

## **Oxfordshire Housing and Growth Deal Update**

### **1.0 Purpose of report**

- 1.1 To update the Board on progress with the five year Oxfordshire Housing and Growth Deal, agreed with Government in March this year.

### **2.0 Recommendation**

- 2.1 That the Growth Board notes the report and the progress on the Housing and Growth Deal Delivery Programme.

### **3.0 Background**

- 3.1 The Oxfordshire Housing and Growth Deal provides £215 million of additional Government 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 proposals to support economic growth in key industry sectors. The Deal also includes a commitment to provide 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 to 2050.
- 3.2 The Deal sets out our commitments as a partnership and established key milestones for delivery. In terms of governance, the Growth Board has responsibility for oversight of the Deal and requires regular reports on progress.
- 3.1 The key elements of the Deal are:
- Infrastructure Programme
  - Housing From Infrastructure and Affordable Housing Programme
  - Joint Statutory Spatial Plan and Planning Flexibilities
  - Productivity

### **4.0 Summary of Progress**

- 4.1 Good progress has been made in developing confidence in our ability to deliver against the five year Deal programme, the key challenge that remains is scaling up capacity and capability across the partnership to deliver a programme of this scale and complexity.
- 4.2 Progress to date should be viewed in the context of the five-year Deal programme and with recognition that the early stages of the Deal requires significant effort and focus on programme establishment and mobilisation to allow for acceleration to delivery at pace during year 1.
- 4.3 Good progress has also been made in quarter one of the Deal programme on assessing delivery confidence of the programme, establishing the programme

management arrangements and putting in place systems and resources needed to support the scale up for delivery of the programme. Work is also underway on addressing delivery challenges and to improve delivery confidence; project delivery has begun but will need to accelerate over the summer months.

## **5 Developing monitoring and reporting arrangements**

- 5.1 Work is still in progress with Homes England to establish the monitoring and reporting requirements for the Deal. Given that the Oxfordshire Housing and Growth Deal is the first deal of its kind, the monitoring and reporting arrangements will set a precedent for other Housing Deals. This is requiring extensive work with Homes England to ensure that processes are fully robust and will withstand audit. In addition, Homes England needs to ensure that they are taking an approach that is consistent with other funding programmes that they are responsible for, such as the Housing and Infrastructure Funding programme. We expect that these arrangements will be finalised over the coming weeks in time for the first formal report to Homes England at the end of Quarter 2.
- 5.2 A key element of the work with Homes England is developing the methodology for attributing housing delivery to investment in infrastructure under the Deal. Since the deal was agreed we have put considerable time into refining our understanding of how we will demonstrate how that investment is accelerating housing delivery.
- 5.3 Oxfordshire's baseline and delivery record remains exceptionally high, with very significant delivery levels continuing particularly in the Vale, Cherwell and South Oxfordshire. This is in the context of some shifts in the market, with delivery slowing on some larger sites but picking up on smaller sites, resulting in a higher 2017/18 record than that achieved in 2016/17.
- 5.4 This has reinforced the need for a more sophisticated approach to how we evaluate housing delivery and what is accelerated through new investment, directly, indirectly and through wider influence in the market.
- 5.5 The trailblazing nature of the Deal brings with it a significant additional burden and challenge in working with government on developing the reporting framework. The work we are doing with Homes England will inform the methodology that will be applied across other deals and funding streams. It will also help inform the development of our investment programme in future years.
- 5.6 In addition, the focus on meeting the housing acceleration targets in the Deal raises a challenge for Oxfordshire to further develop our understanding of the delivery systems and to develop working practices across the partnership to align planning, infrastructure delivery, site control and preparation to support housing delivery.

## **6.0 Infrastructure Programme**

- 6.1 As reported to the June meeting of the Growth Board, the Growth Deal Programme Board identified the need to build resource capacity and capability in the first of the financial year to September 2018. This work is underway and progress has been made in establishing core delivery arrangements. Further work will include a

master-schedule of detailed project plans identifying resources required across the programme.

6.2 Status for the infrastructure programme year 1 milestones is as follows:

- Delivery of year one-project programme milestones for March 2019: Current delivery confidence assessment indicates that the current project list may not be delivered in full. Assessment of options to address any possible variance will be considered by the Growth Deal Programme Board in August.
- Development of years 2-5 infrastructure projects plan by the end of September 2018: The delivery of the year 2-5 plan milestone is on track with work underway to develop the Project Prioritisation Framework and to inform development of an updated project list for consideration in years 2 to 5 of the programme. Work on housing attribution methodology will inform this process.

