

# CABINET – 17 DECEMBER 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

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

#### Budget Changes / Budget Release

- c. Note the reduction of £0.5m budget provision from the Defect Liability Programme funded from corporate resources, thereby returning £0.5m to the capital programme which will contribute towards funding for the 2025/26 the capital budget setting process (para 68).

#### Additions to the Capital Programme

- d. Approve the inclusion of the William Fletcher CE Primary School (Expansion) scheme in the Capital Programme with an indicative budget of £3.9m to be funded from S106 developer contributions and basic need funding (para 65).
- e. Approve the inclusion of a programme of work which will create breathing apparatus and cleaning / decontamination areas across Oxfordshire's fire stations, with an indicative budget of £1.8m, to be funded from earmarked reserves, agreed by Council in February 2024 (para 66).

### 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 third capital programme update and monitoring report for 2024/25 and sets out the monitoring position based on activity to the end of October 2024.
6. The report also updates the Capital Programme approved by Cabinet on 15 October 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 £276.5m (excluding earmarked reserves). This has decreased by £8.7m compared to the previous capital programme for 2024/25 approved by Cabinet in October 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 £1,259.2m. The updated capital programme summary is set out in Annex 2. The main changes since the report to Cabinet on 15 October 2024 are set out in this report.

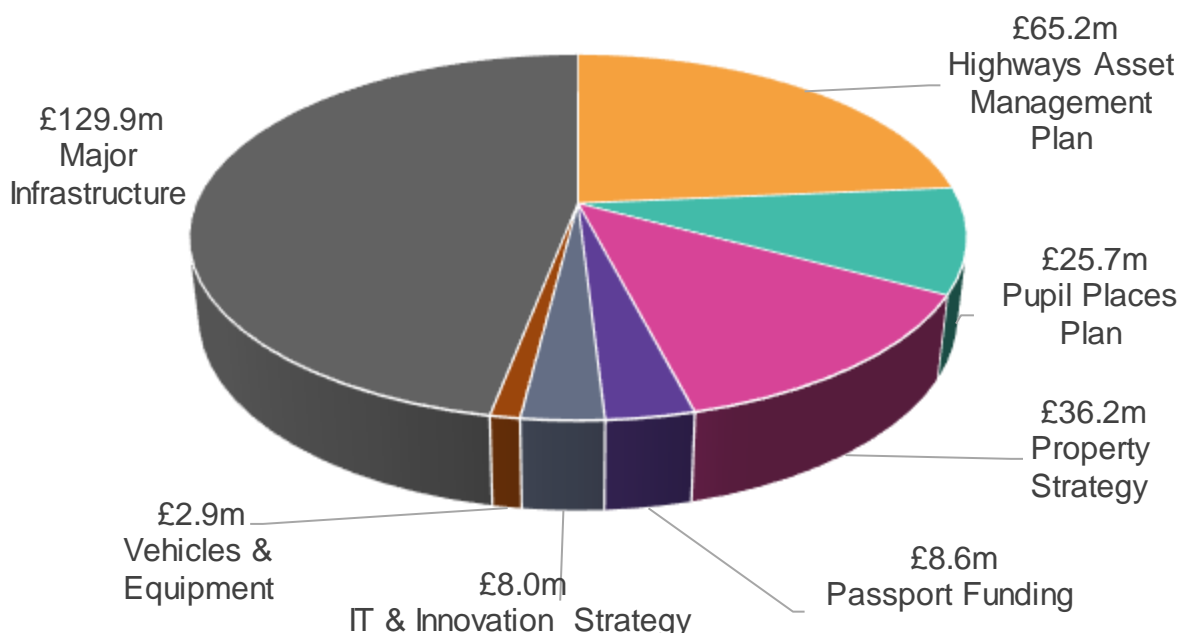
## Introduction

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 third 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 October 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 £276.5m excluding earmarked reserves). This has decreased by £8.7m compared to the latest capital programme approved by Cabinet in October 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 the monitoring position at August 2024 by strategy area:

Strategy Area	Last Approved Programme 2024/25 * £m	Latest Forecast Expenditure 2024/25 £m	Variation £m
Pupil Places Plan	26.5	25.7	-0.8
Major Infrastructure	139.5	129.9	-9.6
Highways Asset Management Plan	64.9	65.2	+0.3
Property Strategy	35.6	36.2	+0.6
IT, Digital & Innovation Strategy	7.2	8.0	+0.8
Passported Funding	8.6	8.6	+0.0
Vehicles & Equipment	2.9	2.9	+0.0
<b>Total Strategy Programmes</b>	<b>285.2</b>	<b>276.5</b>	<b>-8.7</b>
Earmarked Reserves / Pipeline Schemes	4.6	2.0	-2.6
<b>Total Capital Programme</b>	<b>289.8</b>	<b>278.5</b>	<b>-10.3</b>

