

Subject: LGF Capital Swap Request – Oxford Flood Alleviation Scheme	
Author: Sarah Watson (Programme Manager)	Programme Sub Group Meeting
Tel: 01865 897191	15th August 2019
Email: sarah.watson2@oxfordshirelep.com	Agenda Item no: 4
Oxfordshire Local Enterprise Partnership: OxLEP Ltd, First Floor, Jericho Building, Activate Learning – City of Oxford College, Oxpens Road, Oxford, OX1 1SA	

1. Recommendations

1.1 That the Programme Sub Group recommends that the Board:

- a) **Approves the £25.85m capital swap for the Oxford Flood Alleviation Scheme.**
- b) **Notes that the County Council will manage the funding arrangements for this as part of their role as our Accountable Body.**

2. Summary

- 2.1 The OxLEP LGF programme is £142.5m LGF capital money allocated to 27 projects. One of the Government deadlines is that all LGF funds must be spent by March 2021.
- 2.2 This paper outlines a request to approve a formal capital swap arrangement for the Oxford Flood Alleviation Scheme (OFAS). OFAS is one of our LGF projects with £25.85m LGF funds allocated to it. It is a comprehensive package of measures to mitigate the risks of damage to homes, businesses and transport connections caused by excessive flooding. The delivery partner is the Environment Agency (EA). The scheme is large and complex and has suffered delays the most recent of which is outside the control of the EA.
- 2.3 The delays mean that the main capital spend on the scheme will be beyond March 2021. The capital swap amount is £25.85m and will ensure that OFAS retains its LGF funding with the support of partners. By retaining the LGF funding in this way OFAS will remain viable despite the delays in their programme. Without the capital swap OxLEP will have to withdraw the LGF funding for OFAS creating a significant funding gap leading to the EA being unable to continue with its next critical steps of achieving planning permission and compulsory purchase order through public enquiry.

2.4 The capital swap will be achieved with the support of Oxfordshire County Council (OCC), our accountable body. The LGF money will be spent on projects funded by them with strong strategic fit to our priorities before March 2021. Then at the appropriate time this money will be recycled to pay for OFAS. We have worked closely with the OCC to prepare this plan and they are in full support of it.

3. Overview and background

3.1 The OxLEP LGF programme is £142.5m LGF capital money allocated to 27 projects. The Government deadlines for the LGF programme are:

- All LGF capital funds must be spent by March 2021.
- All LGF match funding, leverage, outputs and outcomes must be delivered by March 2025

3.2 This paper outlines a request to approve a formal capital swap arrangement for the Oxford Flood Alleviation Scheme (OFAS). OFAS is one of our LGF projects with £25.85m LGF funds allocated to it. It is a comprehensive package of measures to mitigate the risks of damage to homes, businesses and transport connections caused by excessive flooding. The full project is £150m to deliver. The remaining funds are from Government funding and other partners including the Oxfordshire County Council, the Oxford City Council, the Vale of White Horse District Council, the Thames RFCC, the Oxford Flood Alliance, the University of Oxford, Thames Water and Highways England. The lead and main delivery partner is the Environment Agency (EA).

3.3 The scheme is large and complex and has suffered delays the most recent of which is outside the control of the EA. The Kennington railway bridge where the main railway line goes under the Southern bypass of Oxford needs to be replaced earlier than expected and is currently propped up. The bridge is safe for ongoing use and will be replaced in the next five years but OFAS was planning to build culverts either side of it which is a high risk with props in place. The EA are working with OCC to identify options but delays to the scheme are expected.

3.4 The delays mean that the main capital spend on the scheme will be beyond March 2021. The capital swap amount is the full amount allocated by us to the scheme of £25.85m and will ensure that OFAS retains its LGF funding with the support of partners. By retaining the LGF funding in this way OFAS will remain viable despite the delays in their programme. Without the capital swap OxLEP will have to withdraw the LGF funding for OFAS creating a significant funding gap leading to the EA being unable to continue with its next steps of achieving planning permission and compulsory purchase order.

3.5 The capital swap will be achieved with the support of Oxfordshire County Council (OCC), our accountable body. The LGF money will be spent on projects funded by them with a strong strategic fit to our priorities before March 2021. Then at the appropriate time this money will be recycled to pay for OFAS. We have worked closely with the OCC to prepare this plan and they are in full support of it. The projects being used for the capital swap are shown in the table below.

Capital Swap Project	Value	Strategic Fit
Kennington Bridge replacement	£2m	The replacement of the Kennington bridge enables the OFAS scheme
LED replacement programme	£17.3m	Street lights across Oxfordshire will be replaced with LED bulbs and the foundations will be laid for a smart city, that will meet the needs of future travel and electric vehicle use.
Highway renewals at sites across Oxfordshire key to OxLEP priorities	£6.55m	A programme of highway renewals to improve travel to, from and between key employment and residential areas in Oxfordshire in line with OxLEP priorities
Total	£25.85m	

3.6 We are working with our MHCLG Area Lead to agree how this will be reported and will update on progress in our next meeting.