6.3 As highlighted above, the reporting requirements for this work stream are also the subject of discussion with Homes England and MHCLG and are expected to be in place in time for the first half year report to Homes England at the end of Quarter 2.

6.4 A full report on the programme and reporting arrangements will be presented to the Infrastructure Sub Group in September.

## **7.0 Housing from Infrastructure and Affordable Housing Programme**

7.1 The Delivery Plan includes a target for year one of 414 homes accelerated by the Deal infrastructure investment. Our ability to evidence this is subject to agreeing the attribution methodology with Homes England as set out above.

7.2 The status for the year one Affordable Housing Programme milestones is as follows:

- The programme is currently on track to meet the target of delivering 148 affordable homes by March 2019 but more work is needed to improve confidence in delivery timescales for some projects. A meeting is taking place with Homes England to review the programme on 25<sup>th</sup> July.
- Work is underway on developing the programme for years 2 and 3 though this will need to be accelerated over August to meet the milestone to produce the plan by the end of September 2018. A key part of this work is to identify land in public ownership which could be brought forward as sites for years 2 and 3. This will involve discussions with the One Public Estate Steering Group over the summer. In addition, we are exploring opportunities to link this discussion to opportunities for key worker housing.

7.3 A key challenge for the programme is in engaging with delivery partners including Registered Providers, developers and landowners. Discussion and engagement with existing partners is underway at district level, however we need to promote the

programme to a wider range of partners. To assist in this we are developing a prospectus for the Oxfordshire Affordable Housing Programme and planning is underway for a launch event in September. As part of wider discussions with partners we will be considering opportunities to for innovation to optimise delivery

- 7.4 A full report on the programme and engagement activities will be presented to the Housing sub-group in September.

## **8 Joint Statutory Spatial Plan (JSSP)**

- 8.1 The first milestone, in the JSSP programme, the development of a draft Oxfordshire-wide Statement of Common Ground (SoCG) was completed by the deadline of 31 March 2018. The second key milestone is the establishment of a Joint JSSP Project Board to oversee the formal section 28 process. This is due to be completed by in July 2018, but is subject to publication of the National Planning Policy Framework (NPPF) and confirmation of the planning Freedoms and Flexibilities (F&F) to be provided by Government under the Deal. At the time of writing, we are awaiting the publication of the NPPF. We have completed a public consultation on the proposed flexibility of a three year land supply and submitted the results of the consultation to Government. This is the subject of a separate item for discussion at this meeting.

- 8.2 The timescales for development of the JSSP remain extremely challenging and preparatory work is underway to ensure we are on course to meet future programme milestones, including formal decisions by individual councils on statutory documents in Autumn. The focus to date has been on scoping the future work programme, identifying resource requirements, and preparing draft project documents. These are subject to a separate report to the Board at this meeting.

## **9.0 Productivity Programme**

- 9.1 An integral component of the Oxfordshire Deal, the Productivity strand is being led by the LEP. A fuller report from the LEP on progress on this strand is included at appendix 1 to this report.
- 9.2 The Deal includes a year one milestone to produce a Local Industrial Strategy (LIS) by March 2019. This is currently on track and is the subject of a separate presentation to the Board at this meeting.
- 9.3 In addition to the development of a Local Industrial Strategy, the Deal encompasses proposals to explore early land remediation at Harwell to bring forward critical employment land supply in Science Vale. There are also commitments to work with the LEP and partners to identify interventions and solutions to support our world class science clusters and businesses with scale up potential through emerging sector deals, development of a dedicated investor programme for trade and investment, an enhanced Growth Hub and developing a more responsive skills system.
- 9.4 Good progress has been made in some areas, including the Local Industrial Strategy, developing a cross-corridor economic vision and discussions on a

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potential international inward investment strategy; however, this has not been uniform across the productivity stream. Work is on-going with the Cities and Local Growth Unit (cross departmental team leading on growth deals) to build awareness and visibility within Whitehall of the strategic fit between national policy objectives and the opportunity to advance these through the commitments within the Deal.

- 9.5 Officials have proposed that the focus for all elements of the productivity stream moving forward need to be built around the emerging LIS, utilising planned and future working sessions with departments to prepare the ground for landing the propositions under the strategy.