\* Approved by Cabinet 15 October 2024 (August Monitoring)

16. Actual capital expenditure at the end of October 2024 was £119.7m (43%). The combined spend to date and current forecasted in-year commitments for the Capital Programme are £180.6m or 65% 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 £25.7m compared to the latest forecast of £26.5m in 2024/25, a decrease of £0.8m. 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 £10.5m in 2024/25 compared to the previous forecast of £10.1m, 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 £8.0m in 2024/25, a reduction of £0.2m 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 £6.5m a reduction of £1.0m as school roofing work is rescheduled for Summer 2025.

#### **Major Infrastructure**

24. The latest capital forecast for 2024/25 is £130.5m and has reduced by £9.0m compared to the previous forecasted position. The programme is divided into sub-programme areas as shown in the table below:

<b>Major Infrastructure</b>	<b>Last Budget</b>	<b>Latest Forecast</b>	<b>Variation</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Housing Infrastructure Fund 1 (HIF1)	21,004	19,950	-1,054
Housing Infrastructure Fund 2 (HIF2) & A40	20,384	19,228	-1,156
A423 Improvement Programme	2,750	2,750	+0

Active Travel Phase 3 & Mobility Hubs	3,555	3,127	-428
Bicester & Banbury Locality	23,160	21,222	-1,938
Oxford Locality	14,348	13,679	-669
South & Vale Locality	24,418	20,208	-4,210
<b>Major Infrastructure Delivery Sub-total</b>	<b>109,619</b>	<b>100,164</b>	<b>-9,455</b>
<b>Major Infrastructure Placemaking Sub-total</b>	<b>2,126</b>	<b>2,052</b>	<b>-75</b>
<b>Transport Policy Sub-total</b>	<b>27,736</b>	<b>27,736</b>	<b>+0</b>
<b>Major Infrastructure –Total</b>	<b>139,482</b>	<b>129,952</b>	<b>-9,530</b>

### Major Infrastructure- Delivery

25. Forecast capital spend of £100.1m is £9.5m less than the latest capital budget of £109.6m. 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 (-£1.1m) mainly reflects the impact on the delay caused by extended pre-contract negotiations on the Didcot Science Bridge project.

#### HIF2 & A40

27. The Council has received the approved Material Change request for an extended timeline for the HIF2 Programme and in particular the Bus Lane Active Travel scheme. The latest in-year spend profile for the Access to Witney Scheme has been revised down by £0.5m due to delays in land assembly access.

#### A423 & Active Travel Programmes

28. No change is being reported on the A423 programme. The Active Travel Programmes is reporting a slight reduction of £0.4m across the various schemes within the overall programme.

#### Growth Deal Programme and Other Funding

29. The programme is now forecasting spend of £55.1m, compared to the previous forecast of £61.9m, a decrease of £6.8m. However, the intention is that all available Growth Deal funding will be spent in 2024/25, which may require some funding switches between schemes to release this. The main schemes contributing to the revised forecast are as follows:

- Tramway (-£2.0m) due to delays in entering into contract.
- A34 Lodge Hill (-£4.0m) due to change to the on-site start date of mid- April 2025, resulting from meeting Homes England's Gateway milestone timeframe.

30. The overall Growth Deal programme is currently over-profiled by £0.6m. This compares to the previous over-profiled reported position of £0.7m and £1.6m earlier in the year compared to the available capital grant funding of £142.7m.

