

Report to Oxfordshire Growth Board Oxfordshire Housing and Growth Deal

REPORT PURPOSE

- 1) The purpose of this report is to introduce and seek the endorsement of the Growth Board to the Oxfordshire Housing and Growth Deal (the Deal), announced by Government in the November Budget.
- 2) The Deal provides £215 million of additional government funding for Oxfordshire, to deliver the key infrastructure required to underpin proposed housing development, and additional funds to increase the supply of affordable housing. In addition, the Deal provides 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 to 2050.
- 3) The outline agreement places the Growth Board at the heart of the delivery regime for the Deal but makes it clear that full agreement is subject to agreement by each Oxfordshire council and the Oxfordshire Local Enterprise Partnership (OxLEP) Board (referred to collectively as the “Oxfordshire Partners”). The Deal also requires the agreement of a detailed delivery plan by Oxfordshire Partners, Homes England and the Ministry of Housing, Communities and Local Government (MHCLG) by 31st January 2018.

RECOMMENDATIONS

That the Growth Board endorses the Oxfordshire Housing and Growth Deal and recommends its approval to the Oxfordshire Partners

BACKGROUND

- 4) The six Oxfordshire councils, together with the Oxfordshire Local Enterprise Partnership (OxLEP) and other key partners have been engaged in recent months with Government officials in dialogue aimed at securing an ambitious, comprehensive, and integrated approach to addressing Oxfordshire’s housing, infrastructure, and economic challenges.
- 5) The outcome of these negotiations was the announcement, in the Autumn Budget Statement, of the Oxfordshire Housing and Growth Deal (the Deal).
- 6) The Deal, offers a total of £215 million of additional funding for Oxfordshire, comprising £150 million for infrastructure, £60 million for affordable housing and £5 million capacity funding.
- 7) The additional funding will support Oxfordshire’s ambition to plan for and support the delivery of up to 100,000 new homes across Oxfordshire between 2011 and 2031 to address the county’s housing shortage and expected economic growth. This level of

housing growth is that identified by the Oxfordshire Strategic Housing Market Assessment 2014, and is consistent with that planned for in existing and emerging Oxfordshire Local Plans.

- 8) The Oxfordshire Partners and Government both view the Deal as the first part of a long-term commitment to Oxfordshire, with the measures announced in the Budget being “an initial package, intended to kick-start a process of meeting Oxfordshire’s long-term potential” and be a statement of support for our collective ambitions for Oxfordshire. Importantly, the Deal also recognises the investment needed to help Oxfordshire deliver our contribution to the delivery of the Cambridge – Milton Keynes - Oxford Growth Corridor.
- 9) The Deal also includes a package of planning “freedoms and flexibilities” that will help Oxfordshire to plan collectively for the long-term, sustainable development of the county by offering some protection from the risk of unplanned speculative development for the duration of development of the Joint Statutory Spatial Plan (JSSP) and early years of its implementation.
- 10) The Outline Deal Agreement is conditional on the completion of a draft Delivery Plan with Government officials and the subsequent approval of all of the Oxfordshire Partners and the Secretary of State. The work on agreeing the Delivery Plan with government officials is in the final stages. Decisions on the deal from each of the authorities will be taken in February.
- 11) If all Oxfordshire Partners approve the Deal, this will be confirmed in writing to the Secretary of State along with submission of the agreed Delivery Plan.
- 12) The key elements of the deal, as set out in the Outline Agreement are:
 - Strategic Housing and Infrastructure Delivery
 - A Joint Statutory Spatial Plan and Planning Flexibilities
 - Productivity

Strategic Housing and Infrastructure Delivery

- 13) Under the terms of the Deal the Government will provide Oxfordshire’s six local authorities £150 million of funding (£30m for five years) for infrastructure improvements and £60 million of funding (over three years) for affordable housing, and £5m capacity funding.
- 14) The Growth Board will recall that investment in infrastructure is recognised in the Oxfordshire Infrastructure strategy (OxIS) as a prime requirement of sustainable growth with £8.35 bn of infrastructure identified as needed for Oxfordshire by 2040.

Whilst a substantial part of this requirement will be provided from national infrastructure funds and developer contributions, closing the remaining funding gap will

take a long term and sustained approach from the Oxfordshire Partners to maximise opportunities to secure investment.

- 15)The intention therefore is that the funding for infrastructure from the Deal will help us to bring forward housing that is in Local Plans but is dependent upon infrastructure that is as yet unfunded. Consequently funding secured through the Deal, together with further anticipated funding from other opportunities such as the recently submitted Housing Infrastructure Fund bids (HIF) bids will help unlock the delivery of these planned homes in a way that ensures we properly support both the existing and new communities created with enhanced transport and social infrastructure.
- 16)In addition to infrastructure funding, the Government are providing £60 million over three years for additional affordable housing in a bespoke fund for Oxfordshire. This will deliver a range of different affordable housing types and tenures over this period and the partners will be exploring ways of maximising the utility of this fund through different delivery models and partnerships.

