

HIF1 inquiries

Funding update note on behalf of OCC as Applicant and Acquiring Authority

26 April 2024

Introduction

1. This note has been prepared at the request of the Inspector during the evidence of Mr Mann on 24<sup>th</sup> April 2024, to provide an update on the funding position for the HIF1 Scheme.
2. In his proof of evidence, Mr Mann set out the funding status of the Scheme at the date of submission of the proof in **Table 2** as follows:

**Table 2 from Mr Mann's proof of evidence (p.14)**

Source	Value (£'000)
Housing Infrastructure Fund Grant	239,816
Oxfordshire Local Enterprise Partnership	10,000
Council Capital Borrowing	29,897
S106 Developer Contributions	16,442
Total	296,155

3. Furthermore, Mr Mann set out that the projected cost of the Scheme, inclusive of contingency, is currently circa £332.5m (proof para 5.2 and Table 1). The main reason for the change from £296.2m to £332.5m is an increase to the inflation budget (see Table 3 of Mr Mann's proof).
4. In Figure 3 of his proof of evidence Mr Mann set out the anticipated delivery programme for the Scheme. This programme shows that the construction of the Scheme is due to be complete in January 2028.
5. In paragraphs 5.20, 5.43, 5.67 and 9.8 of his proof of evidence Mr Mann noted ongoing discussions with Homes England (HE) for further funding for the Scheme, and an extension to the funding availability period. These discussions took the form of a Material Change Request process.

Latest Position

6. OCC is now able to confirm the following:
  - HE has now approved the Material Change Request, which was for an additional £36.4m to take the overall budget to £332.5m and HE's contribution to approximately £276.2m.
  - In addition, HE has approved an extension to the funding availability period from 31<sup>st</sup> March 2026 to 31<sup>st</sup> March 2028.
  - Therefore the total of £332.5m funding required for the Scheme, as set out in Table 1 on page 12 of Mr Mann's proof of evidence, is now available.

- HE has also provided the ability to access significant additional contingency beyond the £36.4m if required.
7. Additional details are as follows:
- The request was considered by five government departments / agencies – Homes England, HM Treasury, the Department for Transport, the Infrastructure and Projects Authority, and the Department for Levelling Up, Homes and Communities. Approval was only granted after all of these departments / agencies had considered the application.
  - Confirmation was received via a letter on 19<sup>th</sup> April 2024.
  - As expected, a number of conditions have been included in the offer. Some are to be completed before a Deed of Variation is in place, and others are for afterwards.
  - The next steps will be to work through the conditions, seek Cabinet approval to accept the offer, and then enter into the Deed of Variation.

## Conclusion

8. To conclude, an updated version of Table 2 as **Table 2A** is provided as follows:

***Table 2A: Updated funding position***

<b>Source</b>	<b>Value (£'000)</b>
Housing Infrastructure Fund Grant	276,199*
Oxfordshire Local Enterprise Partnership	10,000
Council Capital Borrowing	29,897
S106 Developer Contributions	16,442
Total	332,538

\*additional contingency is also available

9. Oxfordshire County Council can therefore confirm that it anticipates that sufficient funding will be in place to deliver the Scheme.