

## **REPORT TO OXFORDSHIRE GROWTH BOARD OXFORDSHIRE HOUSING AND GROWTH DEAL**

### **REPORT PURPOSE**

- 1) The purpose of this report is to update the Board on progress with the Oxfordshire Housing and Growth Deal (the Deal), agreed with Government.
- 2) The Deal provides £215 million of additional funding for Oxfordshire, to deliver the key infrastructure required to bring forward already proposed housing development; additional funds to increase the supply of affordable housing and funding to secure economic growth in key industry sectors.
- 3) The Deal also commits Government to providing a package of planning freedoms and flexibilities for the Oxfordshire Local Planning Authorities that will offer protection from speculative development whilst we complete a countywide Joint Statutory Spatial Plan (JSSP) to 2050.
- 4) The Deal is written as a delivery plan and sets out our commitments as a partnership and established key milestones for delivery. In terms of governance, the Deal places the Growth Board at the heart of the delivery regime and requires regular reports to the Board on progress. Accordingly, this report updates on progress towards these milestones.

### **RECOMMENDATIONS**

- (i) *That the Growth Board note the progress towards the Housing and Growth Deal Milestones as set out in the Delivery Plan*

### **BACKGROUND**

- 5) The key elements of the Deal, as set out in the Outline Agreement are:
  - Infrastructure Delivery Programme
  - Housing from Infrastructure Delivery Programme
  - Affordable Housing Delivery Programme
  - A Joint Statutory Spatial Plan (JSSP) and Planning Flexibilities
  - Productivity
- 6) The early milestones set out in the Delivery Plan have been achieved. These were
  - Agreeing the draft Statement of Common Ground for the JSSP
  - Revising the Terms of Reference of the Growth Board and establishing an enhanced governance framework to oversee the delivery of the Deal
  - Agreement of a year one Affordable Housing Programme
  - Agreement of the year one Homes from Infrastructure (HFI) Programme
  - A consultations exercise on the first phase of the proposed Planning Freedoms and flexibilities- the Three-Year Land Supply Test.
  - The implementation of the Three-Year Land Supply Test flexibility by Government through a Written Ministerial Statement

- 7) The next tranche of milestones are due by the end of September. These are
- Developing the years 2-5 Homes from Infrastructure (HFI) programme for agreement with government in Q3.
  - Developing the years 2-3 Affordable Housing programme for agreement with Government in Q3..
- 8) At the same time the Government has commitments to:
- Pay the second tranche of the capacity fund.
  - Respond to our consultation on the proposed Three Year Land Supply Test
- 9) The key developments since the July Growth Board meeting are as follows

#### **INFRASTRUCTURE DELIVERY PROGRAMME**

- 10) During the first quarter of 2018/19 a review of the year one programme took place as part of the mobilisation of the Deal. This assurance activity took place due to the speed required to develop the programme for HMG in Q4 of 2017/18. It provided confidence on those schemes and activities that could, and did, start in Q1 and identified those schemes that were likely to be delayed. A monitoring and reporting process was also established to enable the Infrastructure Sub-Group, from its inaugural meeting onwards oversight of delivery, and identification and mitigation of key risks to delivery.
- 11) A key issue to delivery of the year one infrastructure programme, reported to the Infrastructure Sub-Group at its inaugural meeting in September, were the delays to a small number of schemes primarily due to third party delays, for example developers delayed in agreeing scope or contracts with third parties. The Sub-Group have been made aware of the likelihood that some of these schemes will need to move to year 2 of the delivery programme. A process is underway in accordance with the Deal Delivery Plan to manage the forecast underspend to ensure the Deal continues to maximise value for money.
- 12) In accordance with the commitment to develop the 2-5-year infrastructure programme by the end of September 2018 outlined in point 6, consultants AECOM were commissioned to produce a ranking framework to allow Growth Deal partners to prioritise the projects that will be funded in the future years of the Deal. AECOM are on target to produce the framework and a proposed list of projects by the end of September with an officer workshop scheduled on 26 September. The proposed infrastructure delivery programme will then be reviewed by the Infrastructure Sub-Group in early October for recommendation to the Growth Board and subsequently for agreement with MHCLG.