Joint Statutory Spatial Plan and Planning flexibilities

- 17)A key commitment for Oxfordshire in the Deal is the development of an Oxfordshire Joint Statutory Spatial Plan (JSSP). Building on the existing Local Plans, the Oxfordshire Infrastructure Strategy and Oxfordshire Transport Strategy, the JSSP will set the strategic direction for planning to 2050. The Deal will provide up to £2.5 million capacity funding to Oxfordshire Partners to support the development of the JSSP.
- 18)The Growth Board will be aware that Oxfordshire Local Planning Authorities (LPAs) have been considering the case for working together on a JSSP for a number of months and a business plan for production of the JSSP has been endorsed by the Growth Board and recommended to the Oxfordshire LPAs.
- 19)The approval of the Deal provides an in principle agreement by Oxfordshire LPAs to the preparation of a JSSP. The JSSP would be prepared under Section 28 of the Planning and Compulsory Purchase Act 2004, which enables two or more LPAs to agree to prepare a Joint Plan. However, formal decision making to commence, submit, and adopt the JSSP would remain with the LPAs individually.
- 20)The key objectives of the JSSP are to provide a countywide strategic vision for sustainable growth, to give the public a clear overview of the countywide growth picture and greater opportunities to engage in collective decision-making, and to avoid incremental, speculative, and unplanned development.
- 21)In addition Government have recognised the challenges Oxfordshire faces from unplanned development and has agreed to grant planning flexibilities on a time limited basis to provide some protection from the risk of unplanned development during the period of preparation of the JSSP and three years its following adoption.
- 22)The Deal also commits government to working with Oxfordshire from early 2018 on longer-term solutions to make sure sites with planning permission are built out in a

timely manner. This places us in a good position to influence for example, the national review by Government into the mismatch between planning permissions granted and housing starts.

Productivity

- 23)The inclusion of the Productivity strand within the Deal demonstrates that Government recognises the importance of Oxfordshire’s knowledge intensive economy for UK plc, which currently delivers £21 billion a year to the nation’s economic output.
- 24)The Deal commits Government support to expand employment sites across the county, such as Science Vale – one of the most successful science and technology clusters in the UK. In total, the Government is putting an additional £2.3bn in R&D investment. It will also bring new resources to address specific skills gaps.
- 25)Government has also promised opportunities for Oxfordshire to be involved in developing sector deals with life sciences and artificial intelligence sectors, reflecting Oxfordshire’s leading edge research and development in these sectors. This is additional to the recent £6.9m investment in driverless vehicle testing divided between Culham and Millbrook in Bedfordshire.
- 26)Finally, the Deal has extended core funding for the Oxfordshire Growth Hub up to 2022. This provides support to help scale up high-growth companies.

DEAL GOVERNANCE

- 27)Once agreed by the Oxfordshire Partners, oversight of the delivery of the Deal will be by the Growth Board.
- 28)The Growth Board will be responsible for agreeing delivery programmes for each of the three Deal strands and make all decisions on the prioritisation and allocation of the funding secured through the Deal. Progress on delivery of the work programmes will be monitored and reported to the Growth Board on a quarterly basis.
- 29)Below the Growth Board, partners will establish an officer structure to deliver the Deal, using the capacity funding provided. The structure will report to the Growth Board through the Growth Board Executive Officer Group (EOG) and Chief Executives Group. This structure will drive the delivery of the Deal, report on programmes progress, and make recommendations to the Growth Board on funding decisions.
- 30)The Delivery Plan will include an Assurance Framework that will be the mechanism and process for ensuring the oversight and reporting of performance against agreed targets. A strategic programme and project management approach will be used to manage the overall Programme on behalf of the Growth Board and a formal project and risk management approach will be followed for each programme and project.

- 31) Finally, in order to be able to discharge its function of oversight of the Deal, the Growth Board will be required to review its Terms of Reference (ToR) to ensure they reflect its new responsibilities. The Deal commits this to be completed by April 2018.

FINANCIAL IMPLICATIONS

- 32) The Growth Board will have noted that the Deal brings with it significant additional funds for Oxfordshire. This will require a step change in the processes that manage the finances of the Growth Board.
- 33) The ToR for the Growth Board establishes Oxfordshire County Council (OCC) as the Accountable Body for the Growth Board and OCC already provides both this, Section 151 and Monitoring Officer roles. It is proposed that OCC expand this role to include the Deal and to provide relevant reports to the Growth Board on a quarterly basis.

RISK MANAGEMENT

- 34) Although the Deal provides a unique opportunity for Oxfordshire, the commitment brings with it certain risks. For example if Oxfordshire Partners do not agree the Deal, we will forego the opportunity to secure £215 million investment with a consequent reputational risk. Similarly, if during the Deal period Oxfordshire partners are unable to deliver on agreed milestones then there is a risk that funding could be either withheld, or potentially clawed back.
- 35) Risk management will be a central part of the regime of programme management of the Deal and both a strategic risk register and separate risk registers for each work strand and projects within them will be put in place and maintained. Reporting on performance and risks will be by agreed exception to EOG and the Growth Board.
- 36) A Memorandum of Understanding (MOU) will be developed in partnership by the Oxfordshire Partners participating in the Deal to set out arrangements to manage financial risks. This MOU will be in place by 31 March 2018, before we receive the first tranches of funding for the infrastructure and affordable housing programmes.

CONCLUSION

- 37) The Oxfordshire Housing and Growth Deal is the result of several months of negotiation with Government, resulting in the commitment from them of significant additional funds for housing and infrastructure for the county, tied to the agreement of a series of delivery milestones by the Oxfordshire partners.
- 38) This report asks the Growth Board to consider the Deal, acknowledge the key role of the Growth Board in its delivery, endorse the Deal proposals, and recommend to the Oxfordshire Partners that they approve the Deal.

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