

To: OCHL Shareholder Meeting
Date: 20 December 2017
Report of: OCHL Board of Directors
Title of Report: Development Programme Progress Report

| Summary and recommendations | |
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| Purpose of report: | To update the Shareholder on progress with delivery of the Company's Business Plan |
| Recommendation(s): That the Shareholder: | |
| 1. Notes the report and progress being made. | |

| Appendices | |
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| Appendix 1 | Schedule of OCHL policies in development |
| Appendix 2 | Outline milestone development programme |

Introduction and background

1. In March 2017 the Shareholder approved Oxford City Housing Limited's (OCHL) Business Plan. This report provides an update on delivery against the Business Plan objectives.
2. The main aims of the Company are to increase the supply and range of housing, in particular affordable housing and to provide a financial return to the Council.
3. The four initial corporate objectives set by the Council which are underpinned by the Business Plan and provide the Company's initial business lines are:
 - The purchase and management of the new affordable rental homes at Barton Park.
 - To develop new affordable housing with a range of tenures
 - The purchase and management of high value void properties from the Council to help fund the Government's levy on stock holding Local Authorities to compensate Registered Social Landlords for the costs of Right to Buy.
 - To undertake estate regeneration schemes

A progress update on each of these objectives is provided below.

The purchase and management of the new affordable rental homes at Barton Park.

4. Good progress has been made with the necessary arrangements for a back to back transfer from the Council to OCHL for the properties as they are purchased. Handover of the first phase of social housing from Hills is scheduled to begin in May 2018.
5. OCHL are currently working to establish the suite of corporate and landlord policies, performance frameworks, Service Level Agreements for the provision of Landlord Services by the Council, as well as the sub-contracting arrangement that needs to be in place between the Council and the Council's other wholly owned company ODS; so that the properties can be taken into management at the appropriate time.
6. Those policies which are reserved matters for the shareholder: Rent, Lettings, Sales and Debt Recovery are scheduled to be considered at the next shareholder meeting in March 2018. A schedule of all policies currently under consideration is attached at Appendix 1.
7. The Company has also initiated work on a web site which will host its policy's, provide a link to the Council's Tenants Portal for repairs reporting etc. and provide a means for the Company to communicate with its tenants.

To develop new affordable housing with a range of tenures

8. Following a detailed procurement process, a consortium including Levitt Bernstein architects, Currie and Brown project managers, GL Hearn Planning consultants led by WSP have been appointed to provide the range of professional services required to deliver a successful development programme.
9. Additional resources with housing development capability are currently being sourced for inclusion within the Council's Regeneration and Major Projects Team to provide essential capacity to drive this work-stream and client the WSP consortium. The scope and cost of this support is set out in a Service Level Agreement agreed between the Council and the Company.
10. Good progress has been made with WSP on the design feasibility for all eight initial development sites to better assess the overall capacity of each and pre planning application discussions have begun with the Council's Planning Service. Initial assessment is that the Development Programme could deliver an additional 20-25 units over and above the assumptions in the Business Plan.
11. Appendix 2 attached sets out the current assessment of how each site could progress to completion.
12. A report elsewhere on the agenda recommends the inclusion of the Lucy Faithfull House site within the Company's Development Programme going forward.

Transfer of high value voids

13. Following approval by the Council's City Executive Board five properties were purchased by and transferred to OCHL in March 2017. They were properties that had been identified as they became void as having the potential for either development or extension to create larger units. The properties were

subsequently leased back to the Council for use as temporary accommodation pending the design and procurement of the works. OCHL has commissioned Oxford Direct Services to price this work.

14. The Government's policy relating to the high value void levy remains uncertain with a recent announcement that it will not be applied for 18/19. However, they are progressing with a housing association 'right to buy' pilot which may mean only a temporary reprieve.
15. Whilst the Council could choose not to sell further similar voids to the OCHL it should be noted that there is a presumption within the Company Business Plan that 5 units per annum will be sold and transferred, (the maximum allowable without Secretary of State authority) over the 40 years of the Plan this equates to 200 units. Not transferring the units would have a detrimental impact on the Company's finances which would need to be addressed.
16. Simply deferring for one year would not have a significant impact on the Company's Business Plan. However, if the Government subsequently goes ahead with its policy the Council will have lost the opportunity to sell the 5 units for 2017/18 as the sales have to be completed by 31 March 2018. The Company would therefore recommend that the Council continues with the sale of 5 voids to OCHL in 2017/18 in accordance with the agreed Business Plan.

To undertake estate regeneration schemes

17. The redevelopment of Blackbird Leys central area is progressing and the Council is currently in the process of procuring a development partner. It is envisaged that OCHL will buy the affordable rented units. The redevelopment of Underhill Circus as part of the Barton Regeneration Programme is already part of OCHL's Development Programme.

Financial implications

18. There are no specific financial implications arising from this report. The OCHL Board are monitoring the financial position of the Company on a monthly basis and have agreed a Scheme of Delegation to facilitate the effective development and delivery of agreed sites. As schemes move through the delivery phase following planning approval and works procurement, they will be closely monitored in order that any necessary adjustments can be made to the Business Plan in terms of cost, numbers of units and timelines. Any significant divergence from the Business Plan will be reported to the Shareholder as required.
19. Similarly the impact of any shift in Council policy with regard to the sale of high value voids will need to be considered going forward.

Legal issues

20. There are no specific legal implications arising from this report.

Level of risk

21. OCHL have established a Project Team and deployed standard project management methodologies to oversee the various work streams necessary to deliver the Company's four business lines. This together with the purchase of additional resources to support the development programme will help de-risk delivery.

22. The site specific feasibility work will help minimise the risk to the Housing Group associated with its development programme in the areas of cost, Planning, quality and timescales.

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