### Major Infrastructure – Placemaking

31. The programme is forecasting a spend of £2.0m which is £0.1m less than the latest budget.

### Transport Policy

32. The programme is forecasting a spend of £27.7m, no change when compared with the previous reported position, which 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

33. 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.
34. The total in-year forecasted capital expenditure for 2024/25 is estimated to be £65.2m and has increased £0.3m 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	42,050	42,540	+490
Improvement Programmes	3,455	3,455	+0
Major Schemes & Other Programmes	13,795	13,583	-212
Network Management Programme	4,773	4,773	+0
Other	800	800	+0
<b>Highways Asset Management Plan – Total</b>	<b>64,873</b>	<b>65,151</b>	<b>+278</b>

35. For the Structural Maintenance Annual Programme, the main variation relates to the latest forecast on the bridges programme (+£0.4m).
36. The planned activities for the main programmes are summarised below:



Project	Planned Schemes	Completed	Comments on actual compared to planned delivery
Surface Treatments (schemes)	120	121	Schemes to restore the condition or prolonging the life of existing carriageways.
Carriageways (schemes)	10	9	Surfacing/reconstruction/strengthening of roads. Extra scheme planned due to the extra £5million
Structural Highways Improvements (schemes)	68	45	Surface inlay and minor patching schemes across the county. There will also be minor works carried out in addition to this throughout the year. Extra schemes planed due to the extra £5million
Footways (schemes)	75	48	Repair/construction of footways and cycleways. Extra minor reconstruction/ patching included in the planned schemes
Drainage (schemes)	35	20	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)	13	7	Strengthening/replacement/imposition of management measures on weak structures.
Public Rights of Way	4	3	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	1,803	LED Replacement units being installed this year.
20mph Speed limit (schemes)	11 100	8 69	Phase 2 – Remaining Schemes reprogrammed from last year. Phase 3 – potential schemes this year – dependant on individual CMD Additional 20mph applications accepted increasing the number of planned schemes
Section 42 contributions (schemes)	39	39	Programme delivered by the City Council and covers all the unclassified roads and footways within the city.

37. The annual Improvement Programme is forecasting to spend £3.5m in 2024/25. This provides road safety and traffic improvements including road markings, cycle provision improvements, pedestrian crossings, footway improvements and speed limit alterations and this includes the Vision Zero Programme which is forecasted to spend £1.5m in 2024/25.

38. Major Schemes & Other Programme is forecast to spend £13.6m in 2024/25, an increase of £0.2m compared to the previous reported programme. 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 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.
39. The Highway Network Programme is forecasted to spend £4.8m in line with previous forecasts which includes the enhancement to support journey time reliability, which also aid bus movements, and traffic signal improvement schemes and improvements to Thornhill Park & Ride.

### **Property Strategy**

40. The Property Strategy is forecasting expenditure of £36.2m in 2024/25, an increase of £0.6m compared to the previous forecast.

### Estate Decarbonisation Programme

41. 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.
42. 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.
43. 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.
44. 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.
45. 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.

46. 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.
47. This programme supports both the key objectives within the Climate Action Framework and Carbon Management Plan, but also the property strategy.
48. 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

49. Projects in the construction phase:
  - Deddington Highways Depot – Phase 1 was complete in September 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

50. The office rationalisation & co-location programme has a spend forecast of £2.3m for 2024/25, a reduction of £0.5m compared to the previous forecast. The Council has vacated Abbey House in Abingdon with staff relocated to new locations.
51. Phase 2 of the Knights Court move will happen this year with further works to Union Street and Oxford Community Support Service (OCSS).
52. Supported Transport will move to Water Eaton later in 2024/25 at an estimated cost of £0.6m.

#### Resonance Supported Homes Fund

53. As the final £1.0m is being paid under the Resonance Supported Homes Fund in 2024/25, a revised forecast of £2.0m is being reported, an increase of £1.0m compared to the previous reported position. This will bring the total investment to £5.0m in line with the overall budget provision of £5.0m. A total of 5 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 year.

#### Electric Vehicle Charging

54. 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

55. The council is currently forecasting £6.4m in 2024/25 (reduction of £0.2m) from the £10.5m 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)

56. 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).
57. 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**

58. The total forecast expenditure for 2024/25 is £8.0m, an increase of £0.6m compared to the previous forecast. This is due to the revised forecast for the 5G Innovation Region Programme.

#### Digital Infrastructure

59. 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

60. Forecast expenditure for the Rural Gigabit Hub Sites programme is £1.0m in 2024/25. The programme is funded from grant and income from the Broadband Gainshare.
61. 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. It is forecasted that £3.6m could be spent this financial year, an increase of £0.7m compared to the previous forecast.

### **Passported Funding**

62. Expenditure for 2024/25 is forecasted to be £8.6m, no change from the previous reported position.
63. The Disabled Facilities Grant for 2024/25 announced in May 2024 notified funding of £7.3m. 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**

64. Expenditure for 2024/25 is forecasted to be £2.9m, no change from the previous reported position. This area includes the refurbishment of Libraries and the vehicle replacement programme through the Vehicle Management Service.