## **HOUSING FROM INFRASTRUCTURE DELIVERY (HFI) PROGRAMME**

- 13) The Deal makes it clear that whilst Government are interested in the timely completion of the identified strategic infrastructure projects, it is also focussed upon the housing delivery outcomes that are facilitated by the infrastructure. The Deal therefore set out an indicative number of properties- already planned for in Oxfordshire Councils' local plans- that would be secured by the completion of the relevant infrastructure projects.
- 14) Previous reports to the Board have highlighted that although the sites identified are those where the lack of funded strategic infrastructure is a brake upon development, there are also a raft of other challenges, often unique to each site that require resolution to bring housing development forward. Work is currently underway with the authorities on identification and plans to resolve these issues through a process of detailed action planning.
- 15) As reported at the July Board meeting the reporting requirements for the HFI Programme are also the subject of discussion with Government. Both Government and the partners predicate this discussion on an acknowledgement that there is an increased level of sophistication that is required to better understand and articulate the relationship between the investment in infrastructure provided by the Deal and the housing that it secures. Officers are developing, in partnership with Homes England a methodology for defining how much housing is secured through infrastructure investment that will lead to a proposal to Homes England.
- 16) The relevant next milestones for the HFI programme are the agreement of the delivery programmes for years 2-5. These are due with Government by 30<sup>th</sup> September 2018 and discussion at the second quarter monitoring meeting in October. They will then be brought to the November meeting of the Board for endorsement via both the Housing and Infrastructure Sub-Groups.

## **AFFORDABLE HOUSING DELIVERY PROGRAMME**

- 17) The Board will recall that Government are providing £60 million, over three years for additional affordable housing, to deliver a range of different affordable housing types and tenures. The Delivery Plan sets out an indicative trajectory for the Affordable Housing Programme and commitment to delivering at least 1,320 affordable homes to start on site by March 2021.
- 18) As reported at the last meeting a year one programme has been agreed and a positive first quarter monitoring meeting held with Homes England to assess progress towards these milestones.
- 19) The next steps are the development of a years 2 and 3 programme with Homes England by the end of September, for endorsement by the Housing sub-group and the Board at its November meeting.
- 20) The inaugural meeting of the Housing sub-group took place on 10<sup>th</sup> March and members received a detailed appraisal of the year one programme and the challenges it faces. These challenges are the subject of detailed action and contingency planning and will be reported to future sub-group meetings through the Programme Board and sub group.

**JOINT STATUTORY SPATIAL PLAN AND PLANNING FLEXIBILITIES**

- 21) The development of an Oxfordshire Joint Statutory Spatial Plan (JSSP) is a central plank of the Deal. Building on the existing Plans, the JSSP will set the strategic direction for planning to 2050. The Deal provides up to £2.5 million capacity funding to Oxfordshire Partners to support the development of the JSSP.
- 22) As reported in July, the first milestones, namely the development of a draft Oxfordshire-wide Statement of Common Ground (SoCG) and the establishment of a Joint JSSP Project Board were completed .
- 23) After this officers have prepared for the commencement of substantive work required to complete the JSSP whilst we awaited confirmation of the planning Freedoms and Flexibilities (F&F) to be provided by Government under the Deal. The Board will be aware that this confirmation has now been received and will be discussed at this Board meeting.
- 24) Officers have prepared three preparatory documents for the JSSP. A Statement of Community Involvement, (SCI) a Local Development Scheme(LDS) and a Scoping Document. Subject to ratification of these by the partner councils, the SCI for consultation, officers will embark upon the JSSP project in mid- October
- 25) The F&F recognise the challenges Oxfordshire faces from unplanned development during the period of preparation and years following adoption of the JSSP. Accordingly, Government has signalled agreement to grant planning flexibilities on a time limited basis to provide some protection from the risk of unplanned development.
- 26) The proposed F&F have two aspects:
  - First, an amendment to the Housing Land Supply Test –reducing it from 5 to 3 years-during the plan process, recognising that whilst the new JSSP takes shape the standard regime leaves partners vulnerable to speculative development.
  - Secondly, upon completion of the JSSP, a revision to the proposed Housing Delivery Test.
- 27) Both F&Fs are subject to negotiation and agreement with Government and the first of these, regarding the Three-Year Land Supply proposal has been the subject of consultation on the Growth Board website. Government have now implemented this measure through a Written Ministerial Statement, attached as an appendix to the separate report on this item.

**PRODUCTIVITY**

- 28) It has been agreed with Government that the focus for all elements of the productivity stream will be built around the emerging Local Industrial Strategy (LIS).
- 29) Oxfordshire partners, under the leadership of OxLEP has developed a highly collaborative approach to developing the LIS, through a steering group comprising senior officials from local government, higher education, the Government investment agency for science and research (UKRI) and OxLEP Board Directors, working alongside the OxLEP Executive Team, and drawing on specialist support from consultants.

30) The key features of the methodology for developing the LIS are:

- economic modelling and scenario planning
- international ecosystems market analysis
- spatial mapping and growth distribution exercises
- extensive bilateral and group based stakeholder engagement.