**10 Deal Governance and Finance**

- 10.1 At its last meeting, the Board endorsed the appointed member representatives to the Growth Board Advisory Sub Groups and Scrutiny Panel as follows:

	<b>Chair</b>	<b>Cherwell</b>	<b>OCC</b>	<b>Oxford</b>	<b>SODC</b>	<b>Vale</b>	<b>WODC</b>
<b>JSSP Advisory Sub Group</b>	Cllr James Mills	Cllr Colin Clarke	Cllr Fox – Davies Sub Cllr Jeanette Matelot	Cllr Alex Hollingsworth	Cllr Will Hall Sub- all con group members	Cllr Anthony Hayward Sub- all con group members	Cllr Jeff Haine Sub- Cllr Toby Morris
<b>Housing Advisory Sub Group</b>	Cllr Susan Brown	Cllr John Donaldson	Cllr Liz Brighthouse Sub- Cllr Yvonne Constance	Cllr Mike Rowley	Cllr Imran Lokhon Sub- all con group members	Cllr Janet Shelley Sub- all con group members	Cllr Jeff Haine Sub- Cllr Toby Morris
<b>Infrastructure Advisory Sub Group</b>	Cllr Ian Hudspeth	Cllr Lynn Pratt	Cllr Yvonne Constance	Cllr Linda Smith	Cllr David Nimmo-Smith Sub all con group members	Cllr Mike Badcock Sub- all con group members	Cllr Jeff Haine Sub- Cllr Toby Morris
<b>Growth Board Scrutiny Panel</b>	TBC by Scrutiny Panel	Cllrs Neil Prestidge, Sean Gaul and Sean Woodcock	Cllr Nick Carter Cllr John Sanders Cllr Emily Smith	Cllr Andrew Gant Cllr David Henwood Cllr Craig Simmons	Cllr Elaine Hornsby Cllr David Turner Cllr Ian White	Cllr Debby Hallett Cllr Ben Mabbett Cllr Chris Palmer	Cllr Derek Cotterill Cllr David Harvey Cllr Julian Cooper

- 10.2 A meeting for All Cabinet / Executive members and the members appointed to the Advisory Sub Groups and Growth Board Scrutiny panel is taking place after the Growth Board on 31<sup>st</sup> July. The purpose of the meeting is to brief Members on the Growth Board and the Housing and Growth Deal, and to inform development of working arrangements and work programmes of the Sub-Groups and Scrutiny Panel.

- 10.3 The first meetings of the Sub Groups and Scrutiny Panel will take place in September.

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- 10.4 Caroline Green has been appointed as Deal Director for phase one of the programme, and the Growth Deal Programme Board with senior representation from all authorities meets weekly to oversee the programmes. Project teams are established for each of the work strands and long term officer structures and programme management arrangements will be put in place over the summer.
- 10.5 The first payment of £15m for infrastructure funding consisting of £11m revenue and £4m capital which was due during April was received at the end of May. The next payment of £15m is due in September.
- 10.6 In relation to the capacity funding, the £2.5m payment expected in April will be paid in September. MHCLG have confirmed that reporting requirements for the capacity fund will need to set out how the funding has been spent and how that spend is aligned across the 3 headings in the delivery plan. The format for reporting is being developed with Homes England.
- 10.7 The MoU between the Growth Board and the Accountable body which was completed in March, is in operation and work is underway to agree what in-year reporting requirements to this Board will be. It is expected that the first financial report will be provided at the end of Quarter 2.



**Appendix 1****Oxfordshire Housing & Growth Deal****Productivity Stream OxLEP Update – July 2018****Summary**

This report provides the Deal Board with an update on the progress being made in the implementation of the Productivity stream of the Oxfordshire Housing & Growth Deal. It sets out where discussions have proceeded with Whitehall departments and how officials are encouraging the focus for the stream to be aligned behind the emerging Local Industrial Strategy Trailblazer.

**1. Housing & Growth Deal Productivity Stream**

Productivity is an integral component of the Oxfordshire deal and sits alongside both the housing infrastructure streams in the overall proposal. It is central to delivering the vision for accelerated growth across the County in critical economic sectors, supporting innovation clusters and attracting investment. We anticipate that this will realise significant long term economic benefits to the UK.

In addition to the development of a Local Industrial Strategy, the Deal encompasses proposals to explore early land remediation at Harwell to bring forward critical employment land supply in Science Vale. There are also commitments to work with the LEP and partners to identify interventions and solutions to support our world class science clusters and businesses with scale up potential through emerging sector deals, development of a dedicated investor programme for trade and investment, an enhanced Growth Hub and developing a more responsive skills system.

It is important to note that no funding has been allocated to the Productivity Stream under the Deal agreement. The process in Year One is to work with Departments and identify areas where the objectives of the stream can be developed and, where possible, to progress key priorities set out in the Industrial Strategy White Paper.

**2. Key Issues and Next Steps**

Good progress has been made in some areas but this has not been uniform across the productivity stream. This is understandable as we are working across up to five Whitehall departments and ten different policy teams, with many not having previously been engaged in the Housing & Growth Deal negotiations during 2017.