## **CAPITAL GOVERNANCE APPROVALS**

### **Property**

#### William Fletcher CE Primary School Expansion

65. In order to meet the County Council's statutory duty to provide sufficient school places, William Fletcher CE Primary School is to expand from 1.5 Form Entry (FE) to 2FE. Approval is required to include this scheme in the Capital programme with an indicative budget of £3.9m to be funded from S106 developer contributions and basic need funding.

#### Breathing apparatus and Decontamination areas at Fire Stations

66. Approval is required to enter a programme of work into the Capital Programme at a cost of £1.8m towards the creation of breathing apparatus and decontamination areas across Oxfordshire's fire estate to conform to new guidance. Funding for this programme of work was agreed at Council in February 2024 through the budget setting process.

## Ten Year Capital Programme Update

67. The total ten-year capital programme (2024/25 to 2034/35) is now £1,259.2m (excluding earmarked reserves) an increase of £12.1m when compared to the latest capital programme approved by Cabinet in October 2024. This is due to additional S106 funding (£4.6m) coming into the capital programme, the East Oxford Mini-Holland scheme (£6.0m) and the breathing apparatus and decontamination areas at Fire Stations programme (£1.8m) being released from earmarked resources to be included within the capital programme, funds being returned and other minor changes. A summary of the updated capital programme is set out in Annex 2.
68. Defect Liability Programme was set up to address legacy issues arising from the Carillion's liquidation, including rectification of known defects with completed projects and treatment of latent defects. The original provision of £15.0m has been previously reduced by £2.9m. A further £0.5m is being returned towards the capital priority budget setting process. The programme has incurred expenditure to date of £10.4m with a further £0.8m of works identified for the remaining of this year and 25/26 compared to the revised budget provision of £11.6m.

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	227.4	230.1	+2.7
Major Infrastructure	655.0	662.1	+7.1
Highways Asset Management Plan	217.4	217.4	+0.0
Property Strategy	92.7	94.1	+1.4
IT, Digital & Innovation Strategy	13.8	14.1	+0.3
Passported Funding	14.3	14.6	+0.3
Vehicles & Equipment	26.5	26.9	+0.4
<b>Total Strategy Programmes</b>	<b>1,247.1</b>	<b>1,259.2</b>	<b>+12.1</b>
Earmarked Reserves	106.3	99.2	-7.1
<b>Total Capital Programme</b>	<b>1,353.4</b>	<b>1,358.4</b>	<b>+5.0</b>

\* Approved by Cabinet 15 October 2024.

## Capital Funding Update

### Prudential Borrowing

69. 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 from 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.
70. 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**

71. The level of earmarked reserves has decreased by £7.1m from the previous reported position to £99.2m. The main changes are the £6m towards the East Oxford Mini Holland scheme and £1.8m towards the Fire Station programme being released and £0.5m from the Defect Liability Programme being returned. The reserves includes £52.3m 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**

72. The current level of capital reserves (including capital receipts and capital grants reserves) is approximately £197m. This is expected to reduce to approximately £60m at the end of 2026/27. The reduction is mainly due to the delivery of the Growth Deal Programme and the latest spend profile in relation to 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**

73. 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.

74. 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.
75. The deadline for claiming the remaining £30.0m 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.
76. 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.
77. 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**

78. 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.
79. The following risks are inherent within the funding of the capital programme:
  - Certainty over the timing and value of future capital receipts and Section 106 Contributions
  - Certainty over the receipt and security of future grant funding
80. If capital receipts or section 106 contributions are not received within the planned timeframe it may be necessary for the Council to temporarily fund capital expenditure through prudential borrowing. The council has a prudential borrowing reserve to help manage the revenue impact of additional prudential borrowing.
81. Where additional funding is required to fund schemes on a permanent basis this will need to be addressed by reducing investment elsewhere within the programme (reprioritisation) or by permanently funding through prudential borrowing. This would require the identification of long-term revenue funding as the Prudential Borrowing is usually repaid over 25 years through the Minimum Revenue Provision.

Comments checked by:



Lorna Baxter  
Executive Director of Resources and Section 151 Officer

### **Staff Implications**

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

### **Equality & Inclusion Implications**

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

### **Legal Implications**

84. 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: Paul Grant, Head of Legal and Deputy Monitoring Officer

### **LORNA BAXTER**

Executive Director of Resources and Section 151 Officer

Background papers:

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