31) This process will result in the production of a suite of documents which, together, will form the LIS, these are:

**Economic Review Baseline** – an objective assessment of Oxfordshire’s economic performance to date. It explores how Oxfordshire has performed against other local economies and the relative performance of each district and key sectors within the county. It provides detailed economic evidence which has helped us to shape and prioritise interventions for the LIS. The evidence in this report also helps to provide the context for why Oxfordshire is now aspiring to be a top three global innovation ecosystem and includes an international assessment of other competing locations and how Oxfordshire needs to respond to the challenges posed by these areas.

**Future State Assessment** – the report sets out scenarios for the economy, taking into account the global megatrends shaping future growth, stakeholder views and the evidence from the Baseline Economic Review. It sets out the big ideas for

Oxfordshire which would need to be considered to support an ambitious growth trajectory to be a top three global innovation ecosystem.

**The Strategy** – this will be our overall plan to deliver ambitious, inclusive and sustainable economic growth for Oxfordshire and the UK. It will focus on how local and national partners can work together to increase productivity, deliver research and innovation to tackle the UK’s Grand Challenges and build the necessary infrastructure – physical, digital, business, financial and social – to realise our ambition to be a top three global innovation ecosystem by 2040.

**Investment Prospectus** – a strategic document detailing the investment needed to secure Oxfordshire’s position as a top three global innovation ecosystem and the ambitious and innovative partnerships we are keen to develop and foster with Government, investors and commercial organisations to deliver our strategy.

32) The LIS will be fully aligned with the commitments of the Oxfordshire Housing & Growth Deal and the emerging Oxfordshire Joint Statutory Spatial Plan and Oxfordshire Rail Study. Both these key pieces of work will utilise the evidence base and findings from the LIS to inform their respective studies; This will ensure that our proposals are integrated and supported by the spatial distribution for growth and the necessary connectivity required, to realise our ambitions for the Oxfordshire economy.

33) The next steps will be the development of a final draft strategy. This will be further tested and refined with a series of sessions and bilateral meetings with stakeholders, HMG and the LIS Steering Group between September and October. We then anticipate that there will be a further working session of the wider OxLEP Family of Board Directors and Sub Group Members in late October / early November, which will include Growth Board members, to review the proposed draft final and sense check the focus and ambitions of the LIS.

Growth Board 25<sup>th</sup> September 2018  
Agenda item – Oxfordshire Housing and Growth Deal  
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- 34) Our objective remains to be the first LIS Trailblazer to be developed in the country and be formally submitted to HMG, by the end of this calendar year.

## **DEAL GOVERNANCE AND FINANCE**

- 35) Since our last report to the Board good progress has been made in on reorienting the governance and structures of the Board to reflect its new responsibilities.
- 36) The Board will recall it agreed revised Terms of Reference and the partners have appointed member representatives to the Advisory Sub Groups and Scrutiny Panel.
- 37) Following agreement to the establishment of the three Sub Groups and the Scrutiny panel all groups have met to discuss their terms of reference and work programmes. The sub groups all received detailed briefing packs providing context for their responsibilities under the Deal and were invited to consider a work programme.
- 38) The Board will also recall that as part of the Deal, Oxfordshire was granted £5 million of capacity funding to assist us with the delivery of the Deal. The allocation of the fund is £2.5 million to prepare the Oxfordshire JSSP, £1.5 million of capacity funding to progress the Deal and £1 million to support scheme feasibility to ensure that the step change in housing delivery that the Deal requires is properly resourced.
- 39) To date Oxfordshire has received £0.5m of Capacity Fund paid in Feb 2018 with the second instalment of £2.5m due end of September in accordance with the agreed milestones detailed in paragraph 8. Alongside this Oxfordshire received £15m of the Infrastructure Fund in May 2018 (£11m revenue, £4m capital) with a second instalment of £15m capital due end of September.
- 40) Officers have undertaken financial modelling of options for the capacity fund to ensure it is deployed in the most effective manner to support the delivery of the Deal commitments. Detailed reporting on spend against the budget will be provided to the next meetings of the Sub Groups and summary positions to future meetings of the Board.

## **CONCLUSION**

- 41) This report is the third report for the Deal outlining progress, issues and achievements to date.
- 42) Although good progress has been made in meeting our commitments under the Deal, challenges remain in mobilising the Deal programme from a standing start, sufficient to meet the milestones originally committed to in the Deal.
- 43) Officers in all of the authorities are focused on activity required to accelerate the delivery of the Deal Programmes. The second quarter review with Homes England will take place in October and will be reported to the November Board meeting.
- 44) The report asks the Board to note this progress with the Deal and the achievement against the milestones committed to.