Officials have been seeking to prioritise, initially, engagement around the Local Industrial Strategy trailblazer, whilst it has been noticeable in our meetings with departments that awareness of both the Deal and the opportunities this offers is variable across Whitehall.

There remains the need for on-going work to be done at senior levels within Whitehall in building Oxfordshire's visibility and relationships across the various

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policy teams. We are working with the Cities & Local Growth Unit to identify and present back into departments of the strategic fit between national policy objectives and the opportunity to advance these through the commitments within the Deal, and the mechanisms we now have in place.

Key areas of note for the Board to be aware of include:

- Good progress on the development of the Local Industrial Strategy, with the appointment of PwC as the advisory partner with the objective of preparing a draft document to the Board, Growth Board and HMG by the Autumn as part of an accelerated development process.
- Strong engagement and commitment across our partner network including the business sector, sector bodies, Universities and local authorities as part of the LIS process including contributions of venues, in-kind support and engagement with senior business leaders.
- Preliminary economic modelling, data analysis and scenario planning is being undertaken and will continue over the summer to provide robust evidence to underpin the LIS. This work will also be used as important building blocks for both the Joint Strategic Spatial Plan and Oxfordshire Rail Study, and we are ensuring close co-ordination between the consultancy teams, local authorities and key agencies such as Network Rail.
- Additionally, we are entering an intensive period of engagement with stakeholders, businesses and local and national partners through a series of workshops, bilateral and senior management team working sessions. The outputs from these meetings in June and July will inform the first draft of the LIS. Further refinement and stakeholder engagement will then follow in September including working sessions with Whitehall, with a view to submitting a final LIS in the autumn.
- Development of the Oxford - Cambridge Growth Corridor now moving to a new stage with an agreed timeline in place for the preparation of a x-corridor economic vision. OxLEP, on behalf of the x-corridor LEPs and Mayoral Combined Authority, has appointed an advisory partner to work with stakeholders and HMG in developing the vision with submission to Growth Boards by December. Following a competitive process, PwC has been appointed to work with partners on this key study, and an in-depth planning session with HMG officials has taken place alongside a kick off meeting with corridor partners. It is envisaged that the corridor vision will build on the individual LIS' in each LEP / MCA and identify areas for scaling up and co-ordination to support wider public and private investment.
- A range of initial preparatory meetings have been held with a number of departments and policy leads in the last quarter, to understand the commitments within the productivity stream and our proposals for ambitious interventions to capitalise on the opportunities Oxfordshire offers in driving UK productivity and



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also delivering key government policy objectives across trade and investment, skills, business growth and capital investment.

- Good progress has been made with DIT in looking at the potential of formulating an international inward investment strategy, which will capitalise on Oxfordshire's global market opportunity. We are the first region in the country to be actively bringing together all three areas of DIT – trade, investment and capital – behind such a plan, reinforcing the opportunities our global assets and clusters offers
- A working session took place with DfE officials on 29<sup>th</sup> June to look at potential flexibilities within the skills system to test in Oxfordshire to support our objective to build a more responsive offer which meets business needs. Officials will look at opportunities to deploy unspent apprenticeship levy payments more flexibly and explore the feasibility of piloting new careers and enterprise services in Oxfordshire

A review session with HMG teams was held on 2nd July to consider progress on the Productivity Stream. The following actions were committed:

- increasing resources within the Nuclear Decommissioning Team in BEIS to accelerate the review of the business case proposals for Harwell, which has been delayed by staff turnover inside the NDA team
- progressing engagement with sector teams where deals have now been formally announced – a meeting was held with the Office of Life Sciences last week to consider how the proposals in the Deal can be tested in the Oxfordshire cluster, under the proposed Operational Plan being rolled out in 2019
- review whether there remains scope to support an extension of the current Enterprise Zone around Harwell and Milton Park – officials have committed to resolving if flexibilities exist under current regulations and can be pursued, following competing advice previously received
- establish a fortnightly call with officials to ensure commitments are progressed

HMG officials have proposed that the focus for all elements of the productivity stream moving forward need to be built around the emerging LIS, utilising planned and future working sessions with departments to prepare the ground for landing the propositions under the strategy. This will also inform the approach we take towards investment planning and the associate LIS investment Plan.

This is a subtle but important change as it clearly provides a framework for our future discussions with departments and gives officials in each policy area an understanding of how individual interventions would land. We have requested a formal note from officials to confirm this revised approach, in order to give assurance

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to targets and milestones already committed to by Oxfordshire partners within the overall Deal Programme and year one delivery plan.