing funds to support the Council's statutory obligations around sufficiency of early years and childcare places. £1.600m of these funds remains unallocated. In February 2024 the Government awarded £1.286m to the Council to support their new proposal to extend early years childcare and wraparound provision for children in working families.
74. Approval is required to combine these funds into a new programme of work and to release £2.927m to support work / grants to increase / secure provision in areas which have been identified as requiring additional capacity.

Ten Year Capital Programme Update

75. The total ten-year capital programme (2024/25 to 2034/35) is now £1,247.1m (excluding earmarked reserves) an increase of £13.3m when compared to the latest capital programme approved by Cabinet in July 2024. This is due to additional S106 funding coming into the capital programme (£6.6m), the additional £4.0m SEN High Needs Capital Grant and schemes being released from earmarked reserves to be included within the capital programme (£2.8m), and other minor changes. A summary of the updated capital programme is set out in Annex 2.

Strategy Area	Last Approved Total Programme (2024/25 to 2033/34) * £m	Latest Updated Total Programme (2024/25 to 2033/34) £m	Variation £m
Pupil Places Plan	224.3	227.4	+3.1
Major Infrastructure	647.9	655.0	+7.1
Highways Asset Management Plan	219.4	219.4	+0.0
Property Strategy	90.0	90.7	+0.7
IT, Digital & Innovation Strategy	11.8	13.8	+2.0
Passported Funding	14.3	14.3	+0.0
Vehicles & Equipment	26.1	26.5	+0.4
Total Strategy Programmes	1,233.8	1,247.1	+13.3
Earmarked Reserves	110.7	106.3	-4.6
Total Capital Programme	1,344.5	1,353.4	+8.8

* Approved by Cabinet 16 July 2024.

Capital Funding Update

Prudential Borrowing

76. 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 £64.1m. 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 £14.0m from the £120.0m agreed in 2018 (£105.0m in total), and £17.0m from the £88.4m agreed in 2022. A further £15.7m for the £41.7m borrowing supporting the OxLEP City Deals programme, and £16.6m drawdown of the £40.8m supporting the Street Lighting LED replacement programme is also expected to be taken in 2024/25.
77. 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

78. The level of earmarked reserves has decreased by £4.5m from the previous reported position (Council 20 February 2024) to £106.3m due to £1.0m towards the Green Financing Reserve, and £2.8m from pipeline provisions being released for inclusion into the capital programme. The reserves includes £54.9m 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

79. The current level of capital reserves (including capital receipts and capital grants reserves) is approximately £197m. This is expected to reduce to approximately £45m at the end of 2026/27. The reduction is mainly due to the delivery of the Growth Deal Programme and the commencement of 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

80. 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.
81. 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.
82. 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.
83. 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.
84. 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

85. 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.
86. 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
87. 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.
88. 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

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

Equality & Inclusion Implications

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

Legal Implications

91. 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 £1m 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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